

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are a resident of the United Kingdom or, if not, another appropriately authorised independent professional adviser.**

If you have sold or otherwise transferred all of your Existing Ordinary Shares before 22 October 2018 (being the date when the Existing Ordinary Shares were marked 'ex' the entitlement to the Open Offer), please send this document, the Application Form and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some (but not all) of your Existing Ordinary Shares, please retain these documents and consult the stockbroker or other agent through whom the sale or transfer was effected.

This document does not constitute a prospectus for the purposes of the Prospectus Rules of the Financial Conduct Authority nor does it comprise an admission document prepared in accordance with the AIM Rules. Accordingly, this document has not been approved by or filed with the Financial Conduct Authority, London Stock Exchange plc or any other regulatory authority. This document does not constitute or form part of any offer or invitation to sell or issue, or a solicitation of any offer to acquire, purchase or subscribe for, any Ordinary Shares.

Application will be made to London Stock Exchange plc for the Placing Shares, Subscription Shares, PrimaryBid Shares and the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will occur and dealings will commence at 8.00am on 13 November 2018. The Placing Shares, Subscription Shares, PrimaryBid Shares and the Open Offer Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid on or after they are issued.

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# Futura Medical plc

*(Incorporated and registered in England and Wales with company number 04206001)*

## **Fundraising of approximately £5.6 million by way of a Placing, Subscription and PrimaryBid Offer & Planned Open Offer of up to £1.0 million and Notice of General Meeting**

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**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.**

This document should be read in its entirety. Your attention is also drawn to the letter from the Chairman set out in Part I of this document recommending you vote in favour of the Resolutions to be proposed at the General Meeting which is referred to below. You should read the whole of this document carefully including the risk factors set out in Part II of this document. Capitalised words and phrases used in this document shall have the meanings given to them in definitions section of this document.

Market soundings, as defined in the Market Abuse Regulation (EU No. 596/2014) ("**MAR**"), were taken in respect of the Placing and the Subscription with the result that certain persons became aware of inside information, as permitted by MAR. That inside information was set out in the announcement of the Fundraising dated 18 October 2018 and in this document and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons who received information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

**Notice convening the General Meeting of the Company to be held at the offices of Futura Medical plc, Surrey Technology Centre, 40 Occam Road, Guildford, Surrey GU2 7YG, on 12 November 2018 at 1.00 p.m. is set out in Part IV of this document.** The accompanying Form of Proxy for use in connection with the General Meeting should be completed by Shareholders and returned as soon as possible but, in any event, so as to be received by the Registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF no later than 1.00 p.m. on 10 November 2018 (or, in the case of an adjournment of the General Meeting, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting). Alternatively, Shareholders who hold their shares in uncertificated form may use the CREST electronic proxy appointment service. In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message must be properly authenticated and contain the information required for such instructions as described in the CREST Manual. The message must be transmitted so as to be received by the Company's registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF (ID RA10), by no later than 1.00 p.m. on 9 November 2018. The completion and posting of a Form of Proxy or the appointment of a proxy through CREST will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

Nplus1 Singer Advisory LLP, which is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange (together with its associates, "N+1 Singer"), is acting as nominated adviser and broker to the Company and no one else in connection with the matters referred to in this document. N+1 Singer is not acting for the Company in relation to the PrimaryBid Offer. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any other person. No representation or warranty, express or implied, is made by N+1 Singer as to any of the contents of this document, for which the Company is responsible (without limiting the statutory rights of any person to whom this document is issued). N+1 Singer has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by N+1 Singer for the accuracy of information or opinions contained in this document or for the omission of any material information. N+1 Singer will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the matters referred to in this document.

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The distribution of this document in certain jurisdictions may be restricted by law. Accordingly, this document must not be distributed or published in any jurisdiction except under circumstances that will result in full compliance with any applicable laws and regulations. Persons outside of the UK into whose possession this document comes should inform themselves about and observe any such restrictions.

None of the Placing Shares, Subscription Shares, PrimaryBid Shares nor the Open Offer Shares have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of the Placing or the Open Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

NONE OF THE PLACING SHARES, SUBSCRIPTION SHARES, PRIMARYBID SHARES NOR THE OPEN OFFER SHARES HAVE BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT, OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD WITHIN THE US OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND SUCH OTHER APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE PLACING SHARES, SUBSCRIPTION SHARES, PRIMARYBID SHARES AND OPEN OFFER SHARES MAY BE OFFERED AND SOLD ONLY (I) OUTSIDE OF THE UNITED STATES IN RELIANCE UPON REGULATION S UNDER THE US SECURITIES ACT IN OFFSHORE TRANSACTIONS OR (II) TO "ACCREDITED INVESTORS" AS DEFINED IN RULE 501(A) OF REGULATION D OF THE US SECURITIES ACT, IN RELIANCE ON AN EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT.

This document is being sent to all Eligible Shareholders. The Open Offer closes at 11.00 a.m. on 9 November 2018. If you are an Eligible Shareholder and wish to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part III of this document and, if you are an Eligible Non-CREST Shareholder, then complete and return the accompanying Application Form together with your appropriate remittance. Eligible CREST Shareholders will not receive an Application Form, but will receive instead a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements which will be enabled for settlement on 25 October 2018. If you do not wish to participate in the Open Offer then you should not return your Application Form or send a USE instruction through CREST.

Applications under the Open Offer may only be made by the Eligible Shareholders originally entitled thereto, or by persons becoming so entitled by virtue of a *bona fide* market claim arising out of the sale or transfer of Existing Ordinary Shares prior to the date on which the Ordinary Shares are marked 'ex' the entitlement by the London Stock Exchange. If the Basic Entitlements are for any reason not enabled by 6.00 p.m. (or such later time as the Company may decide on 25 October 2018), an Application Form will be sent to each Eligible CREST Shareholder in substitution for the Basic Entitlements credited to his stock account in CREST. Eligible CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer. The Placing Shares, Subscription Shares, PrimaryBid Shares and the Open Offer Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared made or paid on the Ordinary Share capital of the Company.

#### **FORWARD LOOKING STATEMENTS**

This document includes forward looking statements (that is, statements other than statements of historical facts), including (without limitation) those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, and any statement preceded or followed by, or including, words such as "target", "believe", "expect", "aim", "intend", "will", "may", "anticipate", "would" or "could", or negatives of such words. Such forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Group's control, which could cause the actual results, performance or achievements of the Company to be materially different to future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. They speak only as at the date of this document. The Company expressly disclaims any obligation to disseminate any update or revision to any forward looking statement in this document to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, unless required to do so by applicable law or the AIM Rules.

Copies of this document will be available free of charge from the Company's registered office during normal business hours on each day (excluding Saturday, Sunday and public holidays) from the date hereof until the date of the General Meeting. Copies will also be available from the Company's website at [www.futuramedical.com](http://www.futuramedical.com).

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## DIRECTORS AND ADVISERS

<b>Directors</b>	John Clarke – <i>Non-Executive Chairman</i> James Barder – <i>Chief Executive Officer</i> Angela Hildreth – <i>Finance Director and Chief Operating Officer</i> Ken James – <i>Executive Director and Head of R&amp;D</i> Jonathan Freeman – <i>Senior Independent Non-Executive Director</i>
<b>Company Secretary</b>	Angela Hildreth
<b>Registered Office</b>	Surrey Technology Centre 40 Occam Road Guildford Surrey GU2 7YG
<b>Nominated Adviser, Broker and Bookrunner</b>	N+1 Singer 1 Bartholomew Lane London EC2N 2AX
<b>Solicitors to the Company</b>	Square One Law LLP Anson House Fleming Business Centre Burdon Terrace Newcastle upon Tyne NE2 3AE
<b>Solicitors to the Nominated Adviser and Broker</b>	Wedlake Bell LLP 71 Queen Victoria Street London EC4V 4AY
<b>Registrars</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Receiving Agent</b>	Link Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlement under the Open Offer	6.00 p.m. on 18 October 2018
Launch of the Fundraising	5.04 p.m. on 18 October 2018
PrimaryBid Offer open from	5.04 p.m. on 18 October 2018
PrimaryBid Offer closed at	9.00 p.m. on 18 October 2018
Announcement of the result of the Fundraising	19 October 2018
Ex-entitlement date of the Open Offer	8.00 a.m. on 22 October 2018
Publication and posting of the Circular and Notice of General Meeting, Form of Proxy and Application Form (where applicable)	24 October 2018
Basic Entitlements credited to stock accounts in CREST for Eligible Shareholders	25 October 2018
Latest time and date for depositing Basic Entitlements in CREST	3.00 p.m. on 6 November 2018
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 7 November 2018
Latest time and date for receipt of Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions	11.00 a.m. on 9 November 2018
Latest time and date for receipt of Forms of Proxy	1.00 p.m. on 10 November 2018
General Meeting	1.00 p.m. on 12 November 2018
Results of the General Meeting and the Open Offer announced	12 November 2018
Admission of Placing Shares, Subscription Shares, PrimaryBid Shares and Open Offer Shares to trading on AIM and commencement of dealings	8.00 a.m. on 13 November 2018
CREST accounts to be credited for Placing Shares and Open Offer Shares to be held in uncertificated form	8.00 a.m. on 13 November 2018
Dispatch of definitive share certificates for Placing Shares, Subscription Shares, PrimaryBid Shares and Open Offer Shares to be held in certificated form	by 20 November 2018
Record Date for entitlement under the Open Offer	6.00 p.m. on 18 October 2018

The Company reserves the right to alter the dates and times referred to above and to accept applications under the Open Offer at any time prior to 5.00 p.m. on 10 November 2018. If any of the dates and times referred to above are altered by the Company, the revised dates and times will be announced through a Regulatory Information Service without delay.

All references to time in this document are to London time, unless otherwise stated.

## KEY STATISTICS

Issue Price	7 pence
Number of Existing Ordinary Shares in issue at the date of this document	121,006,002
Number of Placing Shares	7,078,571
Number of Subscription Shares	30,064,286
Number of PrimaryBid Shares	42,857,143
Number of Fundraising Shares (excluding Open Offer Shares)	<u>80,000,000</u>
Open Offer Basic Entitlement	10 Open Offer Shares for every 85 Existing Ordinary Shares
Number of Open Offer Shares	up to 14,236,000
Gross proceeds receivable by the Company pursuant to the Placing & the PrimaryBid Offer	approximately £3.5 million
Gross proceeds receivable by the Company pursuant to the Subscription	approximately £2.1 million
Gross proceeds receivable by the Company pursuant to the Open Offer*	up to £1.0 million
Estimated cash proceeds of the Fundraising receivable by the Company (net of expenses)*	approximately £6.2 million
Number of Ordinary Shares in issue immediately following Admission*	215,242,002
Percentage of the Enlarged Share Capital represented by the Placing Shares, Subscription Shares, PrimaryBid Shares and Open Offer Shares*	43.8 per cent
Approximate market capitalisation of the Company at Admission at the Issue Price*	£15.1 million
* Assuming take-up in full of the Open Offer by Eligible Shareholders	
Ordinary Share ISIN	GB0033278473
SEDOL	3327847
Open Offer Basic Entitlements ISIN	GB00BGV7NR97
Open Offer Basic Entitlements SEDOL	BGV7NR97

**Notes:**

- (a) Unless otherwise specified, references in this document to time are to UK Time.
- (b) The times and dates above are indicative only. If there is any change, revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.
- (c) All references in this document to "pounds sterling", "sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom.

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Admission”</b>	the admission of the Placing Shares, the Subscription Shares, the PrimaryBid Shares and the Open Offer Shares, to trading on AIM becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies, as published by the London Stock Exchange, as amended from time to time
<b>“Announcement”</b>	the announcement released by the Company on 19 October 2018, relating to the Fundraising and the publication of this document
<b>“Applicant”</b>	an Eligible Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form under the Open Offer
<b>“Application Form”</b>	the application form relating to the Open Offer and enclosed with this document for use by Eligible Non-CREST Shareholders
<b>“Basic Entitlement(s)”</b>	the entitlement to subscribe for Open Offer Shares, allocated to an Eligible Shareholder pursuant to the Open Offer as described in Part III of this document
<b>“Board”</b>	the board of directors of the Company
<b>“certificated” or “in certificated form”</b>	an Ordinary Share which is not in uncertificated form (that is, not in CREST)
<b>“Closing Price”</b>	the closing middle market quotation of an Ordinary Share
<b>“Company” or “Futura Medical”</b>	Futura Medical plc, a public limited company (incorporated and registered in England and Wales with registered number 04206001) whose registered office is at Surrey Technology Centre, 40 Occam Road, Guildford, Surrey GU2 7YG
<b>“Companies Act”</b>	the Companies Act 2006 as amended
<b>“CREST”</b>	the computerised settlement system operated by Euroclear which facilitates the transferring of title to shares in uncertificated form
<b>“CREST Manual”</b>	the CREST Manual, as published by Euroclear, as amended
<b>“CREST Sponsor”</b>	a direct member of CREST under the Regulations
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>“Directors”</b>	the directors of the Company whose names are set out in this document
<b>“Disclosure Guidance and Transparency Rules”</b>	the disclosure guidance and transparency rules made by the Financial Conduct Authority in exercise of its functions as competent authority pursuant to Part VI of the FSMA
<b>“EIS Legislation”</b>	the provisions of part 5 of ITA and sections 150A to 150C (inclusive) and Schedule 5B of TCGA

<b>“Eligible CREST Shareholders”</b>	Eligible Shareholders whose Existing Ordinary Shares are held in uncertificated form
<b>“Eligible Non-CREST Shareholder(s)”</b>	Eligible Shareholders whose Existing Ordinary Shares are held in certificated form
<b>“Eligible Shareholder(s)”</b>	all holders of Ordinary Shares on the Record Date (whether or not such shares are held in uncertificated or certificated form) that are not Non-Eligible Shareholders
<b>“Enlarged Share Capital”</b>	the 215,242,002 Ordinary Shares in issue on Admission, including the Placing Shares, and the Open Offer Shares (assuming take-up in full of the Open Offer by Eligible Shareholders)
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Existing Ordinary Shares”</b>	the 121,006,002 Ordinary Shares in issue as at the date of this document
<b>“FCA”</b>	the Financial Conduct Authority
<b>“Form of Proxy”</b>	the form of proxy for use at the General Meeting and enclosed with this document
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“Fundraising”</b>	the Placing, the Subscription, the PrimaryBid Offer and the Open Offer
<b>“Fundraising Shares”</b>	the new Ordinary Shares made available pursuant to the Placing, Subscription and the PrimaryBid Offer
<b>“General Meeting”</b>	the general meeting of the Company to be held at the offices of Futura Medical plc at Surrey Technology Centre, 40 Occam Road, Guildford, Surrey GU2 7YG at 1.00 p.m. on 12 November 2018, or any adjournment thereof, notice of which is set out in part IV of this document
<b>“Group”</b>	the Company and its subsidiary undertakings (as defined in the Companies Act)
<b>“Issue Price”</b>	7 pence per Placing Share, Subscription Share or Open Offer Share (as the case may be)
<b>“ITA”</b>	Income Tax Act 2007
<b>“Link Asset Services”</b>	a trading name of Link Market Services Limited
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“MAR”</b>	the Market Abuse Regulation (EU/596/2014)
<b>“Non-Eligible Shareholders”</b>	Shareholders who are resident or located in a Restricted Jurisdiction
<b>“Notice”</b>	the notice of General Meeting set out at the end of this document
<b>“N+1 Singer”</b>	Nplus1 Singer Advisory LLP (registered in England and Wales with registered number OC364131) whose registered office is at One Bartholomew Lane, London EC2N 2AX, acting together with its associates as the Company’s nominated adviser and broker

<b>“Open Offer”</b>	the conditional offer, which is not being underwritten, made by the Company to Eligible Shareholders inviting them apply to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part III of this document and (where relevant) on the Application Form
<b>“Open Offer Shares”</b>	up to 14,236,000 Ordinary Shares made available to Eligible Shareholders pursuant to the Open Offer
<b>“Ordinary Shares”</b>	the ordinary shares of 0.2 pence each in the capital of the Company
<b>“Overseas Shareholders”</b>	all Shareholders resident outside of the United Kingdom including those in a Restricted Jurisdiction
<b>“PDMR”</b>	person discharging managerial responsibility for the purposes of MAR
<b>“Placing”</b>	the conditional placing of the Placing Shares at the Issue Price pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the conditional agreement dated 18 October 2018 between the Company and N+1 Singer relating to the Placing
<b>“Placing Shares”</b>	7,078,571 new Ordinary Shares to be issued in connection with the Placing
<b>“PrimaryBid”</b>	PrimaryBid Limited (registered number 08092575), which is authorised and regulated by the FCA with register number 779021
<b>“PrimaryBid Offer”</b>	The partially underwritten PrimaryBid offer of new Ordinary Shares made to private and other investors on the PrimaryBid platform
<b>“PrimaryBid Shares”</b>	42,857,143 new Ordinary Shares to be issued in connection with the PrimaryBid Offer
<b>“Prospectus Rules”</b>	the prospectus rules made by the Financial Conduct Authority
<b>“Receiving Agent”</b>	Link Asset Services, Corporate Actions, The registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
<b>“Record Date”</b>	6.00 p.m. on 18 October 2018
<b>“Registrars” or “Link Asset Services”</b>	Link Asset Services, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
<b>“Regulations”</b>	the UK Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
<b>“Regulatory Information Service”</b>	a service approved by the FCA for the distribution to the public of regulatory announcements and included within the list maintained on the FCA’s website, <a href="http://www.fca.org.uk/">http://www.fca.org.uk/</a>
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting as set out in the Notice
<b>“Restricted Jurisdiction”</b>	means Australia, Canada, Japan, New Zealand, the Republic of Ireland, the Republic of South Africa and the United States and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations

<b>“Subscription”</b>	the conditional subscription of the Subscription Shares at the Issue Price by certain of the Directors and other investors
<b>“Subscription Shares”</b>	30,064,286 new Ordinary Shares to be issued on connection with the Subscription
<b>“Shareholders”</b>	holders from time to time of Ordinary Shares
<b>“TGCA”</b>	Taxation of Chargeable Gains Act 1992
<b>“uncertificated” or “in uncertificated form”</b>	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland

## PART I

### LETTER FROM THE CHAIRMAN

# Futura Medical plc

(Registered in England and Wales with company number 04206001)

*Directors:*

John Clarke – *Non-Executive Chairman*  
James Barder – *Chief Executive Officer*  
Angela Hildreth – *Finance Director and Chief Operating Officer*  
Ken James – *Executive Director and Head of R&D*  
Jonathan Freeman – *Senior Independent Non-Executive Director*

*Registered Office:*

Surrey Technology Centre  
40 Occam Road  
Guildford  
Surrey  
GU2 7YG

*To holders of Ordinary Shares in the Company and, for information only, to holders of share options*

24 October 2018

Dear Shareholder,

**Fundraising of approximately £5.6 million  
by way of a Placing, Subscription and PrimaryBid Offer &  
Planned Open Offer for up to £1.0 million**

**and**

**Notice of General Meeting**

#### **1. Introduction**

The Company announced on 19 October 2018 that it has conditionally raised £5.6 million before fees and expenses by a Placing, Subscription and PrimaryBid Offer with certain existing and new institutional and other investors. The Issue Price of 7 pence represents a 27.5 per cent. discount to the Closing Price of 9.65 pence on 18 October 2018, being the latest practicable date prior to the announcement of the Fundraising.

It was further announced that the Company wishes to offer all Eligible Shareholders the opportunity to participate in a further issue of new equity in the Company by way of the Open Offer of new Ordinary Shares to Eligible Shareholders at the Issue Price for up to 14,236,000 new Ordinary Shares in aggregate. Eligible Shareholders may apply to subscribe for Open Offer Shares on the basis of 10 Open Offer Shares for every 85 Existing Ordinary Shares held on the Record Date.

Assuming a full take-up by Eligible Shareholders under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of up to approximately £1.0 million for the Company. The net proceeds of the Fundraising are intended to be used to fund MED2002, a fast-acting topical gel for erectile dysfunction and the Company's lead product, through to topline data from its first Phase 3 study and to provide additional headroom for the long-term, open label arm of the study as well as concluding arrangements for the second Phase 3 study, further details of which are set out in paragraph 4 below. Completion of the Fundraising is conditional, *inter alia*, upon Shareholder approval of the Resolutions to be proposed at a general meeting of the Company, expected to be held at the offices of Futura Medical plc at Surrey Technology Centre, 40 Occam Road, Guildford, Surrey GU2 7YG at 1.00 p.m. on 12 November 2018.

**The purpose of this document is to provide you with information about the background to and the reasons for the Fundraising, to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.**

**As highlighted in previous announcements the Company requires further funding. It is likely that failure to pass the Resolutions would lead to the Company being unable to progress its Phase 3 studies and could ultimately result in the Company agreeing a commercial deal on less attractive terms than would otherwise be the case, assuming that sufficient alternative funding would not be available.**

**The Directors intend to vote in favour of the Resolutions in respect of their legal and/or beneficial shareholdings amounting, in aggregate, to 1,805,158 Ordinary Shares representing approximately 1.49 per cent. of the issued share capital of the Company as at the date of this document.**

## **2. Background to and reasons for the Fundraising**

Futura Medical plc is a pharmaceutical company developing a portfolio of innovative products based on its proprietary, transdermal Dermasys® drug delivery technology. The Company's strategy is to develop a portfolio of innovative products for the sexual health and pain markets, and then partner at the optimum time to generate maximum value.

The Company recently undertook an extensive review of its pipeline and product portfolio and determined that, in light of currently available potential out-licensing deals for the Company's key asset, MED2002, a more concentrated R&D focus on that asset and its pain relief gels will best enable it to maximise value for shareholders.

MED2002 is a topical gel for erectile dysfunction ("ED"). Results from a recent Phase 1 Pharmacokinetic ("PK") study, as well as continuing discussions with regulators and potential licensees, have allowed the Board to refine and finalise solid plans for the MED2002 Phase 3 programme, the last step in clinical development prior to filing for marketing authorisation(s). This builds upon the promising Phase 2 data which achieved its primary clinical endpoint, showing statistically significant efficacy over placebo in mild and mild to moderate ED patients, as headlined in 2016 and scientifically published with peer review in the Journal of Sexual Medicine in early 2018. The first MED2002 Phase 3 trial in Europe (referred to as "FM57") is on track for first patient enrolment in the current month with headline efficacy data expected by the end of 2019. The Fundraising is being carried out to fund this Phase 3 trial, provide additional headroom for the long-term, open label arm of this study which is intended to provide additional safety reassurance, as well as to enable the Company to conclude arrangements for FM59 (a second, confirmatory Phase 3 trial).

The Directors plan to take MED2002 through Phase 3 development and then seek to partner or sell the asset. However, in parallel, the Directors propose to continue discussions with potential licencees for MED2002.

The commercialisation of the Company's pain relief portfolio also continues as planned. In July 2018, the UK regulatory filing was submitted for TPR100, a topical diclofenac gel for pain relief, by Thornton & Ross, a UK subsidiary of STADA Arzneimittel AG ("STADA").

Further details on the Company's product portfolio are set out below.

## **3. Product Portfolio Update**

### **MED2002: Eroxon® – Topical treatment for erectile dysfunction**

MED2002 has the potential to be a highly differentiated therapy for the treatment of men with ED, especially mild and mild to moderate ED. MED2002's rapid onset of action means that it has the potential to become the world's fastest-acting treatment for ED, with a speed of onset of around five minutes.

Earlier in 2018, positive results from the recent Phase 1 Pharmacokinetic ("PK") study were announced to inform and define the higher MED2002 doses to be used in Phase 3 studies. Doses of 0.2%, 0.4% and 0.6% w/w glyceryl trinitrate ("GTN") were shown to be safe and well tolerated, along with a dose related absorption profile and equivalence to similar systemic doses of GTN in the form of Nitrostat®. This will be the reference drug for safety, if Phase 3 data are positive, in the planned abbreviated regulatory filings for approval via the European Article 8 (3) procedure and the 505(b)2 pathway in the USA. These regulatory routes will also give the Company 10 years and three years, respectively, of data exclusivity from the date of approval, thereby further strengthening its intellectual property position. The PK data were also encouraging with respect to the potential for greater clinical efficacy at higher doses than 0.2% in the Phase 3 clinical studies whilst maintaining safety and tolerability. As a result of this, the 0.4% and 0.6% MED2002 doses will be carried forward for Phase 3 testing.

The Phase 3 study builds upon the promising Phase 2 data, particularly in mild and mild to moderate ED patients, as headlined in 2016 and scientifically published in the Journal of Sexual Medicine with peer review in early 2018. This demonstrated rapid speed of onset in the subjects with 44.2% of patients reporting onset of action within 5 minutes and 69.5% reporting this within 10 minutes. This is in marked contrast to oral PDE5 inhibitors which typically have an onset of action of 0.5 to 1 hour with peak drug concentrations

only attained 1 to 2 hours after administration. Patient uptake research conducted by Cello Healthcare has highlighted that over 50% of physicians consider that MED2002 is a significant improvement over currently available ED treatments and believe it would attract high levels of patient uptake ranging from c. 20 to 33% of potential patient pools. In addition to this there are at least 10% of patients who are unable to take oral PDE5s because they are on nitrate therapy who could benefit from MED2002. MED2002's unique proposition is highly relevant with an average of 72% of physicians considering that helping to restore spontaneity and intimacy in the relationship would be very appealing to their patients.

The Company has had extensive discussions with a number of interested commercial partners for the out-licensing of MED2002. These discussions are ongoing. However, in the majority of instances potential commercial partners would like to see positive Phase 3 data on MED2002, especially at the higher doses, ahead of more advanced licensing discussions. It is thought that they are likely to pay more for the product after such data has been generated.

An innovative product with positive Phase 3 data is significantly clinically de-risked and greater value is likely to be obtained by an innovator such as Futura when partnering or out-licensing the product, than structuring an earlier arrangement. Data from Futura's out-licensing advisers and the Company's own ongoing internal assessments of comparable licensing deals indicate that the innovator's share of product net present value increases by approximately 50% moving between Phase 2 to approval datasets. Consequently, the Board recognises the importance to shareholders of achieving this milestone, in order to maximise shareholder value.

The first European Phase 3 study ("FM57"), a 1,000 patient study of MED2002 for the treatment of erectile dysfunction, testing 0.2%, 0.4% and 0.6% w/w doses and a placebo, is progressing on track with first patients expected to enter study within the current month and with headline efficacy data expected by the end of 2019. The study will include a total of 61 centres across 9 countries: Czech Republic, Hungary, Poland, Slovakia, Georgia, Russia, Ukraine, Latvia and Bulgaria. FM57's protocol has incorporated feedback received from potential commercial partners, opinion-leading clinicians and also US and EU regulatory agencies to optimise the commercial value as well as maximise the likelihood of regulatory approval. As part of FM57, the Company will be conducting a long-term open label study to provide additional safety reassurance involving 300 patients for 6 months and 100 patients for 12 months across the 61 centres. The cost of the first Phase 3 study (FM57) and the long-term open label study is expected to total c. £8 million with payments being predominantly recruitment driven. A second phase 3 study (FM59) is planned to commence by the end of 2019, with 700 patients testing two chosen doses from FM57 and placebo, in Eastern Europe and USA.

In parallel to the clinical studies, a market access and engagement programme for MED2002 is underway. Futura is in the process of setting up a scientific advisory council involving high profile US Key Opinion Leaders ("KOLs") in the field of erectile dysfunction as well as the European KOLs already retained.

Independent market research conducted on the Company's behalf indicates MED2002 could be a potential \$1bn annual sales opportunity for Futura from both prescription ("Rx") and over the counter ("OTC") sales at US\$5 per dose. The Rx market alone was worth over US\$5.6 billion<sup>1</sup> in 2016. The cost of goods is expected to be very low at under EUR 0.3 per dose, depending on the speed of fill. Extensive work is being carried out to produce the chemistry, manufacturing and controls package required for regulatory submission and to establish the supply chain.

*Note 1: IMS Health – MSP 2016 (15 key countries)*

### **Topical pain relief**

The rapid skin permeation rates enabled by Futura's transdermal delivery system, DermaSys®, offer potential benefits in pain management including: improved onset of action, duration and degree of pain relief.

Futura has previously demonstrated statistically significant results from its two non-steroidal anti-inflammatory drug ("NSAID") programmes, TPR100 (2% diclofenac gel) and TIB200 (10% ibuprofen gel), in a clinical study.

TPR100 is partnered for manufacturing and distribution in the UK with Thornton & Ross, one of the UK's largest consumer healthcare companies and a subsidiary of STADA AG. In July 2018, Thornton & Ross filed the product's marketing authorisation application with the UK Medicines and Healthcare Products Regulatory Agency (MHRA).

The Company has received expressions of interest from a number of parties which, if converted to commercial deals, will enable Futura to expand the geographical reach of TPR100, especially within the EU. Futura is awaiting regulatory authorisation for this product in the UK, expected in 2019, before progressing further.

The objective is for our pain relief products to be best-in-class. The rationale for this is that the National Institute for Health and Care Excellence (NICE) gives clear guidance to physicians to prescribe topical NSAIDs in the first instance for joint pain associated with osteoarthritis, in preference to oral NSAIDs, owing to concerns over the long-term use of oral NSAIDs. This means that the best-in-class topical treatment should be the first choice for doctors in the initial treatment of pain and therefore represents a substantial opportunity in a market with global sales estimated at US\$2.82 billion<sup>2</sup>.

*Note 2: IMS Health Estimate, MSP, 2015*

#### **4. Use of proceeds of the Fundraising**

The Company is proposing to raise gross proceeds of approximately £5.6 million from the Placing, Subscription and PrimaryBid Offer. The net proceeds (after deducting the costs and expenses of the Fundraising), along with the Company's existing cash resources and an R&D tax credit of £1.3 million expected next summer, are intended to be used to fund the Company's lead product MED2002 through to topline Phase 3 data expected in December 2019 (at a cost of £6.3 million with an additional working capital requirement of £3.3 million). In addition, the funding is expected to provide additional headroom for the long-term, open label arm of this study which is being undertaken to provide additional safety reassurance, as well as to enable the Company to conclude arrangements for FM59 (a second, confirmatory Phase 3 trial), which is expected to commence towards the end of 2019.

Assuming a full take-up by Eligible Shareholders under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of up to approximately £1.0 million for the Company. To the extent these further funds are raised via the Open Offer (which will not be underwritten), they will be used to provide additional working capital to fund additional work beyond the topline Phase 3 data.

#### **5. Current trading and prospects**

The Company announced its interim results for the six months ended 30 June 2018 on 26 September 2018, which reflect the progress made during the year to review and optimise the Company's product portfolio. The focus is firmly on the planned Phase 3 programme with MED2002, the Company's breakthrough topical erectile dysfunction gel. Alongside this the Company is continuing to explore ways to ensure profitable income streams for the Erotogenic condom (CSD500) and the pain relief gel products to optimise value for shareholders.

The Company's cash resources totalled £5.25 million as at 30 September 2018.

#### **6. Terms of the Placing, Subscription and PrimaryBid Offer**

The Company has conditionally raised approximately £5.6 million before expenses pursuant to the Placing, Subscription and PrimaryBid Offer. The Issue Price represents a discount of approximately 27.5 per cent. to the Closing Price on 18 October 2018, being the latest practicable date prior to the announcement of the Placing, the Subscription and the PrimaryBid Offer.

The PrimaryBid Offer, was partially underwritten for £0.5 million by PrimaryBid, and took place between 5.04 p.m. on 18 October 2018 and 9.00 p.m. on 18 October 2018 and was made in accordance with an available exemption against the requirement to produce an FCA approved prospectus.

Subject to the satisfaction of the conditions under the Placing, Subscription and PrimaryBid Offer including, *inter alia*, the passing of the Resolutions, the Company will issue 80,000,000 new Ordinary Shares in aggregate at the Issue Price, thereby raising approximately £5.6 million, before expenses, and £5.2 million, after the expenses of the Placing and PrimaryBid Offer. The Placing Shares have been conditionally placed by N+1 Singer, as agent for the Company, with institutional and other investors. The Company has entered into conditional subscription agreements with certain of the Directors named below and other investors for the issue of the Subscription Shares. The Placing Shares, Subscription Shares and PrimaryBid Shares issued pursuant to the Placing will represent approximately 37.2 per cent. of the Enlarged Share Capital on Admission.

No element of the Fundraising has been underwritten by N+1 Singer. The Company has agreed to pay certain fees and commissions to N+1 Singer in connection with the Fundraising and to PrimaryBid in connection with the PrimaryBid Offer.

The Placing, the Subscription and the PrimaryBid Offer are conditional, *inter alia*, upon:

- the Resolutions being passed (without amendment) at the General Meeting or any adjournment thereof;
- each of the warranties contained in the Placing Agreement being and remaining accurate and not misleading until Admission;
- the Company having complied in all material respects with its obligations and having satisfied the conditions under the Placing Agreement which are to be performed or satisfied prior to Admission;
- the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated by N+1 Singer in accordance with its terms;
- Admission of the Placing Shares, the Subscription Shares and the PrimaryBid Shares taking place by no later than 8.00 a.m. on or around 13 November 2018 (or such later date as the Company may agree with N+1 Singer).

If any of the conditions are not satisfied, the Placing Shares, the Subscription Shares and the PrimaryBid Shares will not be issued and any monies received from the placees and subscribers will be returned to them (at the placees' and subscribers' risk and without interest) as soon as possible thereafter.

In relation to the PrimaryBid Offer only in the event of any conflict between the incorporated contractual conditions which apply to the Placing and the further conditions of PrimaryBid, the contractual conditions which apply to the Placing will prevail.

The Placing Agreement contains customary warranties given by the Company to N+1 Singer as to matters relating to the Company and its business and as to matters relevant to the Company and an indemnity to N+1 Singer in respect of liabilities arising out of or in connection with the Placing. The Placing Agreement also contains customary rights of termination which could enable N+1 Singer to terminate the Placing in certain limited circumstances.

Application will be made to the London Stock Exchange for the Placing Shares, the Subscription Shares and the PrimaryBid Shares to be admitted to trading on AIM. Subject to passing of the Resolutions, it is expected that Admission will become effective and that dealings in the Placing Shares, the Subscription Shares, the PrimaryBid Shares and the Open Offer Shares (referenced below) will commence on or around 13 November 2018. The Placing Shares, the Subscription Shares, the PrimaryBid Shares and the Open Offer Shares will, when issued, be credited as fully paid and will rank equally in all respects with the Existing Ordinary Shares already in issue, including the right to receive all dividends and other distributions declared, made or paid in respect of such shares after the date of issue of the Placing Shares, the Subscription Shares, the PrimaryBid Shares and the Open Offer Shares.

## **7. The Open Offer**

### **7.1 Introduction**

The Board recognises and is grateful for the continued support received from Shareholders and the importance of shareholder pre-emption rights and therefore wishes to provide an opportunity for all existing Eligible Shareholders to participate in a further issue of new Ordinary Shares also at the Issue Price by way of the Open Offer.

The Open Offer is being made so as to enable all Eligible Shareholders to subscribe for new Ordinary Shares at the Issue Price on a *pro rata* basis to their current holdings.

The Open Offer has been structured so that it is not available to Non-Eligible Shareholders, being Shareholders resident or located in any Restricted Jurisdiction. The Open Offer is conditional on the Placing, Subscription and PrimaryBid Offer being approved.

Your attention is drawn to the terms and conditions of the Open Offer in Part III of this document and to the risk factors in Part II of this document.

### **7.2 Details of the Open Offer**

#### **(a) Structure**

The Directors have considered the best way to structure the Open Offer, having regard to, *inter alia*, the importance of pre-emption rights to all Shareholders, the extent to which there are Overseas Shareholders, the regulatory requirements applicable to companies listed on AIM, cost implications and market risks. After

considering these factors, the Directors have concluded that the most suitable structure for the Open Offer, for both the Company and its Shareholders as a whole, is that the Open Offer be made only to Eligible Shareholders who are not resident or located in any Restricted Jurisdiction.

The Open Offer provides an opportunity for all Eligible Shareholders to acquire Open Offer Shares *pro rata* to their current holdings of Existing Ordinary Shares as at the Record Date. The Issue Price for the Open Offer is the same as the Issue Price in the Placing. Eligible Shareholders shall not be able to apply for subscriptions in excess of their respective Basic Entitlements.

**(b) Principal Terms of the Open Offer**

The Open Offer is conditional on:

- the passing of Resolutions 1, 2, 3 and 4 to be proposed at the General Meeting; and
- Admission of the Open Offer Shares having occurred not later than 8.00 a.m. on 13 November 2018 (or such later time and/or date as N+1 Singer and the Company may agree, being not later than 8.00 a.m. on 30 November 2018).

Accordingly, if any of such conditions are not satisfied, the Open Offer will not proceed. It is a condition of the Open Offer that the Placing also proceeds. Further terms and conditions of the Open Offer are set out in Part III of this document and in the Application Form. Subject to the fulfilment of the conditions referred to above and set out below and also set out in Part III of this document, Eligible Shareholders are being given the opportunity to subscribe for the Open Offer Shares at the Issue Price per Open Offer Share, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

**10 Open Offer Shares for every 85 Existing Ordinary Shares**

Eligible Shareholders are not being given the opportunity to apply for subscription of any New Ordinary Shares in excess of their Basic Entitlement. Assuming full take-up under the Open Offer the issue of the Open Offer Shares will raise gross proceeds of approximately £1.0 million for the Company. The Open Offer is not underwritten. The Fundraise is not conditional upon the level of applications made to subscribe under the Open Offer. Accordingly, if no applications to subscribe under the Open Offer are received, the total amount that the Company would raise via the Fundraising would be £5.6 million (before expenses).

The Open Offer Shares will, upon issue, rank *pari passu* with the Existing Ordinary Shares.

Fractions of Open Offer Shares will not be allotted. The terms of the Open Offer provide that each Eligible Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Eligible Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Basic Entitlements.

It should be noted that the Open Offer is not a rights issue. Accordingly, the Application Form is not a document of title and cannot be traded.

**(c) Other information relating to the Open Offer**

The Open Offer will result in the issue of in aggregate 14,236,000 Open Offer Shares, assuming full take up under the Open Offer (representing, in aggregate, approximately 6.6 per cent. of the Enlarged Ordinary Share Capital, assuming full take up under the Open Offer). The Open Offer Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued. Following the issue of the Open Offer Shares pursuant to the Open Offer (and assuming that the Open Offer is taken up in full), Eligible Shareholders who do not subscribe for any of their Basic Entitlements will suffer a dilution of approximately 43.8 per cent. to their interests in the Company.

**(d) Action to be taken in respect of the Open Offer**

**(i) Eligible Non-CREST Shareholders**

If you are an Eligible Non-CREST Shareholder you will have received an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Basic Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4(i) of Part III of this document and on the Application Form itself.

(ii) *Eligible CREST Shareholders*

If you are an Eligible CREST Shareholder and do not hold any Ordinary Shares in certificated form, no Application Form accompanies this document and you will instead receive a credit to your appropriate stock account in CREST in respect of the Basic Entitlements representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are a Non-Eligible Shareholder or an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Jurisdiction.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 9 November 2018. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement.

The procedures for application and payment are set out in Part III of this document. Eligible CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer.

**(e) Notice to Overseas Shareholders**

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in section 7 of Part III of this document, which sets out the restrictions applicable to such persons. **If you are an Overseas Shareholder, it is important that you pay particular attention to section 7 of Part III of this document.**

None of the Placing Shares, the Subscription Shares, the PrimaryBid Shares, nor the Open Offer Shares have been, nor will be, registered under the US Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States to, or for the account or benefit of, a US Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and such other applicable state securities laws.

Accordingly, the Placing Shares, the Subscription Shares, the PrimaryBid Shares and the Open Offer Shares are being offered only outside the United States in reliance upon Regulation S under the US Securities Act in offshore transactions to investors who will be required to make certain representations to the Company and others prior to the investment in the Placing Shares and Open Offer Shares.

Neither the Placing Shares, the Subscription Shares, the PrimaryBid Shares nor the Open Offer Shares have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of the Placing, Subscription, the PrimaryBid Offer or the Open Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

**8. Directors' shareholdings and related party transaction**

Certain of the Directors have agreed to subscribe for Subscription Shares. The number of Subscription Shares subscribed for by each of these Directors pursuant to the Subscription, and their resulting shareholdings on Admission (assuming take-up in full of the Open Offer by Eligible Shareholders), are set out below:

Name	Number of Existing Ordinary Shares	Percentage of existing issued share capital	Number of Subscription Shares subscribed for	Number of Ordinary Shares held on Admission	Percentage of Enlarged Share Capital on Admission*
James Barder	1,528,830	1.26%	357,142	1,885,972	0.88%
Angela Hildreth	—	—%	142,857	142,857	0.07%
Ken James	14,000	0.01%	285,714	299,714	0.14%

\* Assuming take-up in full of the Open Offer by Eligible Shareholders

Each of the above Director's participation is conditional upon certain matters and events including, amongst other things, the passing of the Resolutions, the Placing Agreement having become unconditional and Admission of the Subscription Shares becoming effective on or before 8.00 a.m. on 13 November 2018 (but in any event by no later than 8.00 a.m. on 30 November 2018).

Where a company enters into a related party transaction, under the AIM Rules the independent directors of the company are required, after consulting with the company's nominated adviser, to state whether, in their opinion, the transaction is fair and reasonable in so far as its shareholders are concerned.

James Barder, Angela Hildreth and Ken James (the "Participating Directors") by virtue of being directors of the Company are considered to be "related parties" as defined under the AIM Rules. The Participating Directors participation in the Subscription constitutes a related party transaction for the purposes of rule 13 of the AIM Rules.

John Clarke and Jonathan Freeman, the independent directors for the purposes of the Subscription, consider, having consulted with the Company's nominated adviser, N+1 Singer, that the terms of the Participating Directors participation in the Subscription is fair and reasonable insofar as the Shareholders are concerned.

## 9. Substantial Shareholder and related party transaction

The following existing substantial Shareholders will be participating in the PrimaryBid Offer:

	<b>Number of Existing Ordinary Shares</b>	<b>Percentage of existing issued share capital</b>	<b>Number of PrimaryBid Shares subscribed for</b>	<b>Number of Ordinary Shares held following Admission</b>	<b>Percentage of Enlarged Share Capital following Admission*</b>
Lombard Odier	19,354,205**	15.99%	35,714,286	55,068,491	25.58%

\* Assuming take-up in full of the Open Offer by Eligible Shareholders

\*\* Based on the last published TR1 announcement by Lombard Odier on 24 September 2018

Where a company enters into a related party transaction, under the AIM Rules the independent directors of the company are required, after consulting with the company's nominated adviser, to state whether, in their opinion, the transaction is fair and reasonable in so far as its shareholders are concerned.

Lombard Odier Asset Management (Europe) Limited ("Lombard Odier") by virtue of being a substantial shareholder is considered to be "related party" as defined under the AIM Rules. Lombard Odier's participation in the PrimaryBid Offer constitutes a related party transaction for the purposes of rule 13 of the AIM Rules.

The Directors consider, having consulted with the Company's nominated adviser, N+1 Singer, that the terms of Lombard Odier's participation in the PrimaryBid Offer is fair and reasonable insofar as the Shareholders are concerned.

## 10. Admission and dealings

Application will be made to the London Stock Exchange for the Placing Shares, Subscription Shares, PrimaryBid Shares and the Open Offer Shares to be admitted to trading on AIM. It is expected that, subject to the passing of the Resolutions at the General Meeting, Admission of the Placing Shares, Subscription Shares, PrimaryBid Shares and the Open Offer Shares will occur and dealings will commence at 8.00 a.m. on 13 November 2018 (or such later date as N+1 Singer and the Company may agree, being not later than 8.00 a.m. on 30 November 2018).

## 11. EIS and VCT Schemes

The Company has applied for and received advance assurance from HMRC that the Ordinary Shares will satisfy the requirements for EIS Relief.

HMRC can no longer consider VCT advance assurance applications where the details of the potential qualifying holding are not given.

The continuing status of the Ordinary Shares as qualifying for EIS Relief will be conditional (amongst other things) on the qualifying conditions being satisfied, both by the Company and (as regards those conditions to be met by the investor) the investor throughout a period of at least three years from the date of issue. There can be no assurance that the Company will continue to conduct its activities in a way that will secure or retain qualifying status for EIS purposes (and indeed circumstances may arise where the directors of the Company believe that the interests of the Company are not served by seeking to retain such status).

There can be no certainty that either VCT Advance Assurance will be granted by HMRC or that the EIS Advance Assurance will be reconfirmed.

Investors considering taking advantage of EIS relief or making a qualifying VCT investment are recommended to seek their own professional advice before investing in order that they may fully understand how the relief legislation may apply in their individual circumstances. Any Shareholder who is in any doubt as to his taxation position under the EIS and VCT legislation, or who is subject to tax in a jurisdiction other than the UK, should consult an appropriate professional adviser.

## **12. General Meeting**

You will find in Part IV of this document the Notice convening the General Meeting to be held at the offices of Futura Medical plc at Surrey Technology Centre, 40 Occam Road, Guildford, Surrey GU2 7YG on 12 November 2018 at 1.00 p.m. to consider and, if thought appropriate, pass the following resolutions:

- Resolution 1 which is an ordinary resolution to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £188,472 comprising:
  - (i) up to an aggregate nominal amount of £14,157.14 pursuant to the Placing;
  - (ii) up to an aggregate nominal amount of £60,128.57 pursuant to the Subscription;
  - (iii) up to an aggregate nominal amount of £85,714.29 pursuant to the PrimaryBid Offer; and
  - (iv) up to an aggregate nominal amount of £28,472.00 pursuant to the Open Offer.
- Resolution 2 which is a special resolution and is conditional on the passing of resolution 1, to dis-apply pre-emption rights and authorise the Directors to issue and allot up to an aggregate nominal amount of £188,472, as referred to in resolution 1.
- Resolution 3 which is an ordinary resolution and conditional on the passing of resolutions 1 and 2 to authorise the Directors authority to allot relevant securities up to an aggregate nominal amount of £53,810.50.
- Resolution 4 which is a special resolution and is conditional on the passing of resolutions 1,2 and 3, to dis-apply pre-emption rights and authorise the Directors to issue and allot up to an aggregate nominal amount of £53,810.50, as referred to in Resolution 3.

The Enlarged Share Capital in connection only with a rights issue and also to issue further Ordinary Shares up to approximately 5 per cent. of the Enlarged Share Capital for cash on a non-pre-emptive basis without requiring further shareholder approval.

The Resolutions will expire on the earlier of at the conclusion of the 2019 annual general meeting of the Company and 30 June 2019. The Directors have no present intention to exercise the powers referred to in paragraphs 3 and 4 to issue up to 5 per cent. of the Enlarged Share Capital for cash on a non-pre-emptive basis, but they consider having them in place is necessary to retain flexibility.

Resolutions 1 and 3 will be proposed as ordinary resolutions. For an ordinary resolution to be passed, more than half of the votes cast must be in favour of the resolutions.

Resolutions 2 and 4 will be proposed as special resolutions. For a special resolution to be passed, at least three quarters of the votes cast must be in favour of the resolutions.

## **13. Action to be taken in respect of the General Meeting**

You can vote in respect of your shareholding by attending the General Meeting or by appointing one or more proxies to attend the General Meeting and vote on your behalf. If you appoint a proxy, you may still attend and vote at the General Meeting in person should you decide to do so.

Whether or not you propose to attend the General Meeting in person, you are requested to appoint a proxy who will be able to vote for you if you are prevented from attending.

Proxies may be appointed by either:

- completing and returning the enclosed Form of Proxy; or
- using the CREST electronic proxy appointment service (for CREST members only).

In either case, the completion form of proxy should reach the Company's Registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by no later than 1.00 p.m. on 10 November 2018. Please refer to the Notes to the Notice and the enclosed Form of Proxy for detailed instructions.

The attention of Shareholders is drawn to the voting intentions of the Directors set out below.

#### **14. Recommendation**

**The Directors believe that the Fundraising will promote the success of the Company for the benefit of the Shareholders as a whole. As highlighted in previous announcements the Company requires further funding. It is likely that failure to pass the Resolutions would lead to the Company being unable to progress its development programmes and could ultimately result in the Company agreeing a deal on less favourable terms than would otherwise be the case, assuming that alternative funding would not be available. Accordingly, they unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their legal and/or beneficial holdings, amounting, in aggregate to 1,805,158 Ordinary Shares, representing approximately 1.49 per cent. of the share capital of the Company as at the date of this document.**

Shareholders are reminded that the Fundraising is conditional, amongst other things, on the passing of the Resolutions to be proposed at the General Meeting. Should the Resolutions not be passed, the Fundraising will not proceed and all subscription monies will be returned to investors.

Yours faithfully

**John Clarke**  
*Non-Executive Chairman*

## PART II

### RISK FACTORS

An investment in the securities of the Company involves a high degree of risk. Eligible Shareholders and prospective investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including in particular but not limited to the risks described below (which are not set out in any order of priority), before making any investment decision.

The information below does not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Company is exposed or all those associated with an investment in the Company and additional risks and uncertainties not presently known to the Directors, or considered immaterial by the Directors, may also adversely affect the Company and the Company's business, financial condition and results of operations. Eligible Shareholders and prospective investors should consider carefully whether an investment in Open Offer Shares is suitable for them in the light of information in this document and their personal circumstances.

The Open Offer Shares should be regarded as a highly speculative investment and an investment in Open Offer Shares should only be made by those with the necessary expertise to fully evaluate the investment. Eligible Shareholders and prospective investors are advised to consult an independent professional adviser authorised under FSMA.

If any of the following risks relating to the Company were to materialise, the Company's business, financial condition and results of future operations could be materially adversely affected. In such cases, the market price of the Open Offer Shares could decline and an investor may lose part or all of his, her or its investment. Additional risks and uncertainty not presently known to the Directors, or which the Directors currently deem immaterial, may also have a material adverse effect upon the Company.

In addition to the usual risks associated with an investment in any company, the Directors consider the following risk factors to be significant to potential investors.

#### **1. General risks**

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

#### **2. Risks relating to the Company**

##### ***Clinical Development and Regulatory Risk***

There can be no guarantee that any of the Company's products will be able to obtain or maintain the necessary regulatory approvals in any or all of the countries in respect of which applications for such approvals are made. Where regulatory approvals are obtained, there can be no guarantee that the conditions attached to such approvals will not be considered too onerous by the Company or its distribution partners in order to be able to market its products effectively.

##### ***Unproven Technology***

The Company's technology is still in development stage. As a result its R&D activities may not result in commercially viable products, whether for many years or at all.

### ***Commercial Risk***

There can be no guarantee that the Company will succeed in establishing and maintaining the necessary contractual relationships with licensing partners for the Company's products under development. Even if the Company's products are successfully developed and approved by the appropriate regulatory bodies, they may not be launched by the Group's licensing partners, be successfully promoted or enjoy commercial acceptance. The Company is reliant on commercial partners to carry out their contractual obligations and the degree to which these can be enforced by the Company is limited. The Company seeks to reduce this risk by selecting experienced licensing partners, maintaining and developing these relationships and seeking to develop new products of commercial interest to these and other partners.

### ***Stage of development***

There are a number of operational, strategic and financial risks associated with pre-revenue drug development companies. There can be no certainty that the Company will achieve or sustain material revenues, profitability or positive cash flow from its operating activities. The Company faces risks frequently encountered by similar stage pharmaceutical companies looking to bring new products to the market. In particular, its future growth and prospects will depend on its ability to develop products which have broad commercial appeal, to secure commercialisation partnerships on appropriate terms, to manage growth and to continue to expand and improve operational, financial and management information, quality control systems and its commercialisation function on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Clinical trials***

The extent of clinical trials that will be required to test the safety and efficacy of the Company's products will vary depending on the product, the treatment being evaluated, the trial results and regulations applicable to the particular product. The results of pre-clinical studies and clinical trials to date of the Company's proposed products do not necessarily predict the results of later-stage clinical trials. Proposed products in the later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through initial clinical trials. There can be no assurance that the data collected from the pre-clinical studies and clinical trials of the Company's proposed products will be sufficient to support regulatory approvals.

The Directors cannot accurately predict when the planned clinical trials will be completed, if at all. The Company's proposed products may produce unexpected side effects or serious adverse events which could interrupt, delay or halt clinical trials of the products and could result in regulatory authorities denying approval of its products for any or all targeted treatments. An independent safety monitoring board, a regulatory authority or the Company itself may suspend or terminate trials at any time. There can be no assurances that any of the Company's proposed products will ultimately prove to be safe for human use. The Company's clinical trials could also be delayed or terminated in the event that the product being tested is in the same class of drug as a marketed product that is revealed to cause side effects.

### ***Reliance on third parties***

The Company's strategy relies on third party suppliers in relation to the manufacture of its products and the conducting of its clinical studies. Any failure by such third party to comply with its obligations to the Company may delay the progress of the development, manufacture and commercialisation of the product which itself may delay the receipt by the Company of product revenues and licence fees which may have an adverse impact on the Company and its financial position.

Where the third party contract research organisations which conduct clinical studies for the Company are unable to recruit suitable patient groups for the clinical study or are unable to produce verified data from such clinical studies then delays may result in the progress of future clinical studies and delays in regulatory approval for the Company's products.

### ***Manufacturing***

The Company's strategy is to use third parties to manufacture its products and as the Company's products advance through development there will be a need to increase the scale of the manufacturing of the product. The increase in the scale of manufacturing will mean a greater reliance by the Company on third party manufacturers and the success of the Company's business plan will continue to be reliant on securing and

maintaining satisfactory trading relationships with such third party manufacturers. There can be no assurance that the Company will be able to obtain or maintain such satisfactory relationships or that such third parties will be able to meet the Company's manufacturing requirements, whether as to scale, quality or otherwise.

***History of operating losses, ability to secure funding and additional capital requirements to fund ongoing operations***

The Company has a history of operating losses. These losses have arisen mainly from the costs incurred in research and development of its products and general administrative costs. In order to support the research and development of the Company's product candidates, the Company is likely to continue to incur operating losses until such time as it generates sufficient revenue. The Company may not be successful in developing any additional products and any other products it may develop may not generate revenues.

The lack of a current revenue stream and the significant resources needed for ongoing investment in its R&D pipeline requires the Company to gain access to additional funding from licensing with commercial partners, capital markets or elsewhere. There can be no assurances that such funding will be available on favourable terms, if at all.

Additional funding will be required to allow the Company time to reach profitability. If the Company is unable to secure further funding, there may be insufficient finance for product development or operations and consequent delay, reduction or elimination of development programmes could result.

The aggregate net proceeds of the Placing are not expected to take the Company to profitability, and accordingly the Company may need to source additional capital from equity or debt sources in the future. Further equity financing may be further dilutive to existing Shareholders or result in the issuance of securities whose rights, preference and privileges are senior to those of the owners of Ordinary Shares. If any such future funding requirements are met through additional debt financing, the Company may be required to adhere to covenants restricting its future operational and financial activities. If the Company is unable to secure additional funds when needed or cannot do so on terms it finds acceptable, the Company may be unable to continue to trade, expand its operations, take full advantage of future commercial opportunities or respond adequately to competitive pressures, any of which may have an adverse effect on its business and results of operations.

***The expenditure required by the Company may be more than currently anticipated***

There is a risk that the amounts the Company anticipates will be needed to fund its growth will be insufficient, that the anticipated timing of such investment may prove incorrect, or that the Company may be unable to secure the amounts required at the right time (if at all). The Company may not be able to generate revenues at the times targeted. Costs may be greater than planned, or timings may vary from those targeted.

***The Company's success will continue to be highly dependent on collaborators***

The Company's strategy will continue to be to seek collaboration partners for certain of its product candidates. Such collaborations provide important funding to the Company through signature and milestone payments, fees and royalties. The Company may be unable to establish additional collaborative arrangements on favourable terms, or at all, and any such arrangement or agreement may not prove successful.

***Competition risk***

The Company may face significant competition from organisations which have much greater capital resources than the Company. Competitors and potential competitors may develop technologies and products that are less costly and/or more effective than the technology or products of the Company or which may make those of the Company uncompetitive. The Company's products may face competition from companies that have greater research, development, marketing, financial and personnel resources than the Company or its commercialisation partners. Technologies developed or acquired by the Company may have a shorter commercial life than anticipated, if any, due to the invention or development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Company or its current and future commercialisation partners.

There is no assurance that the Company will be able to compete successfully within its business areas in such a marketplace.

### ***Intellectual Property Risk***

The commercial success of the Company and its ability to compete effectively with other companies depend, amongst other things, on its ability to obtain and maintain patents sufficiently broad in scope to provide protection for the Company's intellectual property rights against third parties and to exploit its pharmaceutical products. The absence of any such patents may have a material adverse effect on the Company's ability to develop its business. The Company seeks to reduce this risk by only developing products where legal advice indicates patent protection would be available, seeking patent protection for the Company's products, maintaining confidentiality agreements regarding Company know-how and technology and monitoring technological developments and the registration of patents by other parties. There can be no assurance patents pending or any future patent applications will be issued for the benefit of the Company. Once granted patents can be challenged in the courts by third parties and there issued patents could be subsequently found to be invalid or unenforceable or made subject to restriction. There can be no assurance that the steps the Company takes to protect its intellectual property will prevent unauthorised use or exploitation by a third party and seeking to prevent such unauthorised use can be an expensive and time consuming process and there can be no assurance that the Company would have the resources to prosecute such unauthorised use to a successful conclusion. The commercial success of the Company also depends upon not infringing patents granted, now or in the future, to third parties who may have filed applications or who have obtained, or may obtain, patents relating to business processes which might inhibit the Company's ability to develop and exploit its own products.

### ***Dependence on key personnel***

The Company's business, future success and ability to expand operations depends upon its ability to attract, hire, train and retain qualified professional, scientific and technical operating staff. The Company's success depends to a significant degree upon the continued contributions of its executive Directors and key personnel. The Company's future performance will be substantially dependent on its ability to retain and motivate such individuals. The loss of the services of its executive Directors or key personnel could prevent the Company from executing its business strategy. Moreover, the Company's future success depends in part on its ability to hire, train and retain key personnel. The Company competes with a number of other organisations for suitable personnel. If the Company fails to retain and hire a sufficient number and type of personnel, it will not be able to maintain and expand its business. The Company may be required to increase spending to retain personnel.

The Company cannot give assurances that the Company's senior management team and the executive Directors will remain with the Company. The loss of the services of the executive Directors, members of senior management and other key employees could damage the value of an investment in the Ordinary Shares.

### ***Legislative and regulatory current requirements and possible changes***

The manufacturing and marketing of the Company's products may be subject to regulation by government and regulatory agencies in the countries in which the Company operates. There are no assurances that regulatory clearances will be obtained (either within the Company's expected timing, or at all). If the Company is not able to obtain regulatory clearances necessary for its operations, the Company may contravene applicable regulations and be subject to fines and penalties which may have an adverse impact on its business.

### ***Planning uncertainty***

This document contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Company's plans, goals and prospects. These statements and the assumptions that underlie them are based on the current expectations of management and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that actual performance of the Company will not differ materially from the matters described in this document.

### ***Financial risk***

There are a number of financial risks which are outside the control of the Company and which can affect revenues and/or costs, and the Company does not hedge against such risks currently. These include varying international exchange rates, interest rates, world commodity prices, energy prices and supplies, raw materials prices and supplies, inflation and international trends in trade, tariffs and protectionism and changes in the legal and regulatory framework. There can be no assurance that such variables will not have a material adverse impact on the Company's financial position or results of operations.

### ***Tax risk***

Tax rules and their interpretation may change. Any change in any member of the Company's tax status or to taxation legislation or its interpretation may affect the Company's ability to provide returns to Shareholders.

### ***Impact of Brexit***

Following the outcome of the EU referendum, the Medicines and Healthcare products Regulatory Agency is working closely with the UK Government to analyse the best options and opportunities available for the safe and effective regulation of medicines and medical devices in the UK. The impact of the decision to leave the EU is not yet known and the future relationship with bodies such as the European Medicines Agency and the European Patent Office will be closely monitored.

## **Risks specific to the industry in which the Company operates**

### ***Pharmaceutical pricing environment***

In common with other companies researching and developing new pharmaceutical products, the ability of the Company and its partners to market its products successfully depends in part on the extent to which reimbursement for the cost of such products and related treatment will be available from government health administration authorities, private health coverage insurers and other organisations. There is uncertainty as to the reimbursement status of newly approved healthcare products, and there is no assurance that adequate health administration or third party coverage will be available for the Company or its licensees to obtain satisfactory price levels to realise an appropriate return on its investment. In addition, there is increasing pressure by certain governments to contain healthcare costs by limiting both coverage and the level of reimbursement for new therapeutic products, and by refusing in some cases to provide coverage for uses of products for disease conditions for which the relevant regulatory agency has not granted marketing approval.

### ***Competition and market acceptance***

The Company expects competition for those of its products and technologies which are under development currently. Competition may come from companies which have greater research, development, marketing, financial and personnel resources than the Company. Competitors may precede the Company in development of competing products and receiving regulatory approval or may succeed in developing products that are more effective or economically viable than products developed by the Company. Such activities could render the Company's technology or products obsolete and/or otherwise uncompetitive. The success of the Company will also depend on the market acceptance of its products and there can be no guarantee that this acceptance will be forthcoming. Notwithstanding the technical merits of a product developed by the Company, there can be no assurance that medical practitioners will adopt such products as a standard means of medical practice or that the medical procedures at which the Company's products are targeted will maintain market acceptance. Even if the Company's products achieve market acceptance, the market may not be large enough to allow it to generate significant revenues. The failure of the Company's products to achieve market acceptance would prevent it from ever generating meaningful product revenues.

### ***Government actions***

All governments reserve the right to amend their policies in relation to drug development and life sciences. These policies are subject to change at any time, in any country and changes can have a profound impact upon the life sciences industry as a whole or in part.

## **Risks relating to Ordinary Shares**

### ***General***

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

### ***Investment in AIM securities and liquidity of the Ordinary Shares***

An investment in companies whose shares are traded on AIM are perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. The AIM Rules are less demanding than the rules to which companies listed on the Official List are subject. The future success of AIM and liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may become or may be relatively illiquid and therefore, such Ordinary Shares may be or may become difficult to sell.

The market for the Ordinary Shares may be highly volatile and subject to wide fluctuations in response to a variety of potential factors which could lead to losses for Shareholders. These potential factors include amongst others: any additions or departures of key personnel, litigation and press, newspaper and/or other media reports.

Prospective investors should be aware that the value and/or market price of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than or lose all of their investment.

### ***Trading market for the Ordinary Shares***

The share price of emerging companies can be highly volatile and shareholdings illiquid. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and its operations and others to the AIM market in general including, but not limited to, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions or legislative changes in earnings estimates by stock market analysts, general economic conditions or legislative changes in the Company's sector. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares. The trading of the Ordinary Shares on AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares and there is no guarantee that an active market will continue to develop or be sustained. It may be more difficult for an investor to realise his investment in the Company than in a company whose shares are quoted on the Official List.

### ***Additional capital and dilution***

The Company anticipates that it will require additional capital to further its strategy, assuming the Company fails to generate sufficient revenue from sales of its products, royalties and/or milestone payments. Therefore, it may need to raise additional capital in the future, whether from equity or debt sources, to fund its strategy. In addition, circumstances may arise in which the Company wishes to accelerate its strategy and/or enter into additional markets, requiring additional capital. If the Company is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its development. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as offered hereby or higher.

### ***Dividends***

The Directors' intention is for the Company to reinvest any net cash generated from operations to finance the growth and expansion of its business, and accordingly does not intend for the Company to pay any dividends in the foreseeable future. Any declaration and payment of dividends in the future by the Company will be dependent upon the Company's results, financial position, cash requirements, future prospects, profits available for distribution and other factors regarded by the Company as relevant at the time. Consequently, the Company may never pay dividends.

### ***No guarantee that the Ordinary Shares will continue to be traded on AIM***

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Open Offer Shares.

Potential investors should consider that an investment in the Company is speculative and that any Open Offer Shares purchased carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Open Offer Shares. If any of the risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the Company's securities could decline and investors may lose all or part of their investment.

## PART III

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in the letter from the Chairman set out in Part I of this document, the Company is proposing to issue up to 14,236,000 Open Offer Shares pursuant to the Open Offer in aggregate in order to raise up to £1.0 million, assuming a full take-up of the Open Offer. Upon completion of the Open Offer, (assuming a full take-up of the Open Offer) the Open Offer Shares will represent approximately 6.6 per cent. of the Enlarged Ordinary Share Capital.

Eligible Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at the Issue Price. The Issue Price of the Open Offer Shares represents a discount of 27.5 per cent. to the Closing Price of 9.65 pence per Existing Ordinary Share on 18 October 2018 (being the last practicable trading day prior to the announcement of the Fundraising).

A summary of the arrangements relating to the Open Offer is set out in this Part III. This Part III and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 10 November 2018.

The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are further set out in this Part III.

#### 2. The Open Offer

Subject to the fulfilment of the terms and conditions referred to in this Part III and, where relevant, set out in the Application Form, Eligible Shareholders are hereby invited to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of 10 Open Offer Shares for every 85 existing Ordinary Shares held by Eligible Shareholders at the Record Date and so in proportion for any other number of Ordinary Shares then held.

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer. Fractions of Open Offer Shares will not be allotted and each Eligible Shareholder's entitlement shall be rounded down to the nearest whole number.

Eligible Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Eligible Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown on their Application Form or, in the case of Eligible CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST. Eligible Shareholders may not apply for Open Offer Shares in excess of their Basic Entitlement.

The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, an Applicant has an Application Form in respect of an entitlement under the Open Offer or has Basic Entitlements credited to a stock account in CREST in respect of such entitlement.

**Not all Shareholders will be Eligible Shareholders. Overseas Shareholders who are located in, or who are citizens or residents of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Restricted Jurisdiction) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including without limitation a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to section 7 of this Part III.**

If you have received an Application Form with this document, please refer to section 4(i) and sections 5 to 8 of this Part III.

If you hold your Ordinary Shares in CREST and have received a credit of Basic Entitlements to your CREST stock account, please refer to section 4(ii) and sections 5 to 8 of this Part III and also to the CREST Manual for further information on the CREST procedures referred to below.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission of the Open Offer Shares will become effective and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 13 November 2018.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer; all of such shares, when issued and fully paid, may be held and transferred by means of CREST.

Eligible Non-CREST Shareholders will have received an Application Form with this document which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Eligible CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements on 25 October 2018.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

**The Open Offer is not a rights issue. Eligible Shareholders should be aware that in the Open Offer, unlike in a rights issue, entitlements to subscribe for Open Offer Shares at the Issue Price will neither be tradeable nor sold in the market and in the event that any Open Offer Shares not applied for are sold or placed in the market, this will be for the benefit of the Company and not the Eligible Shareholders who do not apply under the Open Offer. Eligible Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.**

**Eligible CREST Shareholders should note that although the Basic Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit.**

**Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this document, including in particular the important information set out in the letter from the Chairman in Part I of this document and the risk factors set out in Part II of this document, as well as the terms and conditions set out in this Part III of this document. The Open Offer is not underwritten.**

### **3. Conditions and further terms of the Open Offer**

The Open Offer is conditional, upon (a) the passing of Resolutions 1, 2, 3 and 4 at the General Meeting; and (b) Admission of the Open Offer Shares having occurred by not later than 8.00 a.m. on 13 November 2018 (or such later time and/or date as N+1 Singer and the Company may agree, not being later than 30 November 2018). Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed. The Open Offer is conditional on the Placing.

Further terms of the Open Offer are set out in this Part III and in the Application Form.

### **4. Procedure for application and payment**

Save as provided in section 7 of this Part III in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your entitlement under the Open Offer, or you have Basic Entitlements credited to your CREST stock account in respect of such entitlement.

Eligible Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date and who take up Open Offer Shares under their entitlement will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposits into CREST is set out in paragraph 4(ii)(e) of this Part III.

CREST sponsored members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Basic Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Basic Entitlements in CREST should refer to the CREST Manual for further information on the CREST

procedures referred to below. If for any reason it becomes necessary to adjust the expected timetable as set out in this document the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

Eligible Shareholders who do not wish to partake in the Open Offer should not complete or return the Application Form or submit a USE instruction through CREST. Eligible Shareholders who hold their Ordinary Shares through a nominee and who wish to partake in the Open Offer must contact their nominee who will be able to apply for Open Offer Shares directly using an Application Form or submitting a USE instruction through CREST.

(i) ***If you have an Application Form in respect of your entitlement under the Open Offer***

(a) *General*

Each Eligible Non-CREST Shareholder will have received an Application Form accompanying this document. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Eligible Non-CREST Shareholder's name at the close of business on the Record Date. It also shows the number of Open Offer Shares for which such relevant Eligible Non-CREST Shareholder is entitled to apply for under the Open Offer, calculated at the Issue Price and on the basis set out in section 2 of this Part III. Eligible Non-CREST Shareholders may also apply for less than their maximum Basic Entitlements.

**The instructions and other terms set out in the Application Form constitute part of the terms of the Open Offer.**

(b) *Market claims*

Applications for Open Offer Shares may only be made on the Application Form and may only be made by the Eligible Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, being 8.00 a.m. on 22 October 2018. Application Forms may be split in circumstances described in paragraph 4(i)(c) of this Part III up to 3.00 p.m. on 7 November 2018.

The Application Form is not a negotiable document and cannot be separately traded. An Eligible Non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 8.00 a.m. on 22 October 2018, being the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange. Eligible Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into any of the Restricted Jurisdictions, to US Persons or to Non-Eligible Shareholders.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4(ii)(b) of this Part III.

An Eligible Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Receiving Agent. However, he or she is strongly encouraged to still complete and return the Form of Proxy to the Registrars for the purposes of exercising votes at the General Meeting.

(c) *Application procedures*

Applications for Open Offer Shares (by Eligible Non-CREST Shareholders may only be made on the Application Form, which is personal to the Eligible Non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

An Eligible Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Registrars.

If you are a Eligible Non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post or by hand (during normal business hours only) to the Company's UK Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to arrive no later than 11.00 a.m. on 9 November 2018. A reply paid envelope is enclosed for use by Eligible Non-CREST Shareholders in connection with the Open Offer. Your Application Form will not be valid unless you sign it.

The Application Form represents a right personal to the Eligible Non-CREST Shareholders to apply to subscribe for Open Offer Shares. The Application Form is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange.

Application Forms may be split up to 3.00 p.m. on 7 November 2018 but only to satisfy such *bona fide* market claims. Eligible Non-CREST Shareholders who have before the 'ex' date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under FSMA as soon as possible. The invitation to apply for Open Offer Shares may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Eligible Non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part III, in the letter from the Chairman of the Company in Part I of this document and in the Application Form) be allocated the Open Offer Shares applied for in full at the Issue Price.

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to an Eligible Non-CREST Shareholder and such Eligible Non-CREST Shareholder's cheque or a duly endorsed banker's draft is not honoured upon first presentation or such Eligible Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Eligible Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Eligible Non-CREST Shareholders.

Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Eligible Non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Company may in its absolute discretion elect to accept Application Forms and remittances after 11.00 a.m. on 9 November 2018. The Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

**The Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 9 November 2018 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares concerned, and undertaking to lodge the relevant Application Form in due course.**

(d) *Payments*

All payments must be in pounds sterling and cheques or duly endorsed banker's drafts should be made payable to "Link Market Services Limited re Futura Medical Open Offer A/C" and crossed "A/C payee only". Cheques must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom, Channel Islands or the Isle of Man which is a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies and must bear the appropriate sort code in the top right hand corner. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the back of the building society cheque or bankers' draft on the reverse to such effect.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be payable as funds held in a non-interest bearing account. It is a fundamental term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid Acceptance Forms in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 13 November 2018 or such later time and date as the Company shall agree (being no later than 30 November 2018), the Open Offer will lapse and application monies will be returned by post to Applicants within 14 days, at the Applicants' risk and without interest, to the address set out on the Application Form.

The Company shall as soon as practicable refund any payment received with respect to an application for a number of Open Offer Shares in respect of a Basic Entitlement which has been rejected in whole or in part by the Company.

(e) *Effect of application*

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (i) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (ii) confirm to the Company and N+1 Singer that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof or involved in the preparation of this document shall have any liability for any such information or representation not so contained and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;
- (iii) represent and warrant to the Company and N+1 Singer that to the extent that you have received some or all of your Basic Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Basic Entitlements by virtue of a *bona fide* market claim;
- (iv) represent and warrant to the Company and N+1 Singer that you are not (i) a Non-Eligible Shareholder; or (ii) a citizen or resident or which is a corporation, partnership or other

entity created or organised in or under any laws of a Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to offering, selling, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company that I am/we are able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares;

- (v) represent and warrant to the Company and N+1 Singer that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis;
- (vi) represent and warrant to the Company and N+1 Singer as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in a Restricted Jurisdiction, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into a Restricted Jurisdiction; (ii) you are not and were not located in a Restricted Jurisdiction at the time you accepted the Application Form or at the time you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside a Restricted Jurisdiction at the time he or she instructed you to submit the Application Form;
- (vii) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this document and the Application Form, subject to the articles of association of the Company;
- (viii) confirm to the Company and N+1 Singer that in submitting an Application Form you are not relying on and have not relied on the Company or N+1 Singer or any person affiliated with the Company or N+1 Singer in connection with any investigation of the accuracy of any information contained in this document or in relation to your investment decision;
- (ix) represent and warrant to the Company and N+1 Singer that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (x) represent and warrant to the Company and N+1 Singer that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules and MAR (the "**Exchange Information**"), and that you are able to obtain or access the Exchange Information without undue difficulty.
- (xii) acknowledge that none of the Company, N+1 Singer nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any

other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and

- (xiii) represent and warrant to the Company and N+1 Singer that the purchase by you of Open Offer does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an Application Form for Open Offer, save only in the discretion of the Company and then subject to certain conditions.

You should note that Application Forms once submitted will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any Application Form not strictly complying in all respects with the terms and conditions of application as nevertheless valid.

**If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form.**

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. For all enquiries in relation to the procedure for application for Eligible Non-CREST Shareholders under the Open Offer please contact Link Asset Services on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Please note that the Shareholder Helpline cannot provide comments on the merits of the Open Offer, or legal, financial or taxation advice.

(ii) ***If you have Basic Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(a) *General*

Subject as provided in section 7 of this Part III in relation to certain Overseas Shareholders, each Eligible CREST Shareholder will receive a credit to his stock account in CREST of his Basic Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer. Eligible CREST Shareholders may not apply for Open Offer Shares in excess of their Basic Entitlement.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Eligible CREST Shareholder in respect of which the Basic Entitlements have been allocated.

If for any reason the Basic Entitlements cannot be admitted to CREST by, or the stock accounts of Eligible CREST Shareholders cannot be credited by 3.00 p.m. on 25 October 2018 or such later time as the Company may decide, an Application Form will be sent out to each Eligible CREST Shareholder in substitution for the Basic Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Eligible Non-CREST Shareholders with Application Forms will apply to Eligible CREST Shareholders who receive Application Forms.

If you have any queries please contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored

for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Please note that the Shareholder Helpline cannot provide comments on the merits of the Open Offer, or give legal, financial or taxation advice.

If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

The Basic Entitlements will have separate ISIN/SEDOL numbers and will constitute separate securities for the purposes of CREST. Although Basic Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction.

Transactions identified by the CREST Claims Processing Unit as “cum” the Basic Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) will thereafter be transferred accordingly.

(c) *USE Instructions*

Eligible CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Basic Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Link Market Services under the participant ID and member account ID specified below, with a number of Basic Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Link Asset Services in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

(d) *Content of USE instructions in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to Link Asset Services);
- (ii) the ISIN of the Basic Entitlement. This is GB00BGV7NR97;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of Link Asset Services, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of Link Asset Services, in its capacity as CREST receiving agent. This is 29900FUT;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;

- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 9 November 2018; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 9 November 2018.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 9 November 2018 in order to be valid is 11.00 a.m. on that day.

(e) *Deposit of Basic Entitlements into, and withdrawal from, CREST*

An Eligible Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Eligible Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 9 November 2018.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements in CREST, is 3.00 p.m. on 6 November 2018, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements from CREST is 4.30 p.m. on 5 November 2018, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements prior to 11.00 a.m. on 9 November 2018.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Eligible Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes on page 2 of the Application Form, and a declaration to the Company from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any of the Restricted Jurisdictions and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(f) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 9 November 2018 will constitute a valid application under the Open Offer.

(g) *CREST procedures and timings*

**CREST members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 9 November 2018. In this connection CREST members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

(h) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question;
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest).

(i) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Link Asset Services' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) confirm to the Company and N+1 Singer that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof or involved in the preparation of this document shall have any liability for any such information or representation not so contained and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;
- (iii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the articles of association of the Company;
- (iv) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;

- (v) represent and warrant to the Company and N+1 Singer that he is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of the application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company and that he is able to accept the invitation by the Company of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (vi) represent and warrant to the Company and N+1 Singer that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (vii) confirm to the Company and N+1 Singer that in making such application he is not relying on any information in relation to the Company other than that contained in publicly available information and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that he will be deemed to have had notice of all the information concerning the Group contained within this document;
- (viii) represent and warrant to the Company and N+1 Singer that he is the Eligible Shareholder originally entitled to the Basic Entitlements or that he has received such Basic Entitlements by virtue of a *bona fide* market claim;
- (ix) represent and warrant to the Company and N+1 Singer that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (x) confirm to the Company and N+1 Singer that in making the application you are not relying on and have not relied on the Company, N+1 Singer or any person affiliated with the Company or N+1 Singer in connection with any investigation of the accuracy of any information contained in this document or your investment decision;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules and MAR (the "**Exchange Information**"), and that you are able to obtain or access the Exchange Information without undue difficulty.
- (xii) acknowledge that none of the Company, N+1 Singer nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xiii) warrant and represent to the Company and N+1 Singer that the purchase by you of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with

respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

(j) *Company's discretion as to rejection and validity of applications*

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "**first instruction**") as not constituting a valid application if, at the time at which Link Market Services receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Link Market Services have received actual notice from CRESTCo of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

(k) *Issue of Open Offer Shares in CREST*

Basic Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 9 November 2018. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Registrars will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' Basic Entitlements with effect from the next Business Day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

## **5. Money Laundering Regulations**

### **(i) Holders of Application Forms**

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations 2007 (as amended) (the "**Regulations**"), the Registrars may require verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "**verification of identity**").

The verification of identity requirements pursuant to the Regulations will apply to applications with a value of EUR 15,000 (or its pound sterling equivalent) or greater, or to one of a series of linked applications whose aggregate value exceeds that amount, and in the case of such applications verification of the identity of Applicant(s) for Open Offer Shares may be required.

If within a reasonable period of time following a request for verification of identity, but in any event by 11.00 a.m. on 9 November 2018, the Registrars has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the money payable or paid in respect of the application will be returned (without interest and at the Applicant's risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 7 November 2018), by the person(s) named in Box 1 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (i) ask the building society or bank to endorse on the back of the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. For all enquiries in relation to the procedure for application for Eligible Non-CREST Shareholders under the Open Offer please contact Link Asset Services on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.
- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques will not be accepted unless covered by (i) above.

In any event, if it appears to the Registrars that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

Neither the Registrars nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Eligible Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Regulations.

(ii) **Basic Entitlements in CREST**

If you hold your Basic Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlements as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, the Registrars is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Registrars before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Registrars such information as may be specified by the Registrars as being required for the purposes of the Regulations. Pending the provision of evidence satisfactory to the Registrars as to identity, the

Registrars may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

## **6. Taxation**

The following paragraphs are intended as a general guide only and are based on current UK legislation and HM Revenue and Customs practice (which is subject to change and possibly with retrospective effect) and are not exhaustive. They summarise advice received by the Directors as to the position of Shareholders who (unless the position of non-resident Shareholders is expressly referred to) are resident (and domiciled) in the United Kingdom for tax purposes, who are the absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. The discussion does not address all possible tax consequences relating to an investment in shares. Certain Shareholders, such as dealers in securities, employees and officers, Shareholders that are exempt from taxation, insurance companies and collective investment vehicles, may be taxed differently and are not considered.

Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult their independent professional adviser immediately.

### **(i) Taxation of chargeable gains**

For the purposes of UK taxation of chargeable gains, Open Offer Shares allotted to Eligible Shareholders in respect of their Basic Entitlements under the Open Offer should be added to the Eligible Shareholder's existing holding of Ordinary Shares and treated as acquired at the time the existing holding was acquired. The subscription monies for the Open Offer Shares should be added to the base cost of the existing holding. A subsequent disposal of Open Offer Shares by an Eligible Shareholder may, subject to the Eligible Shareholder's circumstances and any available exemption or relief, give rise to a taxable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

In the case of individual Shareholders, there are two main rates of UK capital gains tax; the applicable rate will be dictated by the individual Shareholders' amount of taxable income. Those individual Shareholders who are higher rate taxpayers or additional rate taxpayers will pay capital gains tax at 20 per cent. and those individuals who are basic rate taxpayers will pay capital gains tax at 10 per cent.

For Shareholders within the charge to UK corporation tax on chargeable gains, the subscription price of the Open Offer Shares will be increased by indexation allowance from the time at which the Shareholder paid for or became liable to pay for the Open Offer Shares until the Open Offer Shares are disposed of. Indexation allowance is not available to create or increase any loss.

A Shareholder who is not UK resident will not be subject to UK tax on a gain arising on a subsequent disposal of Open Offer Shares unless either (i) the Shareholder carries on a trade, profession or vocation in the UK through a branch, permanent establishment or agency and, broadly, holds the Open Offer Shares for the purposes of the trade, profession, vocation, branch, permanent establishment or agency, or (ii) the Shareholder falls within the anti-avoidance rules applying to temporary non-residents.

### **(ii) Stamp duty and stamp duty reserve tax ("SDRT")**

No UK stamp duty or UK SDRT should be payable on the allotment or issue of Open Offer Shares.

There is no UK stamp duty and/or SDRT on transfers of securities that are admitted to trading on a "recognised growth market", including AIM (and not "listed" on a recognised stock exchange).

## **7. Overseas Shareholders**

### **(a) General**

**The distribution of this document and the Application Form and the making or acceptance of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities**

**created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer. The comments set out in this section 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.**

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or Application Form(s)) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Application Forms will not be sent to and Basic Entitlements will not be credited to a stock account in CREST of Non-Eligible Shareholders or persons with registered addresses or located in a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Basic Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her nor should he or she in any event use any such Application Form and/or credit of Basic Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Basic Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company nor any of its respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Basic Entitlements to a stock account in CREST in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Basic Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Basic Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements.

Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Basic Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III and specifically the contents of this section 7.

The Company reserves the right, but shall not be obliged, to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of a Basic Entitlement to a stock

account in CREST, to a member whose registered address would be in a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to sections 7(b) to 7(e) below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, acting with prior written consent of N+1 Singer, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction or to any Non-Eligible Shareholders. Receipt of this document and/or an Application Form and/or a credit of an Basic Entitlement and/or a credit of Excess Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

(b) **United States**

Neither the Placing Shares nor the Open Offer Shares have been, nor will be, registered under the US Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States to, or for the account or benefit of, a US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and such other applicable state securities laws.

Accordingly, the Placing Shares and the Open Offer Shares are being offered hereby only outside the United States in reliance upon Regulation S under the US Securities Act in offshore transactions to investors who will be required to make certain representations to the Company and others prior to the investment in the Placing Shares and Open Offer Shares.

Neither the Placing Shares nor the Open Offer Shares have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of the Fundraising or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Until 40 days after Admission, an offer or sale of the Placing Shares, the Subscription Shares or Open Offer Shares within the United States by any dealer (whether or not participating in the Open Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than pursuant to an available exemption from registration under the US Securities Act.

Because of these restrictions and those described herein, potential investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of Placing Shares or Open Offer Shares.

Neither this document nor an Application Form will (unless an address within the United Kingdom for services of notices has been notified to the Company) be sent to, and no Basic Entitlements or Excess Entitlements will be credited to, a stock account in CREST of any Eligible Shareholder with a registered address in the United States. Application Forms sent from, or post-marked in, the United States will be deemed to be invalid and all persons subscribing for Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration of the Open Offer Shares outside the United States.

(c) ***Other Restricted Jurisdictions***

Due to restrictions under the securities laws of the other Restricted Jurisdictions and subject to certain exemptions, Eligible Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, a Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Basic Entitlements or Excess Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. No offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.

(d) ***Other overseas jurisdictions***

Application Forms will be sent to Eligible Non-CREST Shareholders and a Basic Entitlement will be credited to the stock account in CREST of Eligible CREST Shareholders in other overseas jurisdictions. Eligible Shareholders in jurisdictions other than any Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form.

Eligible Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

(e) ***Representations and warranties relating to Overseas Shareholders***

(i) *Eligible Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, N+1 Singer and/or the Registrars that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction:

- (i) such person is not requesting registration of the relevant Open Offer Shares from within a Restricted Jurisdiction;
- (ii) such person is not a US Person or a resident of, or located in, any Restricted Jurisdiction or in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it;
- (iii) such person is not acting on a non-discretionary basis on behalf of, a person located within a Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and
- (iv) such person is not subscribing for Open Offer Shares with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction or any territory referred to in (ii) above.

The Company and/or the Registrars may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it:

- (i) appears to the Company or its agents to have been executed, effected or despatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements;

- (ii) provides an address in any Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or
  - (iii) purports to exclude the warranty required by this paragraph 7(e)(i).
- (ii) *Eligible CREST Shareholders*
- A CREST member who makes a valid application either on its own behalf or on behalf of one of its clients in accordance with the procedures set out in this Part III represents and warrants to the Company and N+1 Singer that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction:
- (i) neither it nor its client is within a Restricted Jurisdiction;
  - (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares;
  - (iii) it is not accepting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within a Restricted Jurisdiction or any territory referred to in (iii) above at the time the instruction to accept was given; and
  - (iv) neither it nor its client is subscribing for any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction, or any territory referred to in (iii) above.

The Company reserves the right to reject any USE instruction from a Restricted Jurisdiction or any territory referred to in (ii) above or by a CREST participant who is acting on a non-discretionary basis on behalf of a person located within a Restricted Jurisdiction or any territory referred to in (iii) above.

## **8. Admission, settlement and dealings**

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. Subject to the Open Offer becoming unconditional in all respects, it is expected that Admission of the Open Offer Shares will become effective and that dealings in the Open Offer Shares will commence at 8.00 a.m. on 13 November 2018.

Basic Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 9 November 2018 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 13 November 2018). On this day, the Registrars, Link Asset Services will instruct Euroclear to credit the appropriate stock accounts of such persons with their entitlements to Open Offer Shares with effect from Admission (expected to be 13 November 2018). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send you an Application Form instead of crediting the relevant stock account with Basic Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

For Eligible Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be dispatched by post in the week commencing 19 November 2018. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register of members of the Company. All documents or remittances sent by or to Applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Eligible Non-CREST Shareholders are referred to the Application Form.

## **9. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document, Eligible Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## **10. Further information**

The attention of Eligible Non-CREST Shareholders is drawn to the terms and conditions set out in the enclosed Application Form.

## PART IV

### NOTICE OF GENERAL MEETING

# Futura Medical plc

*(Registered in England and Wales with company number 04206001)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of Futura Medical plc (the "**Company**") will be held on 12 November at 1.00 p.m. at the offices of the Company, Surrey Technology Centre, 40 Occam Road, Guildford, Surrey, GU2 7YG. The business of the meeting will be to consider and, if thought appropriate, to pass the following ordinary and special resolutions:

#### ORDINARY RESOLUTION

1. Authority to allot shares

THAT in substitution for all existing authorities for the allotment of shares by the Directors, which are hereby revoked but without prejudice to any allotment, offer or agreement already made pursuant thereto, the Directors of the Company be and they are hereby authorised, pursuant to section 551 of the Companies Act 2006 (the "**2006 Act**") to exercise all and any powers of the Company to:

- (a) allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of "**Relevant Securities**") up to an aggregate nominal amount of £14,157.14 pursuant to the placing of the Company's ordinary shares of two pence each ("**Ordinary Shares**"), to certain institutional and other investors at a price of 7 pence per share (the "**Placing**");
- (b) allot Relevant securities up to an aggregate amount of £85,714.28 pursuant to the PrimaryBid Offer for Ordinary Shares by private and other investors on the PrimaryBid platform at a price of 7 pence per share (the "**PrimaryBid Offer**");
- (c) allot Relevant Securities up to an aggregate amount of £60,128.57 pursuant to the subscription for Ordinary Shares by certain investors at a price of 7 pence per share (the "**Subscription**");
- (d) allot Relevant Securities up to an aggregate amount of £28,472.00 pursuant to an Open Offer to all existing shareholders of the Company as at 18 October 2018 (the "**Open Offer**") on the terms and conditions set out in the circular of the Company dated 24 October 2018 (the "**Circular**");

in each case for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of either the conclusion of the 2019 AGM of the Company following the passing of this resolution or, midnight on the date 30 June 2019, whichever occurs sooner, provided that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such Relevant Securities to be allotted after such expiry, variation or revocation and the Directors may allot Relevant Securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked.

#### SPECIAL RESOLUTION

2. Disapplication of pre-emption rights

THAT, subject to and conditional upon the passing of resolution 1, the Directors be and they are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority conferred by resolution 1 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power:

- (a) shall, subject to the continuance of the authority conferred by resolution 1 above, expire at the earlier of either the conclusion of the 2019 AGM of the Company following the passing of this resolution or, midnight on the date 30 June 2019, whichever occurs sooner, but may be previously revoked or varied from time to time by special resolution but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the

Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied; and

- (b) shall be limited to:
- (i) the allotment of equity securities up to an aggregate nominal amount of £14,157.14 pursuant to the Placing;
  - (ii) the allotment of equity securities up to an aggregate nominal value of £85,714.28 pursuant to the PrimaryBid Offer;
  - (iii) the allotment of equity securities up to an aggregate nominal amount of £60,128.57 pursuant to the Subscription; and
  - (iv) allot Relevant Securities up to an aggregate amount of £28,472.00 pursuant to an Open Offer to all existing shareholders of the Company as at 18 October 2018 (the "**Open Offer**") on the terms and conditions set out in the circular of the Company dated 24 October 2018 (the "**Circular**").

### **ORDINARY RESOLUTION**

3. Additional authority to allot shares

THAT subject to and conditional upon Resolutions 1 and 2 above being passed, the Directors be and are generally and unconditionally authorised in accordance with Section 551 of the Act to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred as an allotment of "**Relevant Securities**") by way of a Rights Issue up to an aggregate nominal amount of £53,810.50 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of either the conclusion of the 2019 AGM of the Company following the passing of this resolution or, midnight on the date 30 June 2019, whichever occurs sooner, provided that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such Relevant Securities to be allotted after such expiry, variation or revocation and the Directors may allot Relevant Securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked.

### **SPECIAL RESOLUTION**

4. Additional disapplication of pre-emption rights

THAT, subject to and conditional upon the passing of Resolutions 1, 2 and 3 above, the Directors be and they are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority conferred by resolution as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power is limited to the allotment of equity securities:

- (a) in connection with an offer of equity securities by way of a Rights Issue; and
- (b) otherwise pursuant to Resolution 4a above, up to an aggregate nominal value of £53,810.50,

provided that this power shall expire on (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of either the conclusion of the 2019 AGM of the Company following the passing of this resolution or, midnight on the date 30 June 2019, whichever occurs sooner, provided that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such Relevant Securities to be allotted after such expiry, variation or revocation and the Directors may allot Relevant Securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked. This authority is in addition to the authority conferred upon on the Directors in Resolution 2 above, but in substitution for all previous authorities conferred on the Directors in accordance with section 570 of the Act.

In this Resolution, Rights Issue means an offer for equity securities open for acceptance for a period fixed by the Directors of the Company to Shareholders on the register on a fixed record date in proportion as nearly as may be to their respective holdings, but subject to such exclusions or other

arrangements as the Directors of the Company may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory.

24 October 2018

*By Order of the Board*

**Angela Hildreth**  
*Company Secretary*

*Registered Office:*  
Surrey Technology Centre  
40 Occam Road  
Guildford  
Surrey GU2 7YG  
*Company No: 04206001*

### **Notes to the Notice of General Meeting:**

#### *Entitlement to attend and vote*

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only shareholders entered on the register of members of the Company at close of business on 18 October 2018 (or in the event that this meeting is adjourned, on the register of members at close of business on the day preceding the date fixed for the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares of the Company registered in their name at that time. Changes to the register after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

#### *Appointment of proxies*

2. A Shareholder is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a Shareholder of the Company. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder.
3. The appointment of a proxy will not preclude a Shareholder from attending in person at the meeting and voting if he or she wishes to do so.

#### *Appointment of proxy using the accompanying form of proxy*

4. A proxy form is enclosed. To appoint more than one proxy, please photocopy the form. Please state each proxy's name and the number of shares in relation to which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form. Please also indicate if the proxy form is one of multiple forms being returned. All proxy forms must be signed and should be returned together in the same envelope. In the case of joint shareholders, the signature of any one of them will suffice, but the names of all joint holders should be stated.
5. To be valid, a duly completed proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be delivered by hand or sent by post to the offices of the Company's Registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, so as to be received not less than 48 hours before the time fixed for the holding of the meeting or any adjournment of the meeting (as the case may be).

#### *Appointment of proxy through CREST*

6. CREST members who wish to appoint a proxy or proxies for the meeting, including any adjournments of the meeting, through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF no later than 48 hours before the time fixed for the holding of the meeting or any adjournment of the meeting (as the case may be). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Company's registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### *Changing proxy instructions*

10. To change your proxy instructions, simply submit a new proxy appointment using one of the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If the Company receives more than one appointment of a proxy in respect of any one share, the appointment received last revokes each earlier appointment and the Company's decision as to which appointment was received last is final.

#### *Termination of proxy appointments*

11. In order to revoke a proxy appointment you must notify the Company of the termination at least three hours before the commencement of the meeting.

#### *Joint shareholders*

12. In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person (including by corporate representative) or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members.

#### *Corporate representatives*

13. A corporation which is a shareholder may, by resolution of its directors or other governing body, authorise one or more persons to act as its representative at the meeting. Corporate representatives should bring with them to the meeting: (i) an original or certified copy of the resolution authorising them; or (ii) an original letter on the shareholder's letterhead, signed by an authorised signatory, confirming that they are so authorised.

#### *Issued shares and total voting rights*

14. As at the date of this Notice of General Meeting, the Company's issued share capital comprised 121,006,002 ordinary shares of 0.2 pence each fully paid. The Company does not hold any shares in treasury. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this Notice of General Meeting is 121,006,002.

