

QCA CODE PRINCIPLES & COMPLIANCE

The Directors recognise the importance of sound corporate governance principles being embedded within and an integral part of the operations of the Group. Having listed on AIM, the Board has adopted the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”).

The Board has responsibility for ensuring that appropriate corporate governance principles are in place and that these requirements are followed and applied across the Group. The corporate governance arrangements are designed, *inter-alia*, to deliver long term value for the Group’s shareholders and to enable shareholders the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board.

The QCA Code sets out ten principles which will be applied. These are listed below together with a short explanation of how the Group applies each of the principles:

Principle 1

Establish a strategy and business model which promote long-term value for shareholders

Business overview

Diaceutics is a diagnostic commercialisation company which serves the global pharma industry. It has combined a suite of real world data-driven products and laboratory implementation services into a business method. Its data enabled products, method and services are focused on removing the diagnostic testing hurdles for the biomarkers and companion tests required to guide selection of precision medicines. The Company currently provides services to 36 of the largest global pharma companies and their precision therapy brands. The outcome for patients is that they will receive effective treatment quicker.

Diaceutics has established a global network of testing laboratories that contribute data to the Group. In addition, the Group has developed a series of sophisticated and proprietary data mining tools to make sense of that raw data from testing laboratories and present it to pharma companies in a meaningful way. Through this, Diaceutics’ key value to pharma companies is in providing products and services that focus on their understanding of where, when and how the necessary precision testing procedures take place. The data generated by Diaceutics enables pharma companies to identify the patients suitable for their therapeutic, allowing the company to reach peak sales for their new therapeutic sooner than would otherwise be possible.

Diaceutics’ services result in more effective patient diagnoses for treatments which in turn lead to better patient healthcare outcomes. This is manifested through faster testing, better turnaround times, quicker positive identification and higher number of patients treated.

Diaceutics’ strategy has focused on collating large amounts of real world laboratory, patient (on an anonymised and aggregated basis), claims and payor data which it uses to direct and deliver via its laboratory liaison team improved testing with over 2500 labs globally on behalf of leading pharma companies.

The overall market for Diaceutics specific services will increase with the expected market growth in the number of test dependent therapies alongside increased investment by pharma to remove testing hurdles to seamless treatment.

Business Strategy

The Group seeks to have a balanced business model with revenues derived from three areas:

- 1) **Data provision** – applying its extensive dataset and analysis of real world. Evidence supplemented with proprietary algorithms, to provide new insights that fully align precision testing with their precision medicines;
- 2) **Implementation services** – providing test commercialisation services centred on the “Diaceutics Method” and leveraging its global laboratory database and laboratory liaison team to implement rapid improvements to clinical testing with laboratory partners in key pharma markets; and

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3) *SaaS tools* – using transformative technology developed inhouse to provide data and tools via a SaaS (Software as a Service) based platform Nexus which seeks to greatly accelerate the uptake of the Group’s services and make Diaceutics the partner of choice to pharma companies seeking access to precision testing in the global pharma markets.

The Group has identified multiple growth drivers for the years ahead. In the near term, the Group intends to continue with the organic growth within its core data analytics and implementation services business by offering end to end projects and selling an ever wider range of services to the same clients. The Group expects to derive growth from the greater number of precision medicines progressing through clinical development as well as expanding its addressable market through the following areas:

- *Additional indications:* The majority of the Group’s operations are presently focussed on oncology, but additional datasets from testing in cardiovascular, central nervous system, CNS, autoimmune and infectious disease would open up companion diagnostic opportunities in these large therapeutic opportunities.
- *Geographic scope:* In 2019 the Group expanded its geographic reach, initially by building out its footprint in China, Japan and South Korea. The Group has 22 projects with an Asian deliverable, which are serviced through its ‘hub’ office in Singapore. The Asia team manages the process of mapping and engaging new laboratory network contacts in the region. These developing markets represent key new growth opportunities for pharma companies which have hereto depended on western markets for the bulk of their business, but now see these regions as one of the principal sources of volume growth going forward.

In the short term, the Directors expect the value of the Group to be driven by the automation of its core data analytics and implementation services delivering scale and efficiency. To achieve this the Group is building a client portal, Nexus, which will provide a SaaS platform which will initially provide access for laboratories to input data but will subsequently be extended to provide a data interface for its pharma clients allowing it to increase the scale and capacity of its services. The Group expects the first such pharma client engagement to begin Q4 of 2020.

In the longer term, the value of the Group is expected to come from pivoting the business model from a fee for service model, to a subscriptions and value sharing business model driven by the Group’s ability to provide an end to end outsourced diagnostic commercialisation service to its clients whereby it can be rewarded for the delivery of key milestones.

Principle 2

Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with both its institutional and private investors.

The Board actively seeks dialogue with its shareholders via investor roadshows, capital market days, one to one meetings and regular reporting. The Board believes that open communication with investors and its analysts is the best way to ensure shareholders understand the Group’s business, strategy and performance and in turn understand what is expected of the Group in order to allow it to drive its business forward.

Throughout the year the Chief Executive Officer and Chief Financial Officer meet with the institutional shareholders who hold the majority of the shares. In addition, they regularly present at conferences attended by many potential and current retail investors and meet with specialist private client fund managers. The Board is provided with feedback from all meetings and communications with shareholders.

The Group communicates with shareholders through the statutory requirements of the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and the release of news via London Stock Exchange Regulatory News Service (RNS).

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Corporate information, including Group announcements and presentations, are available to shareholders, investors and the public on the Group's corporate website www.diaceutics.com. The Group's contact details, email and correspondence address are listed on the website for shareholder use and the website offers a facility to sign up for email alert notifications of Group news and regulatory announcements.

The Group has in place a process for answering communications made to the Board in a timely manner.

Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group has strong regard for the importance of its shareholders, suppliers, customers, patients and employees (many of whom are also shareholders).

The Group recognises that central to its success is the recruitment, retention, development and motivation of its staff, contractors and freelancers. Multiple HR projects have been introduced to attract and retain top talent including the introduction of a global healthcare & benefits programme, a multi-faceted recruitment process incorporating cultural interviews, psychometric testing and case study exercises complementing the traditional technical interview, a residential onboarding programme to integrate new employees and a robust Group-wide Performance Management Framework linking every employee's daily activity to the overall corporate goals. These initiatives are enhanced through delivery of bespoke developmental opportunities such as our internal mentoring programme and the Diaceutics EFFECTive Leaders programme which was recently accredited. This is in addition to an overall training and development plan that promotes and supports continuous development and learning.

The Group strives to achieve a supportive and inclusive work environment which promotes wellbeing and welfare, equality, respect and human rights. It has a range of policies, procedures and practices in place to support and inform staff and these are communicated widely to employees, both during the residential onboarding process and throughout their employment. Policies include equality, diversity and inclusion, whistleblowing and grievance among many others. Managers and staff are updated with regard to the content of these policies and have support from the Human Resources department in their implementation.

The Group has demonstrated its commitment to patients by establishing a formal 501(c)(6), non-profit organisation called the Precision Medicine Connective ("The Connective"). The Connective is on a mission to increase awareness about testing so that every patient is empowered to make the best possible decisions in their treatment journey. The Connective has partnered with international patient advocacy groups such as Inspire to Live, The European Cancer Patient Coalition (ECPC), Myeloma Patients Europe and Lungevity to disseminate valuable information about diagnostic testing to patients.

The Group has also sponsored charity events, with individuals participating in events such as the Prudential Ride London – Surrey, a 100 mile bike ride to raise funds for the Friends of the Cancer Centre in Northern Ireland and the Padres Pedal the Cause event, a two day ride in Southern California to raise funds for cancer research as well as The Great North Run Half Marathon in support of the Disability Assistance Dogs charity Support Dogs.

A formal partnership with the Union for International Cancer Control (UICC) and sponsorship of World Cancer Day has also provided a significant platform to elevate awareness around early detection and diagnosis of cancer, which is directly related to the Group mantra of driving better testing to deliver better treatment for patients.

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Principle 4

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable assurance with regard to the safeguarding of the Group's assets against misstatement. The Board is responsible for reviewing and approving overall Group strategy and determining the financial structure of the Group including treasury, tax and dividend policies.

There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and the balance sheet.

The principal business and financial risks have been identified and control procedures implemented. These are monitored using a structured approach in the format of a Board-Corporate risk register which is colour-coded to prioritise the most significant risks for ongoing Board attention. The risk management approach has been designed to identify the major risks identified within operational activity as well as Group-wide risks and those risks of a corporate nature covering strategy, markets and financial performance.

The Audit Committee ensures the maintenance of internal controls. It assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business and operational and financial controls, including the review of results of work performed by the Group controls function.

Further to the Board, the Company has an executive committee ("Exco") comprising, Peter Keeling (Chief Executive Officer), Ryan Keeling (Chief Innovation Officer), Philip White (Chief Financial Officer), Dr Jordan Clark (Chief Technical Officer) and Damian Thornton (Chief Operating Officer). From April 2020 Susanne Munksted will be joining the Exco as Chief Precision Officer. The Exco have a weekly operations call and monthly strategy call to review the financial position of Group and current risks alongside future strategy for the business. A reporting pack is provided in advance of the meetings and is used to drive discussions on performance, position, cash flow and prospects of the business.

The Company has employed a General Counsel to assist and advise on all legal aspects of the business. The General Counsel provides legal support where necessary, reviews all material contracts and takes an active role to ensure that compliance is at the core of all aspects of the business.

The effectiveness of the established framework of business and internal financial controls is regularly reviewed by the Executive Management, the Audit Committee and the Board. Previously this review identified that the Group would benefit from a new ERP system which has been commissioned with further modules, expected to bring further operational and control benefits to the business in 2020.

The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

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Principle 5

Maintain the board as a well- functioning, balanced team led by the Chair

The Group is controlled by the Board of Directors, comprising three Executive Directors - Peter Keeling (Chief Executive Officer), Ryan Keeling (Chief Innovation Officer) and Philip White (Chief Financial Officer) - and three Non-Executive Directors, Julie Goonewardene, Mike Wort and Charles Hindson. The Chair, Julie Goonewardene, is responsible, *inter-alia*, for the proper functioning of the Board and the Chief Executive Officer, Peter Keeling, has executive responsibility for running the Group's business and implementing Group strategy.

The Board considers that the Non-Executive Directors bring an independent judgement to bear notwithstanding the varying lengths of service. The Non-Executive Directors have a particular responsibility for bringing objective challenge, judgement and scrutiny to all matters of the Board. They critically challenge proposed strategies and current operational performance.

The Group holds Board meetings monthly. All Directors receive regular and timely information the Group's operational and financial performance with, as a minimum, a monthly reporting pack being provided. Relevant information is circulated to the Directors in advance of meetings. There is a formal schedule of matters reserved for the Board, which may only be amended by the Board.

All Directors are encouraged to debate and use independent judgement, based on their respective knowledge and experience, to challenge all matters effecting the business, whether strategic or operational.

All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary, at the Group's expense.

The Board feels that it has an appropriate balance between independence, knowledge of the Company's technology, sector experience and professional standing to allow it to discharge its duties and responsibilities; pursue its strategic goals and to address anticipated issues in the foreseeable future. However, it will continue to consider any potential additions to the Board to further broaden the experience and effectiveness of the Board as the Group continues to grow.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

All Directors will stand for re-election at the AGM as this was the Company's maiden AGM. In accordance with the Company's Articles of Association Directors are required to seek re-election at least once every three years.

Principle 6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills, knowledge and experience and time to perform its duties; and is mindful of the need to continuously review the needs of the business to ensure that this remains true.

Board members are able to attend such courses or training, as they feel appropriate, to keep up to date. Involvement with a variety of other boards allows the members to witness alternative approaches to similar business issues and to benefit from the advice of more than just the Group's advisors.

Directors receive regular and timely information on the Group's operational and financial performance with information being circulated to the Directors in advance of meetings. The business reports monthly on its performance against its agreed budget.

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Operational skills are maintained through an active day to day involvement of leading global experts from the laboratory, diagnostic and pharma industries. In addition, the Group harnesses the strategic insights of two industry experts on its external advisory board.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Group's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

The Chair, together with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board.

Principle 7

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Since IPO the Board has sought to improve the ways in which it interacts and the manner in which information is presented to it. The processes that have been put in place allow for a consistent approach to reporting, thus aiding analysis by the Board of all matters at hand.

A formal Board effectiveness review was undertaken following the first year of establishment of the current Board. This review was in the form of a structured questionnaire circulated to all Directors, asking them to rate the Board's performance in a number of strategically important areas and provide a rationale for their view. Results and outcomes were analysed by the Company Secretary and any key themes were reported and discussed with the Board, with appropriate recommendations arising from this review being implemented by the Board.

In addition to the formal appraisal process for Board members, the Chair and Chief Executive Officer regularly discuss the performance of the Board and the information provided by the executive team.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

The Board believes that an organisation is defined by its people. That is why the Group has established a culture based on the values of Empowerment, Foresight, Fun, Entrepreneurship, Communication and Trust, together known as the Diaceutics EFFECT values and has appointed a senior manager to support the Exco team in keeping the culture agenda evolving.

Every year, the Group hosts a four-day Group meeting to ensure that these pillars remain effective and conducive to a productive and progressive environment. The Board has ensured that everybody is invested in and benefits from the Diaceutics vision. Prior to listing, the majority of the company's equity was held by employees and senior management.

The Group has established a formal working group, dubbed "The Culture Club", which has formulated the Diaceutics' "EFFECT" based on six specific corporate values. These values – Empowerment, Foresight, Fun, Entrepreneurial, Communication & Trust – are highlighted regularly in internal communications, included in the hiring process for new candidates for employment, and are a formal part of the Performance Management Form, which is established by each employee as annual objective to be measured and incentivised. Following initial introductions, a session on Diaceutics' culture and the EFFECT values is the first training module delivered in the Diaceutics' residential onboarding programme for all new starters, giving Culture a real emphasis from day one. Specific ongoing development training is aligned to these cultural behaviours also so that each component is well represented and permeates throughout the organisation. There are regular initiatives across the year, sometimes as a result of ideas developed in 'The Culture Club', to maintain, reinforce and continuously develop Diaceutics' culture.

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The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards include the 'Equality, diversity and inclusion policy' and 'Whistleblowing policy'. Further policies will continue to be implemented to ensure that sound ethical values and behaviours continue to be embedded in the Group. The Board recognise that this culture is crucial to the ability of the Group to achieve its corporate objectives, and culture is in fact one of the pillars of the Diaceutics business plan.

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision- making by the Board

The Group's governance structures have been reviewed in light of the QCA Code. The Board believes them to be in accordance with best practice as adapted to best comply with the Group's circumstances.

The Board has overall responsibility for implementing the Group's strategy and promoting the long-term success of the Group. The Executive Directors have overall responsibility for managing the day to day operational, commercial and financial activities. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions.

The Board seeks to meet regularly, but in any event to hold no fewer than eight board meetings in each year. In addition to the scheduled meetings, informal discussions with both Executive Directors and senior operational managers of the Company in relation to strategic business development and other topics important to the Company's progress are held by members of the Board regularly.

The Board is supported by the Audit and Remuneration committees.

The Audit Committee is chaired by Charles Hindson and the other members of the Committee are Julie Goonewardene and Mike Wort. It meets at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required. The Committee's responsibilities are set out in its terms of reference and include amongst other things, reviewing the adequacy of the Group's accounting and operating controls, reviewing the proposed accounts of the Group prior to publication and recommending the appointment of the auditor and review of the scope and results of its audit. It is also responsible for ensuring that an effective system of internal control is maintained.

The Remuneration Committee is chaired by Charles Hindson and the other members of the Committee are Julie Goonewardene and Mike Wort. It meets as required. The Committee's responsibilities include amongst other things, responsibility for determining the remuneration for the Group's Executive Directors and senior management and reviewing the design of share incentive plans and sets performance conditions for approval by the Board.

The terms of reference of the Audit Committee and the Remuneration Committee are set out on the Group's website.

The Board and its committees are provided with information ahead of meetings to give time for review and analysis. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Group, to enable the committee to discharge its duties. For each Board meeting an agenda is prepared and approved by the Chair and followed.

The Group is confident that its governance structures and processes are consistent with its current size and complexity of the business. The appropriateness of the Company's governance structures will be reviewed annually in light of further developments of accepted best practice and the development of the Company.

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Principle 10

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM), release of news via London Stock Exchange channels and by regular one-to-one meetings with large existing or potential new shareholders and by open events with private shareholders.

The Group encourages two-way communication with both its institutional and private investors and responds quickly to all queries received. The Chief Executive Officer talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. Investor roadshows are held following the release of half and full year results; and the Chief Executive Officer and Chief Finance Officer attend a number of investor and sector specific conferences which give smaller investors the opportunity to speak with the executive.

Corporate information, including Group announcements, financial reports and presentations, are also available to shareholders, investors and the public on the Group's corporate website www.diaceutics.com.

Employees and consultants are regularly updated with the development of the Group and its performance. A group intranet system is frequently updated for news on Group developments and events, industry related press releases, internal discussions and a regular update from the CEO. An all-company "Town Hall" webinar is held at least twice a year updating staff and consultants on past performance and future plans for the Group and employee specific matters.

The Group regularly, at least biennially, hosts a four-day Group meeting to ensure that these corporate plans and goals are communicated and discussed, ultimately ensuring that the whole team is bought in, thus ensuring an effective and conducive environment to achieve these.