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## **NetScientific PLC**

**("NetScientific" or the "Company")**

### **Proposed acquisition of EMV Capital Ltd ("EMV Capital")**

#### **Proposed £2.3 million placing**

#### **Approval of waiver of obligations under Rule 9 of the Takeover Code**

#### **Capital reorganisation**

#### **Related party transactions**

#### **Notice of General Meeting**

NetScientific plc, the transatlantic healthcare IP commercialisation group, is pleased to announce that the Company has conditionally agreed to acquire EMV Capital, an investment services company which has interests in the industrial high-tech, energy, circular economy, smart city, transportation and healthcare sectors.

The Directors are proposing a capital reorganisation ("**Capital Reorganisation**") in order to increase the market value of the Company's shares relative to their nominal value.

The Company also announces that it is conducting a placing (the "**Placing**") to raise gross proceeds of approximately £2.3 million before expenses, via the issue of an aggregate of approximately 3,538,455 million new Ordinary Shares ("**Placing Shares**") at a price of 65 pence per share ("**the Placing Price**") (as adjusted for

the Capital Reorganisation which effectively consolidates 10 Existing Ordinary Shares into one New Ordinary Share). The Placing Price of 65 pence per New Ordinary Share equates to 6.5 pence per Existing Ordinary Share prior to the implementation of the Capital Reorganisation. Further information is detailed in section 6 of this announcement.

WH Ireland Limited is acting as sole broker in relation to the Placing ("WH Ireland" or the "**Broker**"). The Company expects to issue the Placing Shares via a conditional placing (the "**Placing**") being conducted through an accelerated book-build process (the "**Bookbuild**"), which will be launched immediately following this Announcement. A placing agreement has been entered into today between the Company and the Broker in connection with the Placing (the "**Placing Agreement**").

The acquisition of EMV Capital Ltd ("**Acquisition**") and Placing are subject, inter alia, to shareholder approval, with the General Meeting expected to be convened for 10.00 a.m. on 24 August 2020.

#### **Acquisition Highlights:**

- EMV Capital is an investment services company, which has interests in the industrial high-tech, energy, circular economy, smart city, transportation and healthcare sectors.
- The company is owned and managed by Dr Iliev (the interim CEO of NetScientific).
- EMV Capital's model is to syndicate investments between financial and corporate investors, and for its management team to take a strong hands-on role post-investment.
- The Directors believe that strong synergies would result from the Acquisition, enabling a commercial and investment strategy with increased revenues and capital gain.
- Additional benefits include a combined portfolio with a broader balance, across more sectors and stages of development, an enhanced team of investment professionals, providing the enlarged group (following the Acquisition) ("**Enlarged Group**") with the capacity to originate, execute and manage a greater portfolio, and specialist IP skills, including patent evaluation and licensing strategy.
- The Acquisition has been structured as a share for share exchange, thereby aligning the interests of all of the Shareholders of the Enlarged Group, as well as ensuring consistency of objectives, both immediately and longer term.

#### **Placing Highlights:**

- Proposed Placing of approximately £2.3 million before expenses (approximately £2.0 million, net of expenses) at a price of 65 pence per New Ordinary Share.
- The Placing is being conducted through an accelerated book-build process, which will open with immediate effect following this Announcement.
- The Placing Shares, assuming full take-up, will represent approximately 23.72 per cent. of the Company's issued share capital as enlarged by the Acquisition and Placing ("**Enlarged Share Capital**")
- The final number of Placing Shares will be agreed by the Broker and the Company at the close of the Bookbuild, and the result will be announced as soon as practicable thereafter.
- The timing for the close of the Bookbuild and allocation of the Placing Shares shall be at the discretion of WH Ireland, in consultation with the Company. The Placing is not underwritten.

- The Appendix to this Announcement (which forms part of this Announcement) contains the detailed terms and conditions of the Placing.
- The issue of the Placing Shares is subject to, *inter alia*, the passing of shareholder resolutions (“Resolutions”) at a General Meeting.
- The General Meeting is expected to be convened for 10.00 a.m. on 24 August 2020, with the minimum necessary quorum of two shareholders (which will be facilitated by the Company) and will take place at Level 39, One Canada Square London E14 5AB.
- Due to the ongoing COVID-19 pandemic, it will not be possible for Shareholders to attend the General Meeting in person. Shareholders are strongly urged to vote by proxy in advance of the deadline by completing their form of proxy, or voting online, in accordance with the instructions and further details set out in the Circular and the form of proxy.

**John Clarkson, Chairman of NSCI, said:** “The Board identified through its recent strategy review strong underlying asset value and significant growth opportunities for the business, which it believes has been further increased following COVID-19. Accordingly we propose to adopt a new strategy, with proactive management to realise that potential and maximise shareholder value. In that regard, the Board is delighted to announce that NetScientific has conditionally agreed to acquire EMV Capital in an all share transaction. This will accelerate implementation, mitigate risk, and also transform the company, with a broader portfolio, greater prospects and enhanced capabilities, to significantly increase shareholder returns.

“We very much appreciate investors’ support in the placing and with that, look forward to utilising the stronger financial base and leveraging the business to exploit the transatlantic and global opportunities, and deliver for shareholders.”

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**Additional Information**

## The Placing

The Company is carrying out the Placing to raise approximately £2.3 million, before expenses, via a conditional placing of approximately 3.5 million Placing Shares at the Placing Price of 65 pence per New Ordinary Share.

Having adjusted for the Capital Reorganisation, the Placing Price represents a discount of approximately 33 per cent to the closing mid-market price of the Company's existing ordinary shares of 9.75 pence on 4 August 2020 (being the last business day prior to this Announcement). The Placing Shares, assuming full take-up pursuant to the Placing, will represent approximately 23.72 per cent. of the Company's Enlarged Share Capital.

WH Ireland Limited is acting as agent for the Company and has agreed to use reasonable endeavours to place approximately 3.5 million Placing Shares at the Placing Price with new and existing investors. The final number of Placing Shares will be agreed by the Broker and the Company at the close of the Bookbuild and the result will be announced as soon as practicable thereafter. The timing for the close of the Bookbuild and allocation of the Placing Shares shall be at the discretion of the Broker, in consultation with the Company. The Placing is not underwritten. The Appendix to this Announcement (which forms part of this Announcement) contains the detailed terms and conditions of the Placing.

In connection with the Placing, the Company has entered into a Placing Agreement with the Broker, which contains customary warranties given by the Company with respect to the Company's business and customary indemnities given by the Company in respect of liabilities arising out of or in connection with the Placing.

The issue of the Placing Shares is conditional, inter alia, on the passing by the Company's shareholders ("**Shareholders**") of certain resolutions at the General Meeting of the Company which is expected to be convened for 10.00 a.m. on 24 August 2020.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM ("**Admission**"). On the assumption that, amongst other things, the Resolutions are passed by Shareholders at the General Meeting, it is expected that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 25 August 2020.

A circular (the "**Circular**") and notice of General Meeting (the "**Notice**") will shortly be posted to Shareholders and placed on the Company's website. Information contained in the Circular is set out below.

### 1. INTRODUCTION

The Company announces that it has (i) entered into an agreement to conditionally acquire EMV Capital, an investment services company which has interests in the industrial high-tech, energy, circular economy, smart city, transportation and healthcare sectors; and (ii) is undertaking a Placing to raise gross proceeds of up to approximately £2.3 million (together with the Option Grant referred to below, the "**Proposals**"). The Directors are also proposing a Capital Reorganisation in order to increase the market value of the Company's shares in relative to the nominal value of the Company's shares.

Under the Acquisition Agreement, the Company has conditionally agreed to acquire from Futura Messis Group Ltd ("**Futura Messis**"), a company owned and managed by Dr Iliev (the interim CEO of NetScientific), 100 per

cent. of the issued share capital of EMV Capital in consideration for the issue to Futura Messis of 3,521,480 New Ordinary Shares representing in aggregate 30.0 per cent. of the Company's fully diluted share capital as enlarged only by the Acquisition, i.e. before taking into account the Placing or any shares issued pursuant to the Option Grant referred to below. Based on the mid-market closing price of an Existing Ordinary Share on 4 August 2020 (being the latest practical date prior to the announcement of the Proposals on 4 August 2020), this values EMV Capital at approximately £3.4 million.

Under the Placing Agreement, the Company has agreed to issue 3,538,455 Placing Shares, at 65p each (on the basis that the Capital Reorganisation has become effective), to raise gross proceeds of £2.3 million. Dr Iliev has agreed to subscribe £50,000 for 76,923 Placing Shares at the Placing Price, and entities associated with Melvin Lawson have agreed to subscribe £600,000 for 923,076 Placing Shares at the Placing Price.

The directors of the Company (together, the "**Board**") are proposing that the Company undertakes the Capital Reorganisation in order to achieve a greater disparity between the market value and the nominal value of the Company's shares and to increase the trading price of the Company's shares by reducing the number of shares in issue. This has the effect of consolidating each ten Existing Ordinary Shares into one New Ordinary Share. Further details of the Capital Reorganisation are set out at paragraph 6 below.

The Independent Directors (being John Clarkson and Professor Stephen Smith) have also agreed that the Company will, following Admission, grant options to senior managers of the Enlarged Group. It is intended that, as part of these arrangements, Dr Iliev will be granted options (the "**Option Grant**") over 2.5 per cent. of the Enlarged Share Capital (taking into account this option grant) under the NetScientific Share Option Scheme. The option exercise price will be determined by the remuneration committee of the Company's board of Directors and will not be less than the average of the closing or middle (as appropriate) market quotations for New Ordinary Shares over the five dealing days prior to the date on which the option is granted.

The Acquisition Agreement and the participation of Melvin Lawson and Dr Iliev in the Placing constitute related party transactions in accordance with Rule 13 of the AIM Rules.

In addition Dr Iliev and Melvin Lawson, together with certain persons connected with them, are presumed to be acting in concert, as defined by the City Code on Takeovers and Mergers (the "**Takeover Code**"). Melvin Lawson is the sole shareholder and a director of AB Group, is a trustee and beneficiary of A Beckman SSAS and is a trustee of Lawson Beckman Charitable Trust, which collectively hold 29.98 per cent. of the Existing Ordinary Shares.

Immediately following Admission, the Concert Party will be interested in 46.10 per cent. of the Enlarged Share Capital, excluding for the avoidance of doubt Dr Iliev's interest in the Option Grant. Further details of the Concert Party's maximum potential holding following implementation of the Proposals, and the underlying assumptions, are set out in paragraph 15 below.

Under Rule 9 of the Takeover Code, the issue of the Consideration Shares, the participation of the Concert Party in the Placing, the issue of the New Ordinary Shares the subject of the Option Grant and the resultant increase in the Concert Party's percentage holding of New Ordinary Shares, would normally result in the Concert Party being obliged to make a Rule 9 Offer to the Company's other Shareholders. However, the Panel has agreed to waive this obligation subject to the approval of the Waiver Resolution, on a poll, of the Independent Shareholders of NetScientific at the General Meeting. Your attention is drawn to the section on the Takeover Code contained in paragraph 15 of this letter.

Furthermore, the issue of the New Ordinary Shares in connection with the Acquisition and the Placing and the Capital Reorganisation require Shareholder approval.

A General Meeting is therefore being convened at 10.00 a.m. on 24 August 2020 at Level 39, One Canada Square London E14 5AB for the purposes of seeking approval of considering the Resolutions.

Due to ongoing circumstances surrounding COVID-19, Shareholders wishing to participate are requested not to attend the General Meeting in person and instead vote in advance by using the form of proxy for use by Shareholders in connection with the General Meeting ("**Form of Proxy**") or, if you hold your Existing Ordinary Shares in uncertificated form (that is, in CREST), you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual. Please refer to paragraph 17 and the Notice of General Meeting for further information.

## **2. BACKGROUND**

Following the various changes to the directors of the Company announced over the past fifteen months, the current Directors of the Company have undertaken this year a strategic review of the Company and its subsidiaries (together the "**Group**") and its portfolio.

This review included, in respect of each portfolio company, an analysis of its current position, target market, commercial development options, intellectual property, risk profile, core funding needs, grants and other "soft" finance available, investment opportunities, value inflection points, exit and liquidity potential, and the actions and resources likely to be needed to achieve these.

The Directors concluded that there is a strong underlying asset value, with significant potential to enhance Shareholder value in each of the portfolio companies by changing from the current more passive approach to a more proactive management of the portfolio. This should involve a greater focus on execution, improved controls and more efficient procedures, combined with judicious investment by the Company, leveraged where possible by third party equity whether by equity, debt or grants, as well as corporate collaborations.

This revised strategy, in the opinion of the Directors, protects the Company and shareholder value, mitigates risks and allows the portfolio companies to work through the current impact on markets and in certain cases take advantage of the new opportunities arising from COVID-19.

The Board believes that the revised strategy has the potential over the next several years to transform the business and create shareholder value through increasing the value of the Company's holdings in portfolio companies, adding new revenue streams, and securing appropriate exits and/or liquidity events of the portfolio, prior to positioning the Company for further growth in due course.

The Directors believe that the Group would benefit from a larger portfolio with varying time horizons and stages of development and a wider focus than the current healthcare portfolio. In addition, following NetScientific's earlier focus on minimising costs and overheads, the Company does not have sufficient expertise and resource, below Board/ CFO level, to fully implement the strategy.

The Independent Directors have therefore further concluded that, consistent with the Company's original objectives and revised strategy, it is in the interests of Shareholders for it to acquire EMV Capital.

EMV Capital is an investment services company, which has interests in the industrial high-tech, energy, circular economy, smart city, transportation and healthcare sectors. The model of EMV Capital is to syndicate

investments between financial and corporate investors, and for its management team to take a strong hands-on role post-investment. Monetisation is through a mixture of corporate finance fees, management and incubation services, and carried interest in the investments it has syndicated.

The Directors (and the Concert Party) believe that strong synergies would result from the Acquisition, enabling a commercial and investment strategy with increased revenues and capital gain. This includes:

- **Balanced portfolio:** The combined portfolio would provide a broader balance, across more sectors and stages of development, with a range of follow-on investment opportunities;
- **Exit opportunities:** A structured exit programme, with flexibility to exit at the right time to maximise shareholder value;
- **Executive capacity:** Dr Iliev would be able to devote all of his expertise and time to the operations and portfolio of the Enlarged Group;
- **Expanded team:** Enhanced team capabilities through the addition of EMV Capital's existing team of investment professionals, providing the Enlarged Group with the capacity to originate, execute and manage a greater portfolio;
- **Additional revenues:** An additional source of recurring revenues and capital gain, through EMV Capital's existing business lines;
- **Co-investment syndication capability:** EMV Capital has access to third-party investment funding, including a network of private and institutional sources;
- **International network of corporate partners:** Providing additional channels for growth, support and sources of co-investment;
- **Combined footprint:** The combination of NetScientific's brand with full execution capability, and the combined market recognition of the two companies in a broader range of sectors and different stages of development; and
- **Specialist IP skills:** The EMV Capital team has greater experience than the Group in the commercialisation of IP, including patent evaluation and licensing strategy.

The Acquisition has been structured as a share for share exchange, thereby aligning the interests of all of the Shareholders of the Enlarged Group, as well as ensuring consistency of objectives, both immediately and longer term. Following completion of the Acquisition, it is the intention of the Directors and the Concert Party that the operations and headquarters of NetScientific will relocate to the offices of EMV Capital at Level 39, One Canada Square, London E14 5AB.

**Alternative scenario in case resolutions are not approved:**

In the event that the Resolutions are not approved by Shareholders, the Directors would be unable to implement the revised strategy described above, would have limited resources and therefore may have to liquidate the Company's portfolio in the very near future.

NetScientific has tried in the past to dispose of its assets in a passive way, but has been unable to secure good offers for the portfolio or the individual assets, and it is in the Board's opinion even less likely to succeed now. The development timelines and illiquidity of the underlying assets make it unlikely that asset values will be maximized.

The Directors believe that the time required for NetScientific's portfolio companies to generate significant Shareholder value is beyond NetScientific's current cash runway, as the companies are still in early stages of

development. Furthermore, NetScientific’s small team alone would not have the resources and capabilities to execute a high-return liquidation strategy. The Board therefore believes that such a scenario would be to the detriment of Shareholders.

### 3. INFORMATION ON NETSCIENTIFIC

#### Information on NetScientific’s portfolio companies:

Portfolio company	Sector and description (further detail set out below)	Fully diluted Group interest	Fair Value of stake
ProAxis UK Ltd	Medical diagnostics – early stage commercialisation	51.5% equity	N/D <sup>1</sup>
Glycotest, Inc.	Liver cancer diagnostics – late stage clinical	54.0% equity	£10.4m <sup>2</sup>
PDS Biotechnology Corporation	Immuno-oncology (NASDAQ quoted) – early stage clinical	7.2% equity	£3.5m <sup>3</sup>
CytoVale, Inc.	Medical biomarker diagnostics – late stage clinical	1.0% equity	£380,000 <sup>2</sup>
EpiBone, Inc.	Regenerative medicine – late stage clinical	0.8% equity	£324,000 <sup>2</sup>
G-Tech, Inc.	Wearable medical diagnostics – early stage clinical	3.8% equity	£430,000 <sup>2</sup>
Longevity Biotech, Inc.	Therapeutics – early stage clinical	\$250k convertible loan note	N/A
QuantalX Neuroscience	Medical diagnostics of the brain – late stage clinical	Negligible	

Note 1: N/D = not disclosed

Note 2: Valuation based on observable input (price of recent investment by third parties)

Note 3: Valuation based on observable input (share price as at 20 July, publicly listed on NASDAQ: PDSB)

The fair value quoted for any particular portfolio company are indicative only and are subject to change without notice, and in certain circumstances may not be realised.

#### Core portfolio companies

**ProAxis UK Ltd**, (<https://proaxis.com>) is commercialising a range of products for the capture, detection and measurement of active protease biomarkers of disease, including: NEATstik®, a rapid test for measuring active neutrophil elastase at point-of-care, which was registered with a CE Mark in September 2017; and ProteaseTag® an active neutrophil elastase immunoassay launched in 2016. ProAxis has recently expanded production capacity for its clinical trial support services, and received three grants, in particular to progress a number of interesting COVID-19 opportunities.

**Glycotest Inc**, New York, US (<https://www.glycotest.com>) is a private liver disease diagnostics company commercialising novel clinical laboratory testing services for patients with serious liver disease. It employs unique non-invasive blood tests based on proprietary serum biomarkers, biomarker panels and assay technology that exploit novel sugar-based disease signal chemistry. Its pipeline includes tests for liver cancers as well as

liver fibrosis–cirrhosis. Fosun Pharmaceutical Co. Ltd of China committed a US\$10 million to the company in 2019 to accelerate the development program.

**PDS Biotechnology Corporation**, New Jersey, US (<https://www.pdsbiotech.com>) is a clinical-stage immunotherapy company with a growing pipeline of cancer immunotherapies and infectious disease vaccines (including focus on COVID-19) based on the company’s proprietary Versamune® T-cell activating technology platform. Versamune® effectively delivers disease-specific antigens for in vivo uptake and processing, while also activating the type 1 interferon immunological pathway, resulting in production of potent disease-specific killer T-cells as well as neutralizing antibodies. PDS has engineered multiple therapies, based on combinations of Versamune® and disease-specific antigens, designed to train the immune system to better recognise disease cells and effectively attack and destroy them. PDS has partnered with some of the leading institutions in cancer research and vaccine development to advance clinical testing of its products in multiple therapeutic areas.

#### **Venture portfolio**

**CytoVale, Inc.**, San Francisco, US (<http://cytovale.com>) is developing mechanical biomarkers to improve human health through probing individual cells to quantify the mechanical signatures of disease. The first target is sepsis, a condition whose early detection dramatically improves patient outcomes and reduces treatment cost, where CytoVale has enrolled a multi-hundred patient clinical study, which has the potential to significantly reduce morbidity and mortality, decrease healthcare costs, and satisfy a \$1B+ diagnostic market. CytoVale completed a preferred Series B funding round in December 2019 of \$15m.

**Epibone, Inc.**, New York, US (<https://www.epibone.com>) is looking to transform skeletal repair using innovative tissue engineering, which is intended to replace surgery and long recovery with the body’s power to provide easier healing. Epibone completed a Series A funding round in January 2020 raising \$8 million.

**G-Tech, Inc.** California, US ([www.gtechmedical.com](http://www.gtechmedical.com)) is developing a wearable medical technology that will be used to measure gastrointestinal motility. The G-Tech system consists of a wireless, wearable electrode patch that reads electrical signals at the skin surface, a smartphone app that collects the raw data from the patches via Bluetooth LE and sends it to a cloud server, and data analysis algorithms that process and quantify the motor activity of the digestive organs. In May 2020, G-Tech announced completion of \$6.7m Series A financing round led by DigiTx Partners.

**Longevity Biotech, Inc.** Philadelphia, US ([www.longevitybiotech.com](http://www.longevitybiotech.com)) is developing a new class of therapeutic candidates, called Hybridtides®, to tackle the most challenging aspects of medicine today, by providing critical enhancements over previous peptide development efforts. To date, it has applied the Hybridtide® scaffold primarily to the class B-GPCR family of drug targets, which are in preclinical development.

**QuantalX Neuroscience**, Israel (<https://www.quantalx.com>) is developing DELPHI™, a simple, precise and objective evaluation of functional brain status to enable early prevention of brain degeneration. Modern medicine lacks the ability to successfully cope with brain disorders, yet 35% of all disease burden is attributed to brain disorders. DELPHI™ is the first patient-independent active cerebral function imaging system that delivers a visual map of brain network health.

#### **4. INFORMATION ON EMV CAPITAL**

EMV Capital ([www.emvcapital.com](http://www.emvcapital.com)) is a London-based investment advisory business, owned and managed by Dr Iliev, the Interim CEO of NetScientific, which advises and has interests in B2B companies in a range of sectors including industrial high-tech, energy, circular economy, smart city, transportation and healthcare.

It has interests in the UK, Israel and the US, all of which are in the form of carried interests in companies involved in technologies including robotics and AI, machine learning, industrial chemistry, internet of things, advanced engineering and health-tech.

EMV Capital’s model is to syndicate investments between financial and corporate investors in seed, pre-Series A and Series A stages of investment, and to take a hands-on role post-investment in these portfolio companies with a focus on venture capital-type returns. It also operates a growing EIS investment practice. Investments to date are sourced from its network of investors from family offices, wealth managers and institutional and corporate venture capital funds. Included amongst these investors is Deeptech Disruptive Growth Investments Limited (“Deeptech”), a company with which the Company entered into a share purchase agreement in March 2019 pursuant to which the Company sold to Deeptech all shares of stock owned in Vortex Biosciences, Inc. and Wanda, Inc.

As is common in the venture capital industry, EMV Capital has a carried interest arrangement with investors it has introduced into its portfolio companies. Under these arrangements, EMV Capital is entitled, on realisation of the investments, to a share of profits (or carried interest) for capital amounts under advisory. The carried interests range between 10 per cent. and 20 per cent. of profits above a minimum return hurdle rate of up to 10 per cent. EMV Capital’s carried interest entitlements, as well as the capital amounts under advisory which those carried interest arrangements pertain to, are set out in the table below. It is noted that six of the portfolio companies are already generating revenues. Where EMV Capital does not have a carried interest arrangement with investors it is entitled to a share of excess profits for capital amounts under advisory pursuant to a management services agreement with the relevant investor.

<b>Portfolio company</b>	<b>Sector and description (further detail set out below)</b>	<b>Carried interest arrangements (CIA) or profits share (PS) with investors</b>	<b>Capital Under Advisory</b>
Sofant Technologies Ltd	Semiconductors—Satellite and 5G wireless communications	17-20% (CIA)	£2.3m
Q-Bot Limited	Building automation—Robotics & artificial intelligence (“AI”)	10-20% (CIA)	£2.0m
SageTech Medical Equipment Limited	Chemistry & medical technology—Halocarbon capture	20% (CIA)	Confidential
Nanotech Industrial Solutions, Inc.	Material science and chemistry	15% (CIA)	\$1.0m
PointGrab, Inc.	Building automation—Robotics & AI	15% (CIA)	£3.3m
Wanda Health, Inc.	AI & medical technology—Digital health platform	20% (PS)	\$1.4m
Vortex Biosciences, Inc.	Medical technology—Oncology diagnostics	20% (PS)	\$3.4m

Insight Photonic Solutions, Inc.	Semiconductors—Akinetic Swept Source Laser	20% (PS)	Warrants for \$1.25m
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EMV Capital generates revenue from:

1. the provision of corporate finance advice to current portfolio companies and companies seeking investments;
2. incubation and growth consultancy support for portfolio companies; and
3. a share of investors' profit on realisation, as a carried interest or profits share on investments into its portfolio companies by its investor network.

EMV Capital notes key strengths of its strategy include:

- **International network of private and financial investors:** EMV Capital has arranged co-investment/syndication of larger deals through its UK and international network of investors from family offices, wealth managers, and institutional and corporate venture capital funds;
- **Corporate co-investment model:** EMV Capital has originated and executed several transactions with corporate venture capital involvement, and has advised on collaborations with corporate partners internationally. This capability and the network of corporate contacts provides a unique source of deal flow, validation partners, and routes to market for portfolio companies;
- **Longstanding experience in the sector:** EMV Capital has a team of seven investment professionals, and works with venture partners and advisors with substantial experience in industrial high-tech, clean technology, and healthcare in the UK and internationally;
- **Thought leadership:** EMV Capital's employees and consultants regularly engage with leading research institutions to identify emerging technology trends, and investment opportunities;
- **Incubation capability:** EMV Capital has considerable experience in providing incubation support to innovative technology companies, via for example board participation and access to venture partners; and
- **Deal flow sourcing and valuation framework:** EMV Capital's deal flow framework provides a consistent source of investment opportunities, reviewed periodically by EMV Capital's analysts.

In the year ended 31 December 2019, EMV Capital made a profit for the year of £163,685 on revenue of £570,801. Its net assets at that date amounted to £116,477.

Against the background of the COVID-19 pandemic and NetScientific, EMV Capital has this year experienced a decline in activity with several transactions being postponed. However market conditions are now improving with several transactions expected to complete this year and continuing work on portfolio companies.

#### **Information on EMV Capital's portfolio companies and stages of development**

EMV Capital's portfolio companies span different levels of development. The majority are already generating commercial revenues, with several attracting corporate co-investment and corporate collaborations.

**Sofant Technologies**, Edinburgh (<http://www.sofant.com/>): Sofant's technology enables the passive steering of radio signals in future wireless systems, using RF MEMS technology. Innovative, novel, patented technology enables the next generation of wireless networks to operate with increased efficiency at a decreased cost,

generating potential power consumption reductions of over 70 per cent. Sofant's technology has dual market applicability within satellite communications and 5G network infrastructure.

**Stage of development:** Pre-revenue, negotiating advanced purchase commitments.

**Q-Bot**, London (<https://q-bot.co/>) has the potential to disrupt the construction industry by providing a robotic service and digitisation platform technology. Q-Bot's first application is a semi-automated under-floor insulation service using robotic devices to enter void spaces, analyse the underfloor dimensions through machine vision, and spray expanding insulation foam to the calculated required thickness. This reduces the duration of such a project undertaken manually from over 2 weeks to up to 2 days, and reduces the disruption to homeowners. In 2019, French construction industry giant St.Gobain invested in Q-Bot, building on a Joint Development Agreement.

**Stage of development:** Commercial sales in UK and France, Series A completed, looking at growth

**SageTech Medical**, Paignton, Devon (<http://www.sagetechnical.com/>) uses patented platform technology that captures, extracts, and purifies halocarbon based gases. As a first entry market, SageTech is disrupting the anaesthesia industry by processing waste volatile anaesthetic agents from patient exhalation. These anaesthetics are significant greenhouse gases, which SageTech can prevent from ever reaching the atmosphere, whilst providing cost savings for hospitals through a new circular economy. SageTech's technology is being piloted at NHS trusts. Its use cases include the rapid scale-up of ICUs needed to address the COVID-19 crisis.

**Stage of development:** Advanced pilots with NHS, targeting commercial deployment in 2021

**Nanotech Industrial Solutions**, New Jersey, US (<https://nitusacorp.com/>) is a developer and manufacturer of nanomaterials for the petrochemical and applied materials industry. Its award-winning technology enables the commercial production of nanoparticles made of tungsten disulphide. When added to lubricants, the particles significantly reduce both friction and wear under conditions of extreme pressure and temperature. The company has JDA partnerships with major corporations, including an investment by leading global chemicals specialist Evonik Industries.

**Stage of development:** Commercial sales directly to market and co-developing new product lines with corporate partners.

**PointGrab**, Israel (<https://www.pointgrab.com/>) provides a smart sensing solution for the smart buildings and commercial real estate technology ("CRE-Tech") industries with its CogniPoint platform. It applies its superior deep-learning technology to the smart buildings and CRE-Tech ecosystems where opportunities to gather data are abundant, yet efficient, real-time analytics of occupants are lacking. The company applies a joint development and market approach with global and leading application providers and building service providers. The company is backed by ABB Ventures and Signify (formerly Philips Lighting), and has deployments globally with many global companies such as Deloitte and leading banks. PointGrab's offering enables the transformation of the workplace to adapt to COVID-19, such as through monitoring workplace density and social distancing.

**Stage of development:** Commercial sales in core market, focus on growth of SaaS offering + entry in other markets in collaboration with corporate partners.

**Wanda Health**, Seattle, US (<https://www.wandahealth.com/>) is a UCLA-spin-out remote monitoring healthcare analytics and management company for primary care patients with chronic diseases. Wanda's platform enables

the control and reduce hospitalisation rates through a Remote Monitoring System that collects data from patients' homes and provides it to clinicians, highlighting the high risks and implementing any procedures to prevent those risks. This life-personalised medicine combined with secure computing and revolutionary data mining and analytics improves the quality of life for people with chronic conditions, initially focused on congestive heart failure. Wanda has recently adapted its platform to enable hospitals and healthcare practitioners to monitor thousands of patients for COVID-19 infection rates and compliance.

**Stage of development:** Early commercial sales, looking at scale-up on back of COVID-19 offering; targeting Series A investment in 2020/21

**Vortex Biosciences**, San Francisco, US (<https://vortexbiosciences.com/>) is an oncology diagnostic company, that has developed and is selling novel liquid biopsy automated instrument (VTX-1) and microfluidic cartridge for the isolation of circulating tumour cells (CTCs) from whole blood without the need for any pre-treatment. Vortex Biosciences' innovation in CTC capture technology aims to deliver diagnostic tests that improve therapeutic decisions and saves lives. The key potential is to revolutionize cancer diagnosis leading to better therapeutic outcomes. Its technology integrates cancer biology, microfluidic engineering, clinical research and the identification of cancer therapies and drug targets.

**Stage of development:** Growing commercial sales and equipment leases in the RUO market; targeting collaborations to scale-up offering through to FDA clearance toward 2023-4. Targeting Series A+ in 2020/21

**Insight Photonics**, Colorado, US (<https://www.sweptlaser.com/>) has developed an Akinetic, all semiconductor laser: a platform technology with a step-change in performance for multiple applications including industrial maintenance and process monitoring for resource efficiency, Light Detection and Ranging (LiDAR), and Medical Imaging. Insight's first market application is within Ophthalmological imaging using Optical Coherence Tomography to scan the retina at higher resolution than currently available. It has attracted in the past investments from Zeiss.

**Stage of development:** Early sales of core product. Scaling up through corporate partnerships

## 5. THE ACQUISITION AGREEMENT

On 4 August 2020 the Company entered into a share purchase agreement (the "**Acquisition Agreement**") with Futura Messis and Dr Iliev pursuant to which it conditionally agreed to acquire the entire issued share capital of EMV Capital.

The consideration payable for the Acquisition is the issue to the Futura Messis of the Consideration Shares. The Consideration Shares represent 30.0 per cent. of the Company's fully diluted share capital as enlarged only by the Acquisition, i.e. before taking into account the Placing or shares issued pursuant to the Option Grant. Based on the mid-market closing price of an Existing Ordinary Share on 4 August 2020 (being the latest practical date prior to this announcement), this values EMV Capital at approximately £3.4 million.

Completion of the Acquisition Agreement is subject to various conditions including Shareholder approval and Admission. Futura Messis has agreed to certain customary undertakings in relation to the actions of EMV Capital pending completion of the agreement.

The Acquisition Agreement contains customary warranties from Futura Messis, subject to customary limitations, and Dr Iliev has guaranteed the obligations of Futura Messis.

Should the Acquisition Agreement be terminated due to the conditions not being satisfied, and provided that (i) the Independent Directors have not changed their recommendation to vote in favour of the Resolutions, (ii) a third party offer for the Company has not become wholly unconditional and (iii) the break fee is not otherwise deemed invalid by Rule 21.2 of the Takeover Code, the Company will pay Futura Messis £26,400.

## 6. CAPITAL REORGANISATION

The Directors are also proposing a Capital Reorganisation in order to increase the market value of the Company's shares in relative to the nominal value of the Company's shares.

Furthermore, a consequence of having a large number of shares in issue, with a low market share price, is that small share trades can result in large percentage movements in the market share price, which results in considerable share price volatility.

The Directors propose therefore that the Company effects the Capital Reorganisation on the basis that:

1. the Existing Ordinary Shares of £0.05 will each be sub-divided into:
  - a. one Interim Ordinary Share, being an ordinary share in the capital of the Company with a nominal value of £0.005; and
  - b. one Deferred Share being a deferred share in the capital of the Company with a nominal value of £0.045 each, and
2. the resulting Interim Ordinary Shares will be consolidated into New Ordinary Shares of £0.05 each (the "**New Ordinary Shares**") on the basis of one New Ordinary Share for every 10 Interim Ordinary Shares.

To ensure that the number of Interim Ordinary Shares is exactly divisible by 10, it is proposed that Neville Registrars Limited is issued with 4 Existing Ordinary Shares after the General Meeting and before the Record Date, at which point the 4 Existing Ordinary Shares will be consolidated off the register immediately.

The Sub-Division of the issued Existing Ordinary Shares will not, of itself, affect the value of any shareholding, as the number of Interim Ordinary Shares held by each Shareholder will be equal to the number of Existing Ordinary Shares held by each Shareholder immediately prior to the Sub-Division.

Where the Capital Reorganisation results in any Shareholder being entitled to a fraction of a New Ordinary Share, in accordance with the Company's articles of association, such fractions shall be aggregated and the Directors intend to sell (or appoint another person to sell) such aggregated fractions in the market and retain the net proceeds for the benefit of the Company. The costs (including the associated professional fees and expenses) that would be incurred in distributing such proceeds in relation to such fractions are likely to exceed the total net proceeds distributable to such fractional Shareholders. In the Board's view, any such costs would therefore be disproportionate in the circumstances.

The Deferred Shares will not be transferable. The holders of the Deferred Shares shall not, by virtue of or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company or the right to attend, speak or vote at any such general meeting.

The rights attaching to the Deferred Shares will be minimal and such shares will not carry any dividend rights and will only be entitled to a payment on a return of capital (whether by winding up or otherwise) after an

amount of £10,000,000 has been paid in respect of each New Ordinary Share (an extremely remote possibility). The Deferred Shares will not be listed or admitted to trading on AIM (nor any other stock market) and will not be transferable without the prior written consent of the Company.

The holders of the Deferred Shares shall be deemed to have conferred the irrevocable authority on the Company at any time to: (i) appoint any person, for and on behalf of such holder, to, inter alia, transfer some or all of the Deferred Shares (without making any payment therefor) to such person(s) as the Company may determine (including without limitation the Company itself); and (ii) repurchase or cancel such Deferred Shares without obtaining the consent of the holders thereof. In addition, the Company may repurchase all of the Deferred Shares, at a price not exceeding one pence in aggregate.

The Articles have been amended to reflect the creation of the Deferred Shares and to set out the rights attaching to them and, accordingly, Resolution 1 seeks approval to adopt the New Articles. The changes in respect of the Deferred Shares are the only changes being made to the Articles.

A copy of the New Articles will be available on request from the Company at Wilkins Kennedy LLP Anglo House, Bell Lane Office Village, Bell Lane, Amersham, Buckinghamshire, HP6 6FA from the date of the Circular until the time of the General Meeting and at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.

No share certificates will be issued in respect of the Interim Ordinary Shares or the Deferred Shares. If you hold a share certificate in respect of your Existing Ordinary Shares in the Company, your certificate will no longer be valid from the time that the proposed Capital Reorganisation becomes effective. If you hold more than nine Existing Ordinary Shares on the Record Date, you will be sent a new share certificate evidencing the New Ordinary Shares to which you are entitled under the Capital Reorganisation. Such certificates are expected to be despatched by not later than 10 business days following Admission. Upon receipt of the new certificate, you should destroy any old Ordinary Share certificates.

The New Ordinary Shares will be freely transferable, and application will be made for the New Ordinary Shares to be admitted to trading on AIM. The record date for the Capital Reorganisation is 6.00 p.m. on 24 August 2020, unless otherwise agreed by the Board.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

A consequence of the Capital Reorganisation is that Shareholders holding fewer than 10 Existing Ordinary Shares will receive no New Ordinary Shares, they will, however, receive Deferred Shares.

It is proposed that subsisting options granted under the NetScientific Share Option Scheme be adjusted in accordance with their terms for the Capital Reorganisation.

## **7. THE PLACING**

The purpose of the Placing is to provide the Group as enlarged by the Acquisition with sufficient funds to implement its refined strategy outlined above. The net proceeds will therefore be used to:

- protect and enhance the position in portfolio companies;
- invest in expanded opportunities;
- leverage NetScientific's funding to anchor investment syndication;

- expand revenue streams, market and value; and
- position the Group for further growth and working capital purposes.

The Company has conditionally raised gross proceeds of £2.3 million before expenses (approximately £2.0 million, net of expenses) through the conditional issue of 3,538,455 Placing Shares at 65 pence per share (on the basis that the Capital Reorganisation has become effective).

WH Ireland has conditionally placed the Placing Shares with new and existing investors. The Placing is not being underwritten.

The Placing Agreement and the issue of the Placing Shares are conditional, *inter alia*, upon:

- (i) the passing of the Resolutions to be proposed at the General Meeting;
- (ii) the compliance by the Company with all of its obligations under the Placing Agreement to the extent that they are required to be performed on or prior to Admission;
- (iii) the Placing Agreement not having been terminated prior to Admission; and
- (iv) Admission occurring by no later than 8.00 a.m. on 25 August 2020 (or such later time and/or date as the Company and WH Ireland may agree, being not later than 8.00 a.m. on 30 November 2020).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Placing will not proceed.

The Placing Agreement contains customary warranties given by the Company to WH Ireland as to matters relating to the Company and its business and a customary indemnity given by the Company to WH Ireland in respect of liabilities arising out of or in connection with the Placing.

WH Ireland may terminate the Placing Agreement prior to Admission in certain circumstances, including, amongst other things, if the Company is in breach of any of its obligations under the Placing Agreement (including the warranties contained in the Placing Agreement); if there is a material adverse change in the financial position or prospects of the Group; or if there is a material adverse change in national or international financial, monetary, economic, political, environmental, or stock market conditions, which (in the opinion of WH Ireland acting in good faith and having consulted with the Company) is or will be or is likely to be materially prejudicial to the Group or to the Placing or Admission of the Placing Shares.

The Placing Shares will represent approximately 23.72 per cent. of the Enlarged Share Capital.

The Placing Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

## **8. INDEPENDENT DIRECTOR'S IRREVOCABLE UNDERTAKING**

Professor Smith has entered into an irrevocable undertaking in favour of the Company dated 4 August 2020 to vote in favour of the Resolutions in respect of all of the Existing Ordinary Shares held by him, being 28,571 Existing Ordinary Shares representing 0.02 per cent. of the Existing Ordinary Shares.

## **9. ADMISSION OF THE NEW ORDINARY SHARES**

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading

on AIM. It is expected that Admission of the New Ordinary Shares will become effective on 25 August 2020 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 25 August 2020. The Consideration Shares and Placing Shares, when issued and fully paid, will rank pari passu in all respects with the other New Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue.

#### **10. INFORMATION ON CURRENT TRADING**

The Company's recent financial performance was set out in the Company's preliminary results announcement on 27 April 2020. In the year ended 31 December 2019, the Company reported a consolidated loss after taxation of £4.9 million and had at 31 December 2019 net assets of £5.1 million, including cash and cash equivalents of £3.5 million.

#### **11. NETSCIENTIFIC STRATEGY FOLLOWING COMPLETION OF THE PROPOSALS**

Following completion of the Proposals, the Directors intend to pursue a more active management of the enlarged portfolio.

In the opinion of the Directors, the combination of NetScientific and EMV Capital has the potential to deliver shareholder value, firstly, by maximising returns from existing portfolio companies through focused execution and thereafter through further targeted investments in existing and new opportunities.

In this revised approach, the Directors intend that NetScientific will:

- concentrate its investment strategy on life sciences and technology opportunities;
- implement a balanced way of growth, combining new and recurring revenue sources from the ongoing activities of the Enlarged Group, capital gains from balance sheet investments, and capturing 'upside' from the carried interest arrangements as investments are realised;
- combine its professional organisation with EMV Capital's tight cost base and enhanced team capabilities, creating a highly efficient operation appropriate for the stage of development of the Enlarged Group;
- obtain greater leverage and impact from a combination of NetScientific's investments and status, with EMV Capital's syndication capabilities;
- achieve more efficient execution and delivery, with the core team managing a greater number of portfolios and transactions;
- leverage the trans-Atlantic relationships and resources, helping US companies access UK and European markets, corporate linkages, and talents; and conversely helping UK companies access US markets, venture capital ecosystem and corporate linkages;
- utilise international growth opportunities for the portfolio companies, relating to investment, corporate linkages, market access, access to talent, and exits; and
- participate selectively in superior investments opportunities arising from the combined footprint and networks.

The Directors have drawn up plans for a smooth integration of the two businesses as part of the implementation of the strategic plan.

#### **12. PROPOSED SENIOR MANAGEMENT**

Following completion of the Proposals, it is proposed that the appointment of Dr Iliev as Chief Executive Officer will progress from interim and part-time to permanent and full-time Chief Executive Officer. It is further

proposed that Stephen Crowe's role becomes full-time Group Chief Financial Officer, with oversight over reporting and controls of the portfolio companies.

In addition, the Company has agreed with John Clarkson, in the event that the Proposals are implemented, to extend his consultancy agreement until EMV Capital has been integrated with the Group and any related projects falling within his expertise are concluded. The consultancy agreement is with Mr Clarkson's consultancy company, Development, Financial and Management Services Ltd. Under the agreement Mr Clarkson is expected to provide a minimum of 5 days per month of consultancy services at a rate of £2,000 per day, up to 10 days per month. If Mr Clarkson works in excess of 5 days per month, he can elect to receive his daily fee in New Ordinary Shares instead of cash. The parties may terminate the agreement inter alia on 30 days' notice.

The Company intends to appoint an additional non-executive director as Chair of the Audit Committee, and in due course a further non-executive director with suitable industry experience. It is expected that some of the NetScientific Board members will take non-executive director, or observer seats in portfolio companies, and will contribute to critical NetScientific projects where their expertise is appropriate.

The Independent Directors consider it is appropriate to review the current remuneration arrangements for senior management, including the NetScientific Share Option Scheme, following the Acquisition to better align their incentives with the interests of all of the Shareholders of the Enlarged Group and support the strategy and business objectives of the Enlarged Group.

### **13. OPTION GRANT**

It is currently proposed that the Company will, following Admission, award options over New Ordinary Shares to its senior management under the NetScientific Share Option Scheme. The option exercise price will be determined by the remuneration committee of the Company's board of directors and will not be less than the average of the closing or middle (as appropriate) market quotations for New Ordinary Shares over the five dealing days prior to the date on which the option is granted.

The remuneration committee intends that, as part of this award, Dr Iliev will be awarded the Option Grant over 2.5% of the Enlarged Share Capital, enlarged by this grant.

### **14. RELATED PARTY TRANSACTIONS**

Each of the following represents a related party transaction under Rule 13 of the AIM Rules (together the "Related Party Transactions"):

- the acquisition of EMV Capital from Futura Messis, a company controlled by Dr Ilian Iliev who is a director of the Company;
- the participation in the Placing of parties connected with Dr Iliev and Melvin Lawson. Melvin Lawson is the sole shareholder, and a director, of AB Group, is a trustee and beneficiary of A Beckman SSAS and is a trustee of Lawson Beckman Charitable Trust, each a party connected with him which collectively hold 29.98 per cent. of the Existing Ordinary Shares;
- the Option Grant; and
- the extension to the consultancy agreement with John Clarkson's consultancy company, Development, Financial and Management Services Ltd, referred to in paragraph 12 above.

The Independent Directors consider, having consulted with WH Ireland, the Company's nominated adviser, that the terms of each of the Related Party Transactions are fair and reasonable insofar as the Shareholders are concerned.

## **15. CITY CODE ON TAKEOVERS AND MERGERS**

The issue of the Consideration Shares, those Placing Shares proposed to be issued to the Concert Party and the issue of the New Ordinary Shares the subject of the Option Grant gives rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are set out below.

The Takeover Code is issued and administered by the Panel. The Company is a public limited company whose Existing Ordinary Shares are admitted to trading on AIM and its Shareholders are therefore entitled to the protections afforded by the Takeover Code.

For the purposes of the Takeover Code, the members of the Concert Party are presumed to be acting in concert, as defined by the Takeover Code, with regard to their holdings of Existing Ordinary Shares. Further details of the Concert Party are set out below.

Under Rule 9 of the Takeover Code, where any person acquires, whether by a series of transactions over a period of time or by one specific transaction, an interest (as defined in the Takeover Code) in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent, or more of the voting rights of a company that is subject to the Takeover Code, that person is normally required by the Panel to make a Rule 9 Offer to the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides, among other things, that where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company which is subject to the Takeover Code, but does not hold shares carrying more than 50 per cent. of the voting rights of that company and such person or any such person acting in concert with him acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then such person or persons acting in concert with him will normally be required by the Panel to make a Rule 9 Offer to the remaining shareholders to acquire their shares.

An offer under Rule 9 of the Takeover Code must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any interest in shares in the company by the person required to make the offer or any person acting in concert with him.

For the purposes of the Takeover Code, persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or frustrate the successful outcome of an offer for a company subject to the Takeover Code. For the purposes of the Takeover Code, "control" means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. Under the Takeover Code, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies are also presumed to be acting in concert in respect of that company unless the contrary is established.

### **15.1 Concert Party**

Upon implementation of the Proposals, the Concert Party will be interested in 7,258,881 New Ordinary Shares representing approximately 47.45 per cent. of the voting rights of the Company (on the basis that only the options proposed to be granted to Dr Iliev under the Option Grant are exercised in full at the earliest opportunity being the third anniversary of the date of grant and that no other New Ordinary Shares are issued prior to such exercise), which, without a waiver of the obligations under Rule 9 of the Takeover Code, would require the Concert Party to make a Rule 9 Offer to the Company's remaining Shareholders. However, the Panel has agreed,

subject to the Waiver Resolution being passed on a poll by the Independent Shareholders at the General Meeting, to waive the requirement under Rule 9 of the City Code for the Concert Party to make a Rule 9 Offer that would otherwise apply. Those members of the Concert Party and any Placing Participant will not be able to vote on the Waiver Resolution as they are not independent. Those persons have undertaken to the Company that they will not vote on the Waiver Resolution. Further information on the waiver of the obligation to make such a Rule 9 Offer is set out in paragraph 15.3 below.

The interests of the persons presumed to be acting in concert with each other in Existing Ordinary Shares upon implementation of the Proposals, and the underlying assumptions are set out in the table below in paragraph 15.2.

### 15.2 Information on the Concert Party

For the purposes of the Takeover Code, the members of the Concert Party are regarded as acting in concert by the Panel with regard to their holdings of Existing Ordinary Shares.

Implementation of the Proposals will result in Dr Iliev, Futura Messis, Melvin Lawson and Melvin Lawson's connected entities being presumed to be acting in concert for the purposes of the Takeover Code.

Melvin Lawson's interest in the Existing Ordinary Shares arises through his association with the following entities, which in aggregate hold 29.98 per cent. of the Existing Ordinary Shares:

- AB Group Limited, an English private limited company wholly owned by Melvin Lawson, of which he is one of three directors;
- A Beckman plc SSAS Retirement Benefit Scheme, a small self-administered pension scheme registered with HMRC of which Melvin Lawson is one of three trustees and interested in the trust's assets (together with his wife, who is also a trustee); and
- the Lawson Beckman Charitable Trust, an English registered charity and an unincorporated body constituted under a trust deed dated 30 May 1970 of which Melvin Lawson is one of three trustees (and neither a settlor nor a beneficiary).

The interests of the Concert Party (both number and percentage) in the New Ordinary Shares and their interests in the issued share capital ("ISC") of the Company upon implementation of each of the Proposals (including the exercise of the New Ordinary Shares the subject of the Option Grant) are set out below.

	Existing ISC (post Capital Reorganisation basis)	Effect of completion of the Acquisition	Effect of completion of the Acquisition and Placing	Effect of completion of the Acquisition and Placing and exercise of options under the Option Grant
Futura Messis	-	3,521,480 30.95%	3,598,403 24.12%	3,598,403 23.52%
Dr Iliev	-	-		382,465

<b>Dr Iliev total</b>	-	<b>3,521,480</b>	<b>3,598,403</b>	<b>3,946,787</b>	2.50%
		30.95%	24.12%	26.02%	
<b>Melvin Lawson</b>					
AB Group	1,056,763	1,056,763	1,518,301	1,518,301	
	13.45%	9.29%	10.18%	9.92%	
A Beckman SSAS	980,987	980,987	1,442,525	1,442,525	
	12.49%	8.62%	9.67%	9.43%	
Lawson Beckman Charitable Trust	317,187	317,187	317,187	317,187	
	4.04%	2.79%	2.13%	2.07%	
<b>Melvin Lawson total</b>	<b>2,354,937</b>	<b>2,354,937</b>	<b>3,278,013</b>	<b>3,278,013</b>	
	29.98%	20.70%	21.98%	21.43%	
<b>Concert Party's Total</b>	<b>2,354,937</b>	<b>5,876,417</b>	<b>6,876,416</b>	<b>7,258,881</b>	
	29.98%	51.65%	46.10%	47.45%	
<b>Resultant share capital at each stage</b>	<b>7,856,187</b>	<b>11,377,667</b>	<b>14,916,122</b>	<b>15,298,587</b>	

**Note:** the above figures are based on the assumption the capital reorganisation has taken place pursuant to Resolutions 2 and 3.

The above interests have been calculated on the basis:

- of completion of the Acquisition and Placing;
- that the Concert Party subscribe to the Placing as disclosed; and
- that options over New Ordinary Shares the subject of the Option Grant to Dr Iliev are exercised in full at the earliest possible date (being the third anniversary of the date of grant), and that no other options or conversion rights are exercised by other persons.

Other than as disclosed in the table above, as at 4 August 2020 2020, being the latest practical date prior to publication of the Circular, no member of the Concert Party, their immediate families or person connected with any of them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with any them, had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant securities of the Company.

**There are no relationships (personal, financial and commercial), arrangements and understandings between the Concert Party members and any of the Shareholders or any person who is, or is presumed to be, acting in concert with any Shareholder to disclose.**

### 15.3 Waiver of Rule 9 obligation

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Takeover Code, the Panel will normally waive the requirement for a Rule 9 Offer if, inter alia, those shareholders of the company who are independent of the persons who would otherwise be required to make a Rule 9 Offer pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Company has applied to the Panel for a waiver of the obligation of the Concert Party under Rule 9 of the Takeover Code that would otherwise arise and require it to make a Rule 9 Offer to the Company's other Shareholders as a result of the issue of the Placing Shares, the Consideration Shares and any New Ordinary

Shares subsequently issued pursuant to the Option Grant to the Concert Party in connection with the implementation of the Proposals. Subject to the approval of the Independent Shareholders of the Waiver Resolution, to be taken on a poll at the General Meeting, the Panel has agreed to waive such obligation to make a Rule 9 Offer. To be passed, the Waiver Resolution will require a simple majority of the votes cast on a poll by the Independent Shareholders voting at the General Meeting. Members of the Concert Party and Placing Participants will not be permitted to vote on the Waiver Resolution and have undertaken to the Company that they will not vote on the Waiver Resolution.

The Notice of the General Meeting, at which the Resolutions will be proposed, is set out at the end of the Circular. Should Shareholder approval not be obtained for the Waiver Resolution, neither the Acquisition nor the Placing will proceed.

**Following implementation of the Proposals, the members of the Concert Party will hold between them an interest in New Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital but will not hold New Ordinary Shares carrying in excess of 50 per cent. of such voting rights and (for so long as they continue to be treated as acting in concert) any further increase in that aggregate interest in New Ordinary Shares will be subject to the provisions of Rule 9 of the Takeover Code.**

**The Concert Party will not be restricted from making a subsequent offer in the future for the Company in the event that the Waiver Resolution is approved by the Independent Shareholders. For the avoidance of doubt, the waiver from the obligation that the Concert Party would otherwise have to make a Rule 9 Offer to the Company's other shareholders granted pursuant to the Waiver Resolution applies only in respect of increases in shareholdings of the Concert Party resulting from the implementation of the Proposals and not in respect of other increases in its holdings.**

#### **15.4 Disqualifying Transactions**

The waiver to which the Panel has agreed under the Takeover Code will be invalidated if any purchases are made by any member of the Concert Party, or any person acting in concert with it, in the period between the date of this Circular and the General Meeting. No member of the Concert Party, nor any person acting in concert with it, has purchased or acquired an interest in Existing Ordinary Shares in the 12 months preceding the date of this Circular.

#### **15.5 Intentions of the Concert Party**

The Concert Party intends that the Enlarged Group will, as more fully described in paragraph 2, adopt a more proactive management of a larger portfolio with varying time horizons and stages of development, and a wider technological focus than healthcare, in order to grow shareholder value. The Concert Party has no intention of making any changes in relation to any research and development functions of the Company.

Otherwise than as set out in paragraph 12, (of which the Concert Party is supportive), the Concert Party has no intention of making any changes to the continued employment of the employees and management of the Company or of its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management.

Following the Acquisition, the headquarters and headquarters functions of the Enlarged Group will be relocated to the offices of EMV Capital at Level 39, One Canada Square, London E14 5AB. Other than that relocation, the Concert Party does not believe its strategic plans for the Enlarged Group (as set out above) will have any repercussions on employment or on the locations of the Company's places of business. The Concert Party has

no intention of making any changes to employer contributions into the Company's pension scheme(s) (including with regards to current arrangements for the funding of any scheme deficits), the accrual of benefits for existing members, or the admission of new members.

The Concert Party has no intention to redeploy the Company's fixed assets (other than relocating the headquarters are mentioned above).

The Concert Party has no intention of making any changes to the maintenance of the existing trading facilities for the New Ordinary Shares.

The Independent Directors fully agree with the Concert Party's intentions and strategic plans, in particular, in relation to their likely repercussions on employment and the locations of the Company's place of business.

## **16. RELATIONSHIP AGREEMENT AND LOCK-IN AGREEMENT**

The Company, WH Ireland and the Concert Parties have entered into the Relationship and Lock-in Agreement. This agreement will ensure that the Company is capable of carrying out its business independently of the Concert Parties and their associates. It also contains undertakings from each member of the Concert Party (i) not, for a period of 12 months from Admission, to sell, charge or grant any interest over any Consideration Shares held by it and (ii) at the end of that 12 month period, to only dispose of such Consideration Shares through WH Ireland for a further 12 months, in each case subject to certain exceptions including:

- an acceptance of an offer for the Company's shares at any stage; or
- agreeing to accept any offer for the Company's shares either before or after its announcement.

Pursuant to the Relationship and Lock-In Agreement, for so long as Dr Iliev and Futura Messis and their connected persons hold at least 10 per cent. of the voting rights on issue in the Company, they are entitled to nominate one director to the Board, which, following admission, will be Ilian Iliev.

Further details of the Relationship and Lock-in Agreement are set out in paragraph 8(i) of Part II of the Circular.

## **17. GENERAL MEETING**

For the reasons set out above, completion of the Acquisition and of the Placing is conditional upon, *inter alia*, the approval by the Shareholders of the Resolutions at the General Meeting.

Only Independent Shareholders may vote on the Waiver Resolution, that is to say no members of the Concert Party nor any Placing Participant.

As Shareholders will be aware, the UK Government's restrictive measures in connection with COVID-19 and, in particular, the restrictions on non-essential travel and on gatherings, will restrict the ability of Shareholders to attend the General Meeting in person. Although the situation is fast changing and constantly evolving, it appears that the measures will continue beyond the date of the General Meeting and as such the Board strongly advises and recommends that all Shareholders refrain from attending the General Meeting in person and, instead, submit a Form of Proxy. In order to ensure that Shareholders votes count, the Board recommends that Shareholders appoint the Chairman of the General Meeting as their proxy for the General Meeting.

Shareholders attempting to attend the General Meeting will be refused entry.

The Board will continue to assess the situation in the UK, and in particular any new or existing measures that the UK Government takes or extends and will duly notify Shareholders as appropriate and what further action, if any, they should take in respect of the General Meeting.

## 18. INDEPENDENT ADVICE PROVIDED TO THE INDEPENDENT DIRECTORS

WH Ireland has provided formal advice to the Independent Directors, in accordance with the requirements of paragraph 4(a) of Appendix 1 of the Takeover Code, in relation to the Proposals. Such advice was provided by WH Ireland to the Independent Directors only and, in providing such advice, WH Ireland has taken into account the Independent Directors' commercial assessments. The advice must regard the merits of the Proposals, the controlling position they will create, and the effect which they will have on the Shareholders generally. Accordingly, the Independent Directors, who have been so advised by WH Ireland, consider the terms of the Proposals to be fair and reasonable and in the best interests of the Shareholders and the Company as a whole.

WH Ireland confirms that it, and any person who is or is presumed to be acting in concert with it, is independent of the Concert Party and has no personal, financial or commercial relationship or arrangements or understandings with the Concert Party, save for (i) as Nominated Adviser having advised Dr Iliev in his capacity as a Director of the Company and (ii) Melvin Lawson being interested in 3.08% of the issued share capital of WH Ireland.

## 19. RECOMMENDATIONS AND UNDERTAKINGS

Shareholders should be aware that if the Resolutions are not passed at the General Meeting, the Proposals will not proceed.

**Accordingly, the Independent Directors recommend that (i) the Independent Shareholders vote in favour of the Waiver Resolution and (ii) the Shareholders vote in favour of the other Resolutions in each case at the General Meeting. Professor Smith, the only Independent Director with an interest in the Existing Share Capital, has undertaken to vote in favour of the Resolutions in respect of his holding of Existing Ordinary Shares, being 28,571 Existing Ordinary Shares in aggregate and representing approximately 0.02 per cent. of the Existing Ordinary Shares.**

## STATISTICS FOR ACQUISITION, SHARE REORGANISATION, PLACING AND ADMISSION

Number of Existing Ordinary Shares in issue as at the date of the Circular	78,561,866
Number of New Ordinary Shares of £0.05 upon the Capital Reorganisation becoming effective*	7,856,187
Nominal Value of the New Ordinary Shares	£0.05
Number of Consideration Shares to be issued pursuant to the Acquisition (on the basis that the Capital Reorganisation has become effective)*	3,521,480
Number of Placing Shares to be issued pursuant to the Placing (on the basis that the Capital Reorganisation has become effective)*	3,538,455
Placing Price (on the basis that the Capital Reorganisation has become effective)	65p
Proceeds of the Placing (before expenses)	£2.3 million
Enlarged Share Capital immediately following Admission at the Placing Price	£9.69 million
Percentage of Enlarged Share Capital represented by the Placing Shares	23.72%
Percentage of Enlarged Share Capital represented by the Consideration Shares	23.61%

ISIN code for the New Ordinary Shares

GB00BN4R5Q82

SEDOL code for the New Ordinary Shares

BN4R5Q8

\*Assuming the relevant Resolutions are passed at the General Meeting

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of the Circular and Form of Proxy	6 August 2020
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 21 August 2020
General Meeting	10.00 a.m. on 24 August 2020
Announcement of result of General Meeting	10.30 a.m. on 24 August 2020
Record date for Capital Reorganisation	6.00 p.m. on 24 August 2020
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 25 August 2020
Completion of the Acquisition	25 August 2020
CREST accounts credited with Placing Shares in uncertified form	25 August 2020
Dispatch of share certificates in respect of the Placing Shares and the New Ordinary Shares to be issued in certified form	no later than 10 business days following Admission

*Notes: Each of the dates and times in the above timetable are subject to change at the absolute discretion of the Company and WH Ireland. In this announcement all references to times and dates are in reference to those observed in London, United Kingdom.*

*This Announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("MAR"). In addition, market soundings (as defined in MAR) were taken in respect of the Placing with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.*

**\*\*ENDS\*\***

## APPENDIX

### TERMS AND CONDITIONS OF THE PLACING

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX, (TOGETHER, THE "**ANNOUNCEMENT**") AND THE INFORMATION IN IT IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS WHO ARE IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA

AND ARE, UNLESS OTHERWISE AGREED BY THE BROKER, ("**QUALIFIED INVESTORS**") AS DEFINED IN ARTICLE 2.1(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "**PROSPECTUS DIRECTIVE**"); AND (B) IN THE UNITED KINGDOM, PERSONS WHO ARE: (I) "INVESTMENT PROFESSIONALS" WITHIN THE MEANING OF ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); (II) PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (III) PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THIS ANNOUNCEMENT IS NOT AN OFFER FOR SALE OR SUBSCRIPTION IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE SECURITIES LAWS OF ANY JURISDICTION. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THIS ANNOUNCEMENT IS NOT AN OFFER OF OR SOLICITATION TO PURCHASE OR SUBSCRIBE FOR SECURITIES IN THE UNITED STATES. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM, OR AS PART OF A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES HAS APPROVED OR DISAPPROVED OF AN INVESTMENT IN THE SECURITIES OR PASSED UPON OR ENDORSED THE MERITS OF THE PLACING OR THE ACCURACY OR ADEQUACY OF THE CONTENTS OF THIS ANNOUNCEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE PRICE OF SHARES AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF SHARES.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance or the South African Reserve Bank; and the Placing Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction in which such offer, sale, resale or delivery would be unlawful.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of: (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties (each as defined in MiFID II); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market**").

**Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or this Announcement of which it forms part should seek appropriate advice before taking any action.

These terms and conditions apply to persons making an offer to acquire Placing Shares. Each Placee hereby agrees with the Broker and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be issued or acquired. A Placee shall, without limitation, become so bound if WH Ireland confirms to such Placee its allocation of Placing Shares.

Upon being notified of its allocation of Placing Shares, a Placee shall be contractually committed to acquire the number of Placing Shares allocated to it at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment.

In this Appendix, unless the context otherwise requires, "**Placee**" means a Relevant Person (including individuals, funds or others) on whose behalf a commitment to subscribe for or acquire Placing Shares has been given.

### ***Details of the Placing Agreement and the Placing Shares***

The Broker and the Company have entered into a Placing Agreement, under which the Broker has, on the terms and subject to the conditions set out therein, undertaken to use its reasonable endeavours to procure subscribers for approximately 3.5 million Placing Shares. It is expected that the Placing will raise, in aggregate, up to approximately £2.3 million in gross proceeds at a price of 65 pence per share ("Placing Price") with up to approximately 3.5 million Placing Shares expected to be issued. The Placing is not being underwritten by the Broker or any other person.

The number of Placing Shares will be determined following completion of the Bookbuild as set out in this Announcement. The timing of the closing of the Bookbuild, the number of Placing Shares and allocations are at the discretion of the Broker and a further announcement confirming these details will be made in due course.

The Placing Shares will, when issued, be subject to the articles of association of the Company, will be credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of Ordinary Shares after the date of issue of the Placing Shares.

The Placing Shares will trade on AIM under NSCI with ISIN GB00BN4R5Q82.

***Application for admission to trading***

Application will be made to London Stock Exchange for admission to trading of the Placing Shares on AIM. It is expected that settlement of any such shares and Admission will become effective on or around 8.00 a.m. on 25 August 2020 and that dealings in the Placing Shares will commence at that time.

***Bookbuild***

The Broker will today commence an accelerated bookbuilding process to determine demand for participation in the Placing by potential Placees at the Placing Price. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Broker and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

***Participation in, and principal terms of, the Placing are as follows:***

- 1 The Broker is arranging the Placing as agent for, and broker of, the Company.
- 2 Participation in the Placing is only available to persons who are lawfully able to be, and have been, invited to participate by the Broker. The Broker is entitled to participate in the Placing as principal.
- 3 The Bookbuild will establish the number of Placing Shares to be issued at the Placing Price, which will be agreed between the Broker and the Company following completion of the Bookbuild. The number of Placing Shares will be announced on a Regulatory Information Service following the completion of the Bookbuild.
- 4 To bid in the Bookbuild, Placees should communicate their bid by telephone to their usual contact at WH Ireland. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for or purchase at the Placing Price. Bids may be scaled down by the Broker on the basis referred to in paragraph 8 below.
- 5 The timing of the closing of the Bookbuild will be at the discretion of the Broker. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion.
- 6 Each Placee's allocation will be confirmed to Placees orally, or by email, by WH Ireland following the close of the Bookbuild and a trade confirmation or contract note will be dispatched as soon as possible thereafter. WH Ireland's oral or emailed confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of WH Ireland and the Company, under which it agrees to acquire by subscription the number of Placing Shares allocated to it at the Placing Price and otherwise on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association. Except with WH Ireland's consent, such commitment will not be capable of variation or revocation.
- 7 The Company will make a further announcement following the close of the Bookbuild detailing the total number of Placing Shares to be issued at the Placing Price.
- 8 Subject to paragraphs 4 and 5 above, WH Ireland may choose not to accept bids and/or to accept bids, either in whole or in part, on the basis of allocations determined at their

discretion (after consultation with the Company) and may scale down any bids for this purpose on such basis as it may determine. WH Ireland may also, notwithstanding paragraphs 4 and 5 above, subject to the prior consent of the Company, allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time.

- 9 A bid in the Bookbuild will be made on the terms and subject to the conditions in this Announcement (including this Appendix) and will be legally binding on the Placee on behalf of which it is made and except with WH Ireland's consent will not be capable of variation or revocation from the time at which it is submitted.
- 10 Except as required by law or regulation, no press release or other announcement will be made by the Broker or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
- 11 Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
- 12 All obligations of the Broker under the Placing will be subject to fulfilment of the conditions referred to below "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
- 13 By participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee following the close of the Bookbuild.
- 14 To the fullest extent permissible by law and the applicable rules of the FCA, neither the Broker nor any of its affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise whether or not a recipient of these terms and conditions) in respect of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and the Broker and its affiliates shall have no liability to the Placees for the failure of the Company to fulfil those obligations. In particular, neither the Broker nor any of its affiliates shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of the Broker's conduct of the Placing.

### ***Conditions of the Placing***

The Broker's obligations under the Placing Agreement in respect of the Placing Shares are conditional on, inter alia:

- 1 the Shareholders passing new authorities to allot and issue the Placing Shares and disapply pre-emption rights at the General Meeting and the Independent Shareholders approving the Waiver Resolution;
- 2 the release of this Announcement to a Regulatory Information Service by no later than 4.30 p.m. on 5 August 2020;
- 3 the application and all other documents required to be submitted with the application being delivered to the London Stock Exchange not later than 5.00 p.m. on 20 August 2020;
- 4 the delivery by the Company to the Broker of certain documents required under the Placing Agreement;

- 5 the publication of an announcement announcing the results of the Placing through a Regulatory Information Service by no later than 4.30 p.m. on 5 August 2020 (or such later time and/or date as may be agreed in writing between the Company and the Broker);
- 6 the Company having fully performed its obligations under the Placing Agreement to the extent that such obligations fall to be performed prior to Admission;
- 7 none of the warranties given in the Placing Agreement being untrue or inaccurate or misleading in any respect at any time between the date of the Placing Agreement and Admission and no fact or circumstance having arisen which would render any of the warranties untrue or inaccurate or misleading in any material respect if it was repeated as at Admission;
- 8 the posting by no later than 6 August 2020 (by first class pre-paid mail) of the Circular to Shareholders and such other persons (if any) entitled to receive the Circular in accordance with the Company's articles of association;
- 9 the issue and allotment of the Placing Shares, conditional only upon Admission, by 8.00 a.m. 25 August 2020 or such later time as may be agreed between the Company and the Broker, not being later than 5.00 p.m. on 30 November 2020 (the "**Long Stop Date**");
- 10 Admission taking place no later than 8.00 a.m. on 25 August 2020 (or such later time and/or date as may be agreed in writing between the Company and the Broker but in any event no later than 5.00 p.m. on the Long Stop Date); and
- 11 the Placing Agreement not having been terminated by the Broker.

If: (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by the Broker by the respective time or date where specified (or such later time or date as the Broker may notify to the Company); (ii) any of such conditions becomes incapable of being fulfilled; or (iii) the Placing Agreement is terminated in the circumstances specified below, the Placing will not proceed and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

The Broker may, at its discretion and upon such terms as it thinks fit, waive, or extend the period for, compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement save that the condition relating to Admission taking place by the Long Stop Date may not be waived nor extended. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Neither the Broker, the Company nor any of their respective affiliates shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Broker.

#### ***Right to terminate the Placing Agreement***

The Broker is entitled, at any time before Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, inter alia, if before Admission:

- 1 the Company is in breach of any provision of the Placing Agreement, or with the requirements of any laws or regulations (including the Market Abuse Regulation and the AIM Rules) in relation to the Placing;
- 2 the Broker becomes aware of any circumstance which results in a breach of any of the warranties given in the Placing Agreement when given at the date of the Placing Agreement or which results in or might in the opinion of the Broker result in a breach of any of the warranties when deemed given;
- 3 it should come to the notice of the Broker that any statement contained in any of the Placing Documents (as defined in the Placing Agreement) is untrue, inaccurate or misleading which the Broker (acting reasonably) considers to be material or that matters have arisen which would, if the Placing Documents were issued at that time, constitute an omission therefrom which the Broker (acting reasonably) considers to be material, and such matter may not, in the opinion of the Broker (acting reasonably) be addressed by the publication of a further document or the making of an announcement;
- 4 in the opinion of the Broker (acting in good faith) any material adverse change in the financial or trading position or prospects of the Company or any Group Company has or will occur; or
- 5 an event or other matter (including, without limitation, any change or development in economic, financial, political or other market conditions or any change in any government regulation) has occurred or is likely to occur which, in the opinion of the Broker acting in good faith, is (or will be if it occurs) likely materially and prejudicially to affect the financial position or the business or prospects of the Company or otherwise makes it impractical or inadvisable for the Broker to perform its obligations under the Placing Agreement.

The rights and obligations of the Placees will not be subject to termination by the Placees or any prospective Placees at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by the Broker of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Broker and that the Broker need not make any reference to Placees in this regard and that neither the Broker nor any of its affiliates shall have any liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

#### ***No Admission Document or Prospectus***

The Placing Shares are being offered to a limited number of specifically invited persons only and have not been nor will be offered in such a way as to require the publication of an admission document or prospectus in the United Kingdom or any equivalent document in any other jurisdiction. No offering document, admission document or prospectus has been or will be submitted to be approved by the FCA or the London Stock Exchange in relation to the Placing, and Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix) and the business and financial information that the Company is required to publish in accordance with the AIM Rules (the "**Exchange Information**"). Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information (other than the Exchange Information), representation, warranty, or statement made by or on behalf of the Company or the Broker or any other person and neither the Broker, the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by the Broker, the Company or their respective officers, directors, employees or agents. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Neither the Company nor the Broker are making any undertaking or warranty to any Placee regarding the legality

of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

### ***Registration and Settlement***

Following the close of the Bookbuild, each Placee allocated Placing Shares in the Placing will be sent a trade confirmation or contract note in accordance with the standing arrangements in place with the Broker, stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee (in GBP) and a form of confirmation in relation to settlement instructions.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by WH Ireland in accordance with the standing CREST settlement instructions, which they have in place with WH Ireland.

Settlement of transactions in the Placing Shares (ISIN: GB00BN4R5Q82) following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("CREST") provided that, subject to certain exceptions, the Broker reserves the right to require settlement for, and delivery of, the Placing Shares (or a portion thereof) to Placees by such other means that it deems necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

It is expected that settlement will be on 25 August 2020 in accordance with the instructions set out in the form of confirmation.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of 4 percentage points above the prevailing LIBOR as determined by WH Ireland.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Broker may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for WH Ireland's account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable and shall indemnify WH Ireland on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating a bid for Placing Shares, each Placee confers on WH Ireland such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which WH Ireland lawfully takes in pursuance of such sale. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the form of confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. Neither the Broker nor the Company will be liable in any circumstances for the payment of stamp duty, stamp duty reserve tax or securities transfer tax in

connection with any of the Placing Shares. Placees will not be entitled to receive any fee or commission in connection with the Placing.

### ***Representations, Warranties and Further Terms***

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to the Broker (for itself and on behalf of the Company):

- 1 that it has read and understood this Announcement, including the Appendix, in its entirety and that its subscription for or purchase of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate this Announcement;
- 2 that its obligations are irrevocable and legally binding and shall not be capable of rescission or termination by it in any circumstances;
- 3 that the exercise by the Broker of any right or discretion under the Placing Agreement shall be within the absolute discretion of the Broker and the Broker need not have any reference to it and shall have no liability to it whatsoever in connection with any decision to exercise or not to exercise any such right and each Placee agrees that it has no rights against the Broker or the Company, or any of their respective officers, directors or employees, under the Placing Agreement pursuant to the Contracts (Rights of Third Parties Act) 1999;
- 4 that these terms and conditions represent the whole and only agreement between it, the Broker and the Company in relation to its participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, each Placee, in accepting its participation in the Placing, is not relying on any information or representation or warranty in relation to the Company or any of its subsidiaries or any of the Placing Shares other than as contained in this Announcement and the Exchange Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares. Each Placee agrees that neither the Company, the Broker nor any of their respective officers, directors or employees will have any liability for any such other information, representation or warranty, express or implied;
- 5 that in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors or in circumstances in which the prior consent of the Broker has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 6 that neither it nor, as the case may be, its clients expect the Broker to have any duties or responsibilities to such persons similar or comparable to the duties of "best execution" and "suitability" imposed by the FCA's Conduct of Business Source Book, and that the Broker is not acting for it or its clients, and that the Broker will not be responsible for providing the protections afforded to customers of the Broker or for providing advice in respect of the transactions described herein;

- 7 that it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither the Broker nor the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Announcement, the Presentation or the Publicly Available Information; nor has it requested the Broker, the Company or any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
- 8 that it is: (i) unless otherwise agreed in writing with the Broker, located outside the United States and is not a US person as defined in Regulation S under the Securities Act ("Regulation S") and is subscribing for and/or purchasing the Placing Shares only in "offshore transactions" as defined in and pursuant to Regulation S, and (ii) it is not subscribing for and/or purchasing Placing Shares as a result of any "directed selling efforts" as defined in Regulation S or by means of any form of "general solicitation" or "general advertising" as such terms are defined in Regulation D under the Securities Act;
- 9 that the Placing Shares have not been and will not be registered under the Securities Act, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States and that, subject to certain exceptions, the Placing Shares may not be offered, sold, pledged, resold, transferred, delivered or distributed into or within the United States;
- 10 that the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for the Placing Shares is contained in this Announcement and Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on this Announcement and Publicly Available Information;
- 11 that neither the Broker nor the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information.
- 12 that, unless specifically agreed with the Broker, it is not and was not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to subscribe for and/or purchase Placing Shares was given and it is not acquiring Placing Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any Placing Shares into the United States and it will not reoffer, resell, pledge or otherwise transfer the Placing Shares except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and otherwise in accordance with any applicable securities laws of any state or jurisdiction of the United States;
- 13 that it is not a national or resident of Canada, Australia, Ireland, South Africa or Japan or a corporation, partnership or other entity organised under the laws of Canada, Australia, the Republic of South Africa or Japan and that it will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in Canada, Australia, the Republic of South Africa or Japan or to or for the benefit of any person resident in Canada, Australia, the Republic of South Africa or Japan and each Placee acknowledges that the relevant exemptions are not being obtained from the Securities Commission of any province of Canada, that no document

has been or will be lodged with, filed with or registered by the Australian Securities and Investments Commission or Japanese Ministry of Finance and that the Placing Shares are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in or into Canada, Australia, the Republic South Africa or Japan;

- 14 that it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
- 15 that it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted, and will not, directly or indirectly, distribute, forward, transfer or otherwise transmit, any presentation or offering materials concerning the Placing or the Placing Shares to any persons within the United States or to any US persons (as that term is defined in Regulation S);
- 16 that, except as disclosed in the Announcement in relation to the Concert Party members participating in the Placing, it is entitled to subscribe for and/or purchase Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities and that it has not taken any action which will or may result in the Company or the Broker or any of their respective directors, officers, employees or agents acting in breach of any regulatory or legal requirements of any territory in connection with the Placing or its acceptance;
- 17 that, subject to the passing of the Waiver Resolution, it has obtained all necessary consents and authorities to enable it to give its commitment to subscribe for and/or purchase the Placing Shares and to perform its subscription and/or purchase obligations;
- 18 that where it is acquiring Placing Shares for one or more managed accounts, it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Appendix and this Announcement of which it forms part; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by the Broker;
- 19 that it is either: (a) a person of a kind described in paragraph 5 of Article 19 (persons having professional experience in matters relating to investments and who are investment professionals) of the Order; or (b) a person of a kind described in paragraph 2 of Article 49 (high net worth companies, unincorporated associations, partnerships or trusts or their respective directors, officers or employees) of the Order; or (c) a person to whom it is otherwise lawful for this Announcement to be communicated and in the case of (a) and (b) undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- 20 that, unless otherwise agreed by the Broker, it is a qualified investor (as defined in section 86(7) of the Financial Services and Markets Act 2000, as amended (“FSMA”));
- 21 that, unless otherwise agreed by the Broker, it is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is purchasing Placing Shares for investment only and not with a view to resale or distribution;
- 22 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within

the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;

- 23 that any money held in an account with the Broker (or its nominee) on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the rules and regulations of the FCA. Each Placee further acknowledges that the money will not be subject to the protections conferred by the FCA's client money rules. As a consequence, this money will not be segregated from the Broker (or its nominee's) money in accordance with such client money rules and will be used by the Broker in the course of its own business and each Placee will rank only as a general creditor of the Broker;
- 24 that it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its ordinary shares in accordance with the Disclosure Guidance and Transparency Rules published by the FCA;
- 25 that it is not, and it is not acting on behalf of, a person falling within subsections (6), (7) or (8) of sections 67 or 70 respectively or subsections (2) and (3) of section 93 or subsection (1) of section 96 of the Finance Act 1986;
- 26 that it will not deal or cause or permit any other person to deal in all or any of the Placing Shares which it is subscribing for and/or purchasing under the Placing unless and until Admission becomes effective;
- 27 that it appoints irrevocably any director of the Broker as its agent for the purpose of executing and delivering to the Company and/or its registrars any document on its behalf necessary to enable it to be registered as the holder of the Placing Shares;
- 28 that, other than Placees that are members of the Concert Party, as far as it is aware it is not acting in concert (within the meaning given in The City Code on Takeovers and Mergers) with any other person in relation to the Company;
- 29 that any Placee that, prior to subscribing for or purchasing the Placing Shares, is already a shareholder of the Company, will not vote on the Waiver Resolution at the General Meeting of the Company;
- 30 that this Announcement does not constitute a securities recommendation or financial product advice and that neither the Broker nor the Company has considered its particular objectives, financial situation and needs;
- 31 that it has sufficient knowledge, sophistication and experience in financial, business and investment matters as is required to evaluate the merits and risks of subscribing for or purchasing the Placing Shares and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing;
- 32 that it will indemnify and hold the Company and the Broker and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the Company and the Broker will rely on the truth and accuracy of the confirmations, warranties, acknowledgements and undertakings herein and, if any of the foregoing is or becomes no longer true or accurate, the Placee shall promptly notify the Broker and the Company. All confirmations, warranties, acknowledgements and undertakings given by the

- Placee, pursuant to this Announcement (including this Appendix) are given to the Broker for itself and on behalf of the Company and will survive completion of the Placing and Admission;
- 33 that time shall be of the essence as regards obligations pursuant to this Appendix;
- 34 that it is responsible for obtaining any legal, financial, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company or the Broker to provide any legal, financial, tax or other advice to it;
- 35 that all dates and times in this Announcement (including this Appendix) may be subject to amendment and that the Broker shall notify it of such amendments;
- 36 that (i) it has complied with its obligations under the Criminal Justice Act 1993, Part VIII of FSMA and the Market Abuse Regulation, (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and (iii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together, the “**Regulations**”); and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to the Broker such evidence, if any, as to the identity or location or legal status of any person which the Broker may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by the Broker on the basis that any failure by it to do so may result in the number of Placing Shares that are to be subscribed for and/or purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the Broker may decide in its absolute discretion;
- 37 that it will not make any offer to the public of those Placing Shares to be subscribed for and/or purchased by it for the purposes of the Prospectus Rules made by the FCA pursuant to Commission Regulation (EC) No. 809/2004;
- 38 that it will not distribute any document relating to the Placing Shares and it will be acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only and it does not have any contract, understanding or arrangement with any person to sell, pledge, transfer or grant a participation therein to such person or any third person with respect to any Placing Shares; save that if it is a private client stockbroker or fund manager it confirms that in purchasing the Placing Shares it is acting under the terms of one or more discretionary mandates granted to it by private clients and it is not acting on an execution only basis or under specific instructions to purchase the Placing Shares for the account of any third party;

- 39 that it acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or the Broker in any jurisdiction in which the relevant Placee is incorporated or in which its assets are located or any of its securities have a quotation on a recognised stock exchange;
- 40 that any documents sent to Placees will be sent at the Placees' risk. They may be sent by post to such Placees at an address notified to the Broker;
- 41 that the Broker owes no fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
- 42 that the Broker or any of its affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares;
- 43 that no prospectus or offering document has been or will be prepared in connection with the Placing and it has not received and will not receive a prospectus or other offering document in connection with the Placing or the Placing Shares; and
- 44 that if it has received any confidential price sensitive information concerning the Company in advance of the publication of this Announcement, it has not: (i) dealt in the securities of the Company; (ii) encouraged, required, recommended or induced another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to such information being made publicly available.

The Company, the Broker and their respective affiliates will rely upon the truth and accuracy of each of the foregoing representations, warranties, acknowledgements and undertakings which are given to each Broker for itself and on behalf of the Company and are irrevocable.

The provisions of this Appendix may be waived, varied or modified as regards specific Placees or on a general basis by the Broker.

The agreement to settle a Placee's subscription and/or purchase (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company or the Broker will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Broker in the event that any of the Company and/or the Broker have incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Broker accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or

penalties relating thereto) payable outside the UK by them or any other person on the subscription or purchase by them of any Placing Shares or the agreement by them to subscribe for or purchase any Placing Shares.

This Announcement has been issued by, and is the sole responsibility, of the Company. No representation or warranty express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Broker or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

#### Definitions:

"Admission"	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM Rules"	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers (as the context may require)
"Announcement"	this announcement (including the Appendix which forms part of this announcement) dated 5 August 2020
"Acquisition Agreement"	the conditional agreement entered into between NetScientific, Futura Messis, and Dr Iliev in relation to the Acquisition dated 4 August 2020.
"Bookbuild"	the accelerated bookbuilding to be conducted by WH Ireland pursuant to the Placing Agreement and this Announcement
"Broker"	WH Ireland
"Capital Reorganisation"	the Sub-Division and the Consolidation
"Concert Party"	means Dr Iliev, Futura Messis, Melvin Lawson, AB Group, A Beckman SSAS and the Lawson Beckman Charitable Trust
"Consolidation"	the proposed consolidation of the Company's share capital pursuant to which every 10 Interim Ordinary Shares will be consolidated into 1 New Ordinary Share as further described in paragraph 6 of Part I of the Circular
"Deferred Shares"	the deferred shares of £0.045 each in the capital of the Company immediately following the Sub-Division, having the rights set out in the New Articles
"EEA"	the European Economic Area
"Enlarged Share Capital"	the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Placing Shares
"Existing Ordinary Shares"	the 78,561,866 Ordinary Shares in issue as at the date of this announcement
"FCA"	the Financial Conduct Authority of the United Kingdom
"General Meeting"	the general meeting of the Company to be held at 10.00 a.m. on 24 August 2020 (or any reconvened meeting following any adjournment of the general meeting) at Level 39, One Canada Square London E14 5AB
"Group Company"	the Company and its existing subsidiaries and subsidiary undertakings
"Independent Shareholders"	shareholders who are independent of a person who would otherwise be required to make a Rule 9 Offer and any person acting in concert with him or her (as defined by the Takeover Code) which, for the purposes of the Panel Waiver, does not include members of the Concert Party or Placing Participants
"Interim Ordinary Shares"	the interim ordinary shares of £0.005 each in the capital of the Company arising pursuant to the Sub-Division
"Market Abuse Regulation"	the Market Abuse Regulation (2014/596/EU) (incorporating the technical standards, delegated regulations and guidance notes, published by the

	European Commission, London Stock Exchange, the FCA and the European Securities and Markets Authority)
"NetScientific Share Option Scheme"	NetScientific Share Option Scheme adopted by the Company by a board resolution on 9 May 2013, as amended on 13 August 2013 and 15 June 2016
"New Articles"	the articles of association of the Company to be adopted by the Company at the General Meeting
"New Ordinary Shares"	the new ordinary shares of £0.05 each following the Consolidation of the Interim Ordinary Shares, including, where the context so requires, the Placing Shares and the Consideration Shares
"Ordinary Shares"	ordinary shares of £0.05 each in the capital of the Company
"Panel"	The Panel on Takeovers and Mergers
"Panel Waiver"	the waiver granted by the Panel (conditional on the approval of the Waiver Resolution by the Independent Shareholders) of the obligation that would otherwise arise for the Concert Party to make a Rule 9 Offer under the Takeover Code as a consequence of the allotment and issue to it (or members of it) of the Consideration Shares, the Placing Shares or the New Ordinary Shares issued upon exercise of the option the subject of the Option Grant
"Placing"	the conditional placing of the Placing Shares pursuant to the Placing Agreement
"Presentation"	the investor presentation to prospective Placees relating to the Group and its business
"Proposals"	the Acquisition, the Placing, the Capital Reorganisation and the Option Grant
"Publicly Available Information"	any information announced through a Regulatory Information Service by or on behalf of the Company on or prior to the date of this Announcement
"Relationship and Lock-in Agreement"	the conditional agreement between the Company, WH Ireland and the Concert Parties, further details of which are set out in paragraph 8(i) of Part II of the Circular
"Regulatory Information Service"	one of the regulatory information services authorised by the FCA acting in its capacity as the UK listing authority to receive, process and disseminate regulatory information
"Resolutions"	resolutions 1 to 8 to be proposed at the General Meeting
"Securities Act"	the United States Securities Act of 1933, as amended
"Sub-Division"	the sub-division of each Existing Ordinary Share into one Interim Ordinary Share and one Deferred Share as further described in paragraph 6 of Part I of the Circular
"Waiver Resolution"	the ordinary resolution of the Independent Shareholders to approve the Panel Waiver, to be proposed on a poll at the General Meeting and set out as Resolution 4 in the Notice
"WH Ireland"	W H Ireland Limited