Diaceutics

Better Testing. Better Treatment.

Placing and Admission to AIM

CENKOS

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to what action you should take, you should seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, financial adviser or other person duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA 2000") who specialises in advising on the acquisition of shares and other securities in the United Kingdom (or, if you are in a territory outside the United Kingdom, from a person otherwise duly authorised in your jurisdiction). The whole of this document should be read. Prospective investors should carefully consider the section entitled 'Risk Factors' in Part II of this document before taking any action. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

This document is an admission document drawn up in accordance with the requirements of the AIM Rules for Companies (the "AIM Rules"). It has been issued in connection with an application for admission to trading of the entire issued and to be issued ordinary share capital of the Company on AIM. This document does not contain an offer or constitute any part of an offer of transferable securities to the public within the meaning of sections 85 and 102B of FSMA 2000 or otherwise. This document is not an approved prospectus for the purposes of section 85 of FSMA 2000 and a copy of it has not been and will not be delivered to the Financial Conduct Authority in accordance with regulation 3.2 of the Prospectus Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

Application has been made for the whole of the issued and to be issued Ordinary Shares to be admitted to trading on AIM, a market operated by the London Stock Exchange. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 21 March 2019.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers (the Nomad Rules). The London Stock Exchange has not itself examined or approved the contents of this document.

The Company, whose registered office appears on page 9 of this document, and the Directors, whose names appear on page 9 of this document, accept individual and collective responsibility for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares which will be in issue upon Admission.

Diaceutics PLC

(*Incorporated in Northern Ireland with registered number NI055207*)

Placing of 22,368,427 New Ordinary Shares and 4,934,205 Sale Shares at 76 pence each

and

Admission to trading on AIM of the Enlarged Share Capital

Nominated Adviser, Broker and Bookrunner

CENKOS SECURITIES PLC

Cenkos Securities plc ("**Cenkos**") is regulated and authorised in the United Kingdom by the Financial Conduct Authority (the "**FCA**"). Cenkos is acting as nominated adviser and broker (for the purpose of the AIM Rules) exclusively for the Company in connection with the Placing and Admission. The responsibilities of Cenkos, as nominated adviser under the AIM Rules and the Nomad Rules, are owed solely to the London Stock Exchange and are not owed to the Company or any director of the Company or to any other person. Cenkos is not acting for any

other person and will not be responsible to any person other than the Company for providing the protections afforded to their clients or for advising any other person in connection with the Placing and Admission or any acquisition of shares in the Company. No representation or warranty, express or implied, is made by Cenkos as to the contents of this document, or for the omission of any material from this document, for which it is not responsible.

Copies of this document will be available free of charge to the public during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of the Company at Titanic Suites, Enterprise House, 55-59 Adelaide Street, Belfast, Northern Ireland BT2 8FE for the period of one month from the date of Admission. The document will also be available to view on the Company's website at www.diaceutics.com.

IMPORTANT INFORMATION

1. General

This document should be read in its entirety before making any decision to subscribe for or purchase shares. Prospective investors should rely only on the information in this document. No person has been authorised to give any information or to make any representations in connection with the Placing or Admission other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Cenkos. No representation or warranty, express or implied, is made by Cenkos or any selling agent as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Cenkos or any selling agent as to the past, present or future. Neither the delivery of this document nor any sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing, Admission or the Company. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Placing occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. The document and any supplement thereto will be made public in accordance with the AIM Rules.

The contents of this document are not to be construed as investment, accounting, legal, business or other professional tax advice. Each prospective investor should consult his or her own lawyer, financial adviser and/or tax adviser for legal, financial and/or tax advice in relation to any purchase or proposed purchase of Placing Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the Placing Shares for an indefinite period of time.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Cenkos or any of their representatives that any recipient of this document should subscribe for or purchase any of the Placing Shares.

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved. Any decision to purchase Placing Shares should be based solely on this document.

Investors who subscribe for or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Cenkos or any person affiliated with Cenkos in connection with any investigation of the accuracy of any information contained in this document for their investment decision; and (ii) they have relied only on the information contained in this document, and no person has been authorised to give any information or to make any representation concerning the Company or the Placing Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors or Cenkos.

None of the Company, the Directors, Cenkos or any of their representatives is making any representation to any subscriber or purchaser of Placing Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Cenkos and any of its affiliates, acting as investors for their own accounts, may acquire Placing Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own

accounts in such Placing Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Placing Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Cenkos and any of its affiliates acting as investors for their own accounts. Cenkos does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Cenkos and/or any of its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Company, for which they would have received customary fees. Cenkos and any of its affiliates may provide such services to the Company and any of their affiliates in the future.

2. Presentation of Financial Information

The Company publishes its financial statements in Great British Pounds ("£" or "**pounds**"). References to "pence" and "p" represent pence in the UK. The historical financial information of the Company included in Part III of this document has been prepared in accordance with the requirements of the AIM Rules and, where indicated, in accordance with IFRS as adopted by the European Union ("IFRS"). The significant accounting policies are set out within note 1 (Accounting Policies) of the historical financial information for the Company as set out in Part III of this document.

3. Market, Economic and Industry Data

Market, economic and industry data used throughout this document is derived from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4. Rounding

Certain figures and percentages in this document have been subject to rounding adjustments. The financial and other numerical information presented in tables in this document has been rounded to the nearest whole number or the nearest decimal place. Accordingly, any apparent discrepancies in tables between the totals and the sums of the relevant amounts are due to rounding. In addition, certain percentages presented may reflect calculations based upon underlying information prior to rounding, and accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

5. Currencies

Unless otherwise indicated in this document, all references to:

- "pounds sterling" or "£" are to the lawful currency of the UK;
- "euro" or "€" are to the lawful currency of the European Union's member states; and
- "U.S. dollars", "dollars" or "$" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this document has been expressed in pounds sterling.

6. Notice to Overseas Shareholders

The distribution of this document and the offering or purchase of Placing Shares may be restricted by law in certain jurisdictions. This document does not constitute, or form part of, an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or restricted. This document should not be distributed, published, reproduced or otherwise made available by any means, including electronic transmission, in, into or from the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa, Japan, or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation.

The Placing Shares will not qualify for distribution under any of the relevant securities laws of Canada, Australia, Japan, South Africa or the Republic of Ireland, nor has any prospectus in relation to the Placing Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in, into or from Canada, Australia, Japan, South Africa or the Republic of Ireland. Overseas Shareholders and any person (including, without limitation, custodians nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside of the United Kingdom should seek appropriate advice before taking any action.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any Ordinary Shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on, in connection with any contract therefor. This document is not a prospectus for the purposes of compliance with the Prospectus Rules of the FCA.

7. Forward-Looking Statements

Some of the statements in this document include forward looking statements which reflect the Directors' current views with respect to the financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Company's products and services). These statements include forward looking statements both with respect to the Company and the sectors and industries in which the Company operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar words are of a future or forward looking nature.

All forward looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in Part II of this document entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document. Any forward looking statements in this document reflect the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy.

These forward looking statements speak only as of the date of this document. The Company undertakes no obligation to publicly update or review any forward looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

8. Information to Distributors

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 MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) (subject as provided in this paragraph) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and 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 higher 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 Placing Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Cenkos will only procure investors who meet the criteria of professional clients and eligible counterparties.

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.

9. No Incorporation of Website Information

The contents of the Company's website do not form part of this document and prospective investors should not rely on them.

10. References to Defined Terms

Certain terms used in this document, including certain capitalised terms and other terms, are defined and explained in the Definitions section of this document on pages 112 to 114.

11. International Financial Reporting Standards

As required by the Act and Article 4 of the European IAS Regulation, the consolidated financial statements of the Company are prepared in accordance with IFRS issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times are London times. Each of the times and dates in the table below and mentioned elsewhere in this document are indicative only and may be subject to change at the absolute discretion of the Company and Cenkos without further notice.

Publication of this document	15 March 2019
Issue of the First Tranche Placing Shares	20 March 2019
Issue of the Second Tranche Placing Shares	21 March 2019
Admission and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 21 March 2019
CREST accounts credited with the First Tranche Placing Shares	20 March 2019
CREST accounts credited with the Second Tranche Placing Shares	21 March 2019
Dispatch of definitive share certificates for Placing Shares (where applicable) or as soon as possible thereafter	By 4 April 2019

Notes:

Each of the times and dates in the above timetable is subject to change without further notice. References to all times are to London time.

PLACING AND ADMISSION STATISTICS

Placing Price	76 pence
Number of Existing Ordinary Shares	47,214,650
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing	22,368,427
Number of Sale Shares to be sold by the Selling Shareholders pursuant to the Placing	4,934,205
Number of Ordinary Shares in issue following the Placing and Admission	69,583,077
New Ordinary Shares as a percentage of the Enlarged Share Capital	32.15 per cent.
Sale Shares as a percentage of the Enlarged Share Capital	7.09 per cent.
Market capitalisation of the Company on Admission at the Placing Price[(1)]	Approximately £52.9 million
Gross proceeds of the Placing receivable by the Company	Approximately £17.0 million
Estimated net proceeds of the Placing receivable by the Company[(2)]	Approximately £15.2 million
ISIN	GB00BJQTGV64
SEDOL	BJQTGV6
TIDM	DXRX
LEI	213800VEWQBB39ZB8J8

Notes:

(1) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Placing Price.

(2) After deduction of the estimated commissions, fees and expenses payable by the Company (excluding VAT).

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Julie Goonewardene Wallin (*Non-Executive Chair*) Peter Keeling (*Chief Executive Officer*) Philip Henry Hugh White (*Chief Financial Officer*) Ryan Gerard Keeling (*Chief Innovation Officer*) Michael Dennis Wort (*Non-Executive Director*) Richard Charles Hindson (*Non-Executive Director*)
Company Secretary	Carmel Mullan
Registered Office	Titanic Suites Enterprise House 55-59 Adelaide Street Belfast, Antrim BT2 8FE
Nominated Adviser, Broker and Bookrunner	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Legal Adviser to the Company	DAC Beachcroft LLP The Walbrook Building 25 Walbrook London EC4N 8AF
Legal Adviser to the Nominated Adviser and Broker	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Reporting Accountant and Auditor	PricewaterhouseCoopers LLP Waterfront Plaza 8 Laganbank Rd Belfast BT1 3LR
Registrar	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Public Relations	Walbrook PR Ltd 4 Lombard Street London EC3V 9HD
Website	www.diaceutics.com

PART I

INFORMATION ON THE COMPANY

1. Introduction

Diaceutics is a data analytics and implementation services company which services the global pharmaceutical industry. It has established a suite of data-driven products and implementation services powered by the data held in its proprietary database. Its products and services are focused on optimising its clients' strategies for the development and launch of precision medicines and specifically, the diagnostic testing required to guide selection of such medicines. The Group currently provides services to 20 of the 30 largest global pharmaceutical companies.

Precision medicines (or therapies) are a class of drug tailored to individual patient groups dependent on molecular or genetic factors of the individual. Today, they are used for treatment in oncology as well as other disease areas such as multiple sclerosis and rheumatoid arthritis. The increasing use of precision medicines results from the fact that some drugs have demonstrated significant positive clinical results in some patients but have been shown to be less effective or less safe across the entire patient population.

Growth in the precision medicine market is evident, with major pharma companies such as Astra-Zeneca confirming that approximately 90 per cent.[1] of their clinical development pipeline is currently driven by precision therapeutics. This growth is being led by technological advances in genetics and improved understanding in molecular diagnostic techniques, enabling better prospects of the successful development of precision therapeutics. Leading pharma companies working in precision medicine include Novartis, Roche/Genentech, Astra Zeneca, Pfizer, BMS, Merck and Amgen.

Given the specific nature of precision therapeutics, the successful roll-out of these medicines by a pharmaceutical company is increasingly reliant on having effective and wide-spread testing available for doctors and patients from launch.

Noting the increasing importance of these market changes, since its inception in 2005, Diaceutics has focused on the diagnostic testing market, collating large amounts of laboratory, patient (on an anonymised and aggregated basis), claims and payor data which it uses to deliver diagnostic testing strategies to its clients. The Group has amassed a set of data from over 2,500 laboratories including 3.5 million longitudinal patient records, insurance claims data for 50 million patients and 58 million testing event data points from 35 countries. As part of this data collection, it has accumulated a proprietary database of laboratory capabilities across the industry.

Diaceutics' products and services are predominantly focussed on precision testing being tests carried out in laboratories which are used alongside a precision medicine to identify which patients will benefit most from that drug. From the pharmaceutical company's perspective, the Directors have identified that it is essential that from launch, it has optimised the practical process for testing of potential patients by labs to ensure the highest levels of drug sales from the outset. Failure to have effective testing can significantly reduce the adoption of the relevant drug. Despite the increasing importance of effective diagnostic testing, the testing market itself is currently highly fragmented and the pharmaceutical industry has varied insight into it. The Directors believe that the addressable market for their specific services today is approximately US$0.5 billion. With expected market growth in the number of test dependent therapies alongside increased investment by pharma to remove testing hurdles to seamless treatment, Diaceutics forecast the overall market will increase to US$2.5 billion by 2023.

1 https://www.astrazeneca.com/content/dam/az/PDF/2018/Pages%2090-91.pdf

The Group's services are split into the following four discrete, sequential modules:

- **Landscape** – initial views on the testing environment for pharmaceutical companies that often have little insight into the actual data required to make decisions in advance of a launch.
- **Planning** – advising on steps to ensure rapid and effective test adoption, including advice on how tests should be developed, who they should be developed with and how should they be optimally communicated to physicians and patients.
- **Implementation** – identifying and solving issues with leading laboratories relating to the adoption and efficacy of testing.
- **Tracking** – ongoing post launch analysis to understand how testing is promoting or restricting access to precision therapy.

The Directors believe that these services benefit pharma clients with improved return on investment, reduced time to peak market penetration and greater revenue potential in relation to their precision therapeutic development programmes. The Group's products also improve testing outcomes for patients, enabling better access to the right drug at the right time. During 2018, the Group, which is headquartered in Belfast, Northern Ireland, had an average of 65 full time employees in 17 different countries. The Group has achieved compound annual revenue growth in sales of over 50 per cent in the past two years.

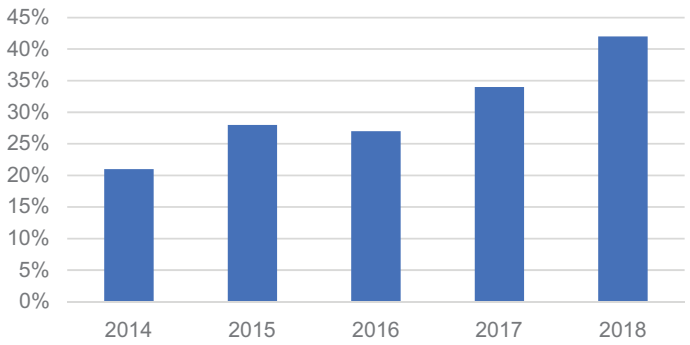
2. Change in the pharmaceutical industry – shift to precision therapeutics

The global pharmaceutical industry has historically focused on developing "one-size fits all" therapies targeted at the general population, given the attractiveness of a large addressable market. However, the industry has suffered from rising development costs whilst the proportion of drugs reaching the marketing has been declining. It has been calculated that the cost of bringing a new drug to market has risen to in excess of US$2 billion (*source: Tufts CSDD*). Therefore, increasingly the strategy is to focus on a particularly responsive sub-set of patients rather than have efficacy or safety diluted by the broader patient group, thereby reducing the chance of failure.

Over the past decade, there have been significant technological improvements in genetics and molecular diagnosis techniques, including that of biomarker identification. Biomarkers are biological indicators, the effective identification of which enables a precise diagnosis of a patient disease and helps understand why different patients suffering from the same disease respond differently to various treatments. The improved understanding of the relationship between certain biomarkers for a disease and the response to a specific drug means that it is now possible to develop a therapy alongside a specific biomarker which increases the probability of improving efficacy and achieving regulatory approval for a therapy. Such technological advances have supported a significant shift in drug pipeline of pharmaceutical companies from "one-size fits all" therapies to typically higher-value precision therapeutics.

Precision medicine is transforming the pharmaceutical industry, with the number of precision medicines being approved by the FDA growing at a rate of 20 per cent. per annum over the last three years. In 2018, 42 per cent. of all FDA drug approvals were for precision medicine, representing 25 approvals in total. The Directors estimate that there are approximately 800 precision drugs in clinical development, a number of which are expected to be approved for sale over the next three to four years. Over the next five years, researchers predict that the number of personalised medicines in development will increase by 69 per cent. (*source:* PMA 2017). A publication by Market Research Future estimates that the global value of the precision medicine market will grow from US$44 billion in 2016 to US$88 billion in 2023.

Figure 1 – precision medicines as a percentage of FDA approvals (source: FDA)[2]

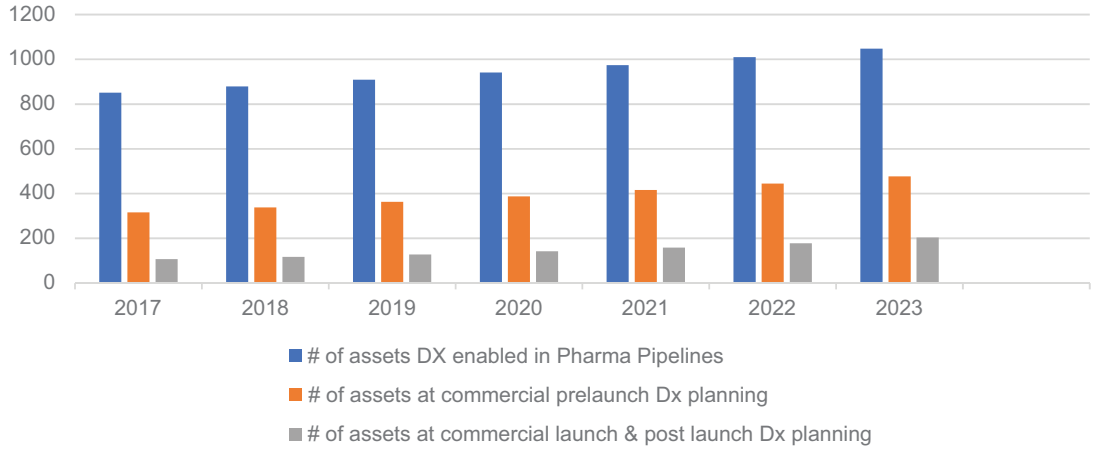


3. Diagnostic testing – key to precision therapeutics

As the drug development pipeline shifts from conventional drug approaches to precision therapeutics, the industry faces challenges which hinder the successful launch of these drugs. One of the key challenges is to ensure accurate and timely testing with a precision diagnostic in advance of treatment. This derives form a general disconnect between the precision medicine market and the diagnostics testing industry on which precision therapeutics are reliant.

A precision test, commonly referred to as a companion test or complementary test, is a test that can be paired with a specific precision medicine in order to determine its efficacy or safety on a particular patient and the test will often be which is used both during the drug development phase, as well as on market. The market for precision test development is expanding rapidly: there are 173 drugs on the market which are enabled by diagnostic tests, according to the FDA and a further 800 in development.

Figure 2 – number of precision medicine assets by lifecycle stage



Effective adoption of a diagnostic test has been proven to significantly enhance the return on investment for pharmaceutical companies, as well as increasing the chance of a successful launch of a therapy.

The diagnostic testing market is comprised not just of diagnostics companies, which provide the technology, but more importantly the laboratory industry itself, where precision tests are carried out.

2 reference http://www.personalizedmedicinecoalition.org/Userfiles/PMCCorporate/file/PM_at_FDA_A_Progress_and_Outlook_Report.pdf

Laboratory industry and associated issues

The Directors estimate that approximately 13 billion diagnostic tests are carried out in the US alone, each year. The global laboratory industry includes approximately 15,000 laboratories in Europe, at least 9,000 in Japan and 11,000 in the US. There is a degree of fragmentation in this industry, particularly in Europe.

There is great diversity and disparity amongst testing laboratories in terms of funding, size, ownership, disease focus, number of tests being carried out and actual capacity. Whilst the work of laboratories is essential to effective diagnosis and treatment, the volume, quality and timeliness of patient treatment is impacted by other factors including:

- low number of laboratories performing a specific diagnostic test;
- inadequate laboratory funding or reimbursement;
- selective market knowledge amongst laboratories, slow adoption rates and underfunding;
- uncertain regulatory environment; or
- high level of false negative/positive tests.

All of the above factors could impact the uptake of a precision medicine.

Pharma's disconnect from the laboratory industry

Commercial teams within the pharmaceutical industry historically have a lack of experience with, engagement with, and understanding of, the diagnostic industry, and in particular the laboratory industry. The adoption rates for new precision tests are constrained by a complex testing market, reimbursement issues and poor market education. Lack of sufficient planning and/or investment by pharmaceutical companies in their diagnostic test launch has been shown to adversely affect return on investment as well as the launch prospects for precision therapeutics, and it is estimated to have cost the industry billions of dollars in lost treatment revenues (*source: Genomeweb*). Conversely the Group's analysis has shown that additional spend on improving diagnostic testing can improve ROI for the therapy company *(source: NCBI, report authored by employees of the Company)*. The market efficiency of relevant testing is therefore a major factor to the commercial success of a drug.

For example, the precision therapy Herceptin was approved by the FDA in September 1998 and was the first targeted therapy of its kind for patients with HER-2 positive metastatic breast cancer. The drug however was launched to market without a fully developed companion diagnostics testing strategy, materially increasing the time before it reached peak sales. The lack of a fully developed companion diagnostic testing strategy meant that patients were not being tested correctly or at all, and therefore did not receive Herceptin (*source: New York Times*). Subsequent precision therapy launches have been similarly impacted due to pharmaceutical companies underestimating the complexity of developing the diagnostic test and ensuring its availability and use post-launch.

4. Diaceutics – addressing the issues with testing in precision medicine

Diaceutics addresses the disconnect between the precision medicine market and precision testing market. Using its expertise in the diagnostic testing industry and its data set held in its proprietary database, the Group is able to assist its pharmaceutical clients to improve the development and delivery of diagnostic testing to patients. Its services provide coverage to the top 10 global markets including US, EU, China, Brazil and Australia.

The Directors believe that the Group's products and services help its clients:

- accelerate market penetration;

- reduce time to peak sales;
- generate extended revenue life; and
- improve treatment outcomes (such as longer survival times) for patients.

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. On the pharma company's side this leads to maximised sales through earlier take-up and reduced time to peak sales.

Since inception, the Group has amassed a set of data from over 2,500 laboratories including 3.5 million longitudinal patient records, insurance claims data for 50 million patients and 58 million testing event data points from 35 countries and 298 diseases. It has also accumulated a dataset of laboratory capabilities across the industry, with this information being stored in the Group's proprietary database. The Group analyses this data, which in the US only can track patient level diagnostic journeys through the healthcare system and provides a record of the effectiveness of each diagnostic interaction. Combining this with other industry data, the Group can provide unique insights into the current state of diagnostic testing and provide vital information to pharmaceutical companies to assist in the planning and implementation of their diagnostic testing strategies, whose therapies are dependent on the adoption of the relevant test. The Group is also able to implement real changes in clinical testing (with benefits to its clients' precision medicines) through its laboratory partners in key pharmaceutical markets.

A key example of Diaceutics' ability to implement real change involved a pharma client that was seeking to launch a new lung cancer test in 5 European markets. The data in Diaceutics' proprietary database indicated that less than 5 per cent. of laboratories could run the test at therapy launch. Over an 18-month time-frame Diaceutics' lab team approached 150 EU labs and trained them to run this new test. This enabled the client's therapy to generate an additional US$200m of revenue above its initial forecast, over the 18-month period from launch. Today the test has 80 per cent. adoption and is used as a benchmark of what can be achieved in half the typical test roll out period.

The Group's services cover the following areas, via its four discrete modules:

Landscape *(47 per cent. of 2018 revenues)*

- Provide initial views on the testing environment for clients' precision therapy and associated diagnostic test.
- Identify associated risks and opportunities in order to plan the best launch.
- Provide insight into the actual data required to make informed decisions in advance of a launch.

Planning *(10 per cent. of 2018 revenues)*

- Identifying barriers to launch which prevent rapid and effective test adoption.
- Developing a customised testing strategy for clients ahead of launch and commercialisation of their precision therapeutics including:
  - how tests should be developed;
  - likely budget requirements;
  - which diagnostic partner they should be developed with; and
  - how should they be optimally communicated to physicians and patients.

Implementation *(13 per cent. of 2018 revenues)*

- Actively solving issues relating to the adoption and efficacy of testing.
- Direct laboratory education, provision of branded workshops (LabEd™), training and webinars.
- Provision of Advisory Boards and conference support and proficiency testing/external quality testing.

Tracking *(30 per cent. of 2018 revenues)*

- Post launch analysis to understand how testing is promoting or restricting access to precision therapy.
- Monitor diffusion of specific tests and availability of critical markets.
- Aid customers to make strategic and tactical decisions on an ongoing basis.

Further detail on the Group's products is set out in paragraph 9 below.

Case study

An example of the Group's end-to-end services was the work it undertook for a major US pharma client. In 2016, the Group was engaged by the client in relation to its launch of a new precision therapy in Acute Myeloid Leukaemia (AML), which improved overall survival. It was known that of the approximately 20,000 patients diagnosed each year in the US, only one third of them possessed the therapy's associated biomarker meaning that they would benefit from the drug, thus requiring a diagnostic test. Global Data predicted in 2017 that the market for AML would be worth US$1.5 billion by 2026.

Diaceutics was requested to map the current testing landscape for this therapy and using its data set acquired from laboratories, determined that only 50 per cent. of patients were being tested across 90 laboratories, halving potential sales **(Landscape)**. Diaceutics was then contracted to implement a quality programme to improve the real testing environment in AML and as part of this the US lab team developed a Lab education and quality programme in collaboration with the College of American Pathology **(Implementation)**. During 2017, the Group tracked changes to the testing landscape and found that 55 per cent. more labs and 27 per cent. (1736 additional patients) more patients were tested as a result of the intervention **(Tracking)**. The Group repeated this programme in Brazil, Australia, China and nine EU countries, which the directors believe has provided an additional 27 per cent. in potential annual revenue to the client.

5. Key strengths and competitive advantages

The Directors believe that the Group benefits from the following key strengths:

Exceptional client base

The Group currently provides services to 20 of the 30 largest global pharmaceutical companies including Novartis, Celgene, Pfizer and Johnson and Johnson. Since inception the Group has worked on over 250 commercialisation programmes for precision diagnostics. The core business continues to benefit from long standing relationships with 80 per cent. of revenues coming from repeat business in 2018. The top five clients accounted for 52 per cent. of 2018 revenues, with the largest client representing 11 per cent. of total revenues. In 2018, seven of Diaceutics' clients contributed more than £0.75 million in annual Group sales, up from only one such customer in 2016.

Favourable market dynamics

Diagnostic testing is required for precision therapeutics. The Personal Medicine Coalition classified 42 per cent. of all therapies approved by the FDA in 2018 as precision medicines[3] and in 2017 estimated that 73 per cent. of oncology pipelines are precision medicines[4]. Therefore, while the FDA lists 173 test-dependent therapies on market today, the Directors believe this number will likely double in next three years, since there are over 800 more in clinical development. The broader adoption of precision medicine suggests that the Group's market opportunity will continue to grow at a high rate.

Broad and multi sourced data base

The Group has amassed a set of data from over 2,500 laboratories, including 3.5 million longitudinal patient records, insurance claims data for 50 million patients, 58 million testing event data points from 35 countries. £1.2 million has been invested in product development in the last two years. These assets and the associated insights and data analytics which flow from them, represent a significant competitive barrier to entry. Expanding scope, scale and automation of the data processing presents opportunities for further product innovation/segmentation.

Consistent financial growth

The Group has managed to maintain profitability despite investment in product innovation and building a highly differentiated lab database. The addition of new products and the underlying increases in the adoption of precision medicines across the industry mean that the Group has enjoyed compound annual revenue growth of over 50 per cent. during the past two years.

Proven, experienced management team and expert industry advisory board

The Group's employees include leading global experts from the laboratory, diagnostic and pharmaceutical industries. In addition, the Group harnesses the strategic insights of two industry experts on its external advisory board.

Broad and effective capabilities

The Group has created specialist teams which it believes would be difficult to replicate.

- *Lab-liaison team* – the Group has a dedicated team of employees working directly with labs to improve testing for pharmaceutical clients through education and hands-on implementation.
- *Global implementation capability* – the Group provides its data and implementation services via its global liaison team to clients across 17 countries. Key coverage markets include the US, EU, Brazil, China and Australia.
- *Strength of IT systems/team* – the Group has built and operates a compliant big data handling and protection engine and its in-house team has a strong track record in management of big data sets and integrated software platforms.

6. Revenue model

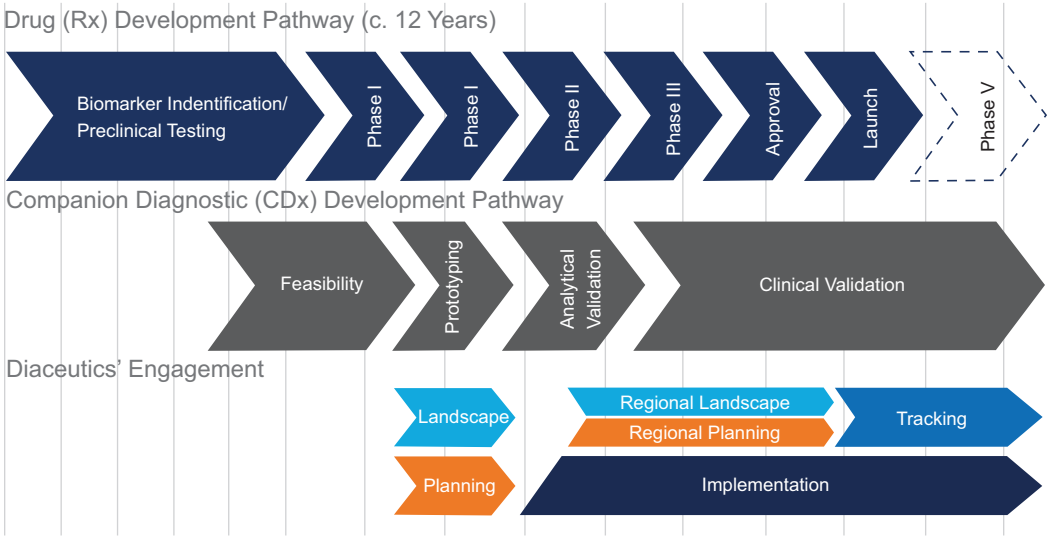
The Group's services span across much of the drug development pathway and post launch period, enabling a range of contract opportunities and strong longevity/predictability of income, as shown in Figure 3 below. The Group typically engages with its client towards the end of the drug's phase II trial and may provide services until several years after the drug's launch. The timing of engagement enables the validation of the diagnostic test to be conducted in parallel with conducting clinical validation of the therapy.

3 Source: Personalized Medicine Coalition, 2018, "Personalized Medicine at FDA".
4 Source: Personalized Medicine Coalition, 2017, "The Personalized Medicine Report".

The Group contracts with most of its customers on a fee-for-service basis under a project services agreement, with individual projects agreed using work orders. Billing is monthly with 60-90 day payment terms typically. The majority of the Group's income has historically been denominated in US$ (approximately 85 per cent. in 2018). In 2018, the Group generated approximately 47 per cent. of its sales from customers in the US, 43 per cent. from those in Europe and 10 per cent. from the rest of the world.

The revenue model for Landscape and Planning services involves short, discrete projects, typically delivered within 6-8 weeks. The Implementation and Tracking projects run for longer periods of time, but have good revenue visibility and less risk as they relate to products which are on the market. Typically, the Group will have visibility over 50 per cent. of its annual budgeted revenues at the beginning of the year, based on revenues that are either already contracted or have a high degree of certainty. Pharma's budget spending cycle has a strong seasonal impact on the distribution of the Group's revenues throughout the year, with a significantly greater proportion of the Group's sales occurring in the second half.

Figure 3 – extent of Diaceutics' involvement in drug development and launch pathway



7. 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 which fully align precision testing with their precision medicines;

2) ***Implementation*** – providing implementation services centred on the "Diaceutics Method" (see paragraph 9 below) and leveraging its global laboratory database and laboratory liaison team to implement rapid improvements to clinical testing with laboratory partners in key pharmaceutical markets; and

3) ***SaaS tools*** – using transformative technology developed in-house to provide data and tools via a SaaS-based platform NEXUS which seeks to greatly accelerate the uptake of the Group's services and make Diaceutics the partner of choice to pharmaceutical companies seeking access to precision testing in the global pharmaceutical markets (see paragraph 12 below).

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, CNS, autoimmune and infectious disease would open up companion diagnostic opportunities in these large therapeutic opportunities.
- *Geographic scope:* The Group is looking to expand its geographic reach, initially by building out its footprint in China/Japan/Korea/Taiwan. The Group has four existing projects running in Asia, which it will service through its 'hub' office in Singapore. It is anticipated that its Asia team will undertake the process of mapping and engaging new laboratory network contacts in the region. These developing markets represent key new growth opportunities for pharmaceutical 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 medium 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 intends to build a client portal, "NEXUS", which will provide a SaaS platform to facilitate access by its clients to its database and analytical tools and implementation capabilities. The platform will initially provide access for laboratories to input data, but will subsequently be extended to provide a data interface for its pharmaceutical clients allowing it to increase the scale and capacity of its services. The Group expects the first such pharmaceutical client contract to be signed within 20 months of Admission.

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 an outcomes-based pricing 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.

8. History and development

The Group was founded by the CEO, Peter Keeling and Dr Patrick Considine in 2005, initially as a consulting business to support companies seeking to navigate the complexities of combining personalised testing and therapy into a treatment pathway. The name of the business denotes its area of activity at the interface between the diagnostics and pharmaceutical industries. The business concept was based on the founders' evidence-based models that showed that an improved ROI could be achieved by the pharmaceutical industry from improved diagnostic testing. However, at the time of formation in 2005 the breadth of precision medicine in oncology comprised just five therapies and their related tests.

In order to provide a scalable and consistent commercialisation template for precision medicine pioneers and move past the consulting model into data analytics and implementation, the Group developed the "Diaceutics Method", which provides a structured, consistent and high-quality pathway for strategic planning and implementation between pharmaceutical and laboratories. In addition, the Group has built a data lake from the testing data of clinical laboratories in US, Europe, Brazil, China, Canada and other major markets. These laboratories contributed key data which evidenced emerging dynamics in the testing for precision medicine which the Group was able to use to develop its service offerings. The Group has achieved compound annual revenue growth of over 50 per cent in the past two years and has funded its growth by re-investing a proportion of profits in the development of four key services and the acquisition of big data sets from testing laboratories.

The Group raised its first round of external capital from WhiteRock Capital Partners LLP, as investment manager for the NI Growth Loan Fund LP, in the form of three terms loans; a £400,000 loan dated 21 May 2014, a £600,000 loan dated 21 March 2016 and a £1 million loan dated

19 October 2017. The funding was used to further augment the Group's data repository and expand into emerging global markets including China.

On 26 March 2018, the Group entered into an additional £2.5 million facility with Silicon Valley Bank to continue with data acquisition and to commence the early development of its NEXUS platform.

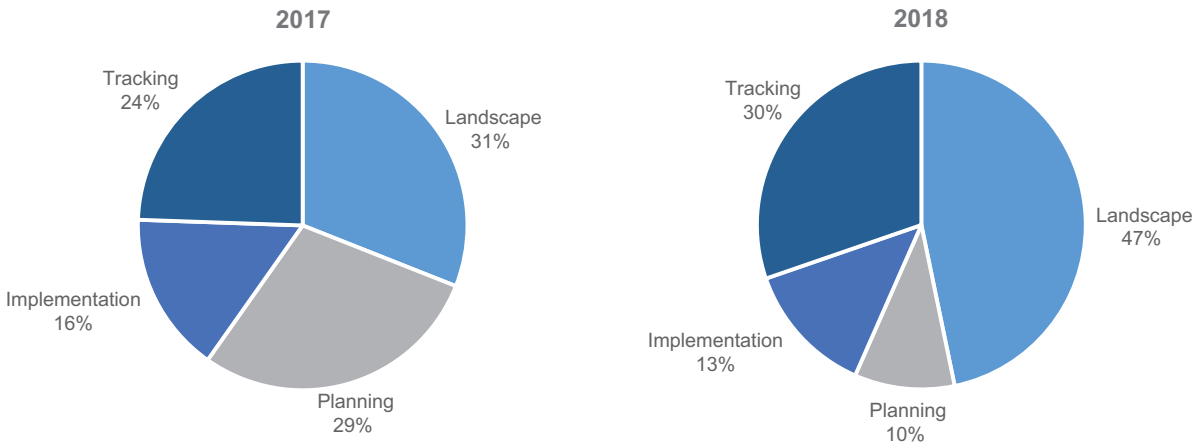
In 2018, the management team set about establishing its first relationship using Artificial Intelligence (AI) (a collaboration with Intel and Lenovo), which is intended to leverage the existing database by AI to apply novel new analytics to its 3.5 million patient longitudinal patient data. The Directors expect this will support earlier patient testing.

The Group opened a second office in the Republic of Ireland in 2011, a third in the US in New Jersey and, in 2018, expanded its geographic reach into several key strategic markets in South East Asia including China, Japan, Korea, Taiwan by setting up a "hub office" in Singapore.

9. Products and services

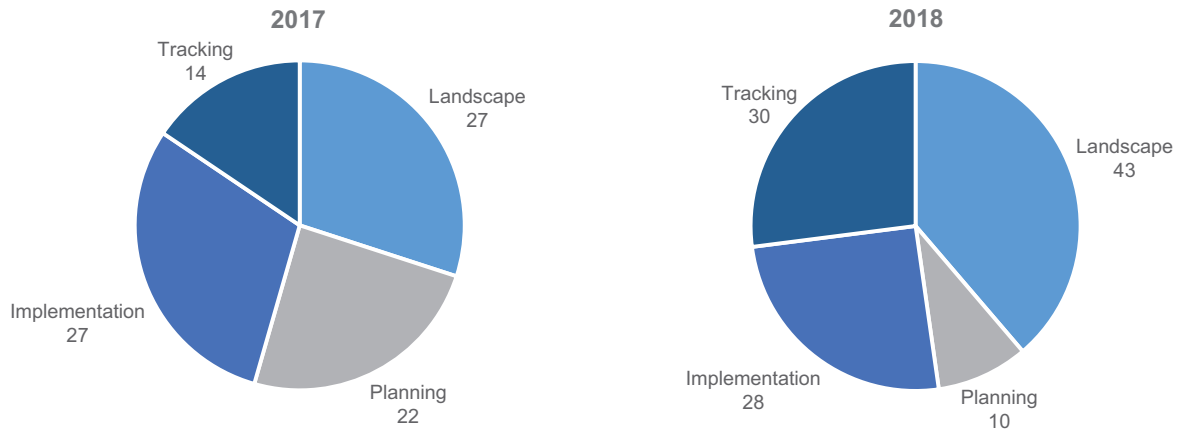
The Group's data, data analytics, products and outsourced services help its pharmaceutical clients to optimise and deliver their strategies for the launch of therapies that require a companion diagnostic. By the time drugs come to the market (after an average of 12 years in development), they may only have a short period of retaining patent exclusivity from which to achieve their return on investment (typically 8 years). Consequently, pharmaceutical companies have a desire to maximise their returns on investment for a precision medicine by optimising the speed of test adoption thereby increasing peak market share, but without introducing delays to the launch. The process to commercialise a therapy is well understood by pharmaceutical companies but less so in the roll-out of diagnostic even though the use of the diagnostic test is tied to the prescribing of a drug. The Group has developed a standard procedure which provides a collaborative framework for planning and implementation each of these areas – the "Diaceutics Method®". The method incorporates a modular pathway via four modules, Landscape, Planning, Implementation and Tracking, which cover the pharma companies' requirements over a period from pre-launch through to the early years of commercial sales. The revenue split between the four modules is likely to vary year to year which reflects the differing stages of development of its clients' drugs.

Figure 4 – revenue split by module



Source: Diaceutics

Figure 5 – number of projects by module



Source: Diaceutics

Landscape

In 2018, the Group carried out 43 Landscaping projects (2017: 27) with a combined value of approximately £4.7 million (2017: £2.3 million), representing approximately 47 per cent. of total revenue. The growth in Landscape in 2018 shown above reflects more precision therapies being developed by the larger pharma companies that year.

Noting the complexity of the testing environment, the Landscape module is designed to help clients better understand the challenges they face in adopting a diagnostic test and to map out their test requirements. This is achieved through provision of highly detailed information on the testing industry and the client's specific test, which would otherwise not be available to pharmaceutical clients.

The majority of the information is readily sourced from the Group's expanding data-lake. With Landscape, clients are provided with detailed information, including:

- where patients are currently being tested;
- how they are currently being tested;
- how many are being tested;
- what drugs they are being prescribed; and
- what the level of test adoption is across a particular geography.

Furthermore, clients are provided with information on lab reimbursement availability, test adoption rates and turnaround times.

The customised Landscape product is delivered to clients in the form of a report, typically 18-24 months in advance of launch. The Directors believe that a large majority of the Landscape projects progress to the next stage of Planning.

Planning

In 2018, the Group carried out 10 Planning projects (2017: 22) with a combined value of approximately £1.0 million (2017: £2.1 million), representing approximately 10 per cent. of total revenue. 2017 saw a higher than usual volume of Planning projects because the number of client assets moving into pre-launch phase increased substantially during the year.

Based on the market intelligence gleaned during the Landscape exercise, the Group works with its clients to plan the project including identifying a diagnostic product developer, drafting launch strategy, identifying reimbursement challenges and forecasting potential revenues. Following the

analysis of the market, the Group assists its clients in the product development planning process for their diagnostic test:

- *Launch planning*: The Diaceutics Method details over 400 key business decisions across 200 work-streams in preparation for the diagnostic launch, including understanding treatment pathways, regulatory guidelines, reimbursement coding and payment practices.
- *Strategic and tactical planning*: Diaceutics helps build diagnostic development and commercial strategies including the specific activities to address potential hurdles and estimate the investment requirements to build a robust tactical plan.
- *Diagnostic partner selection*: The Group helps to organise the partnership between a pharmaceutical company and a diagnostic developer with expertise in a specific technology or therapeutic indication.
- *Financial forecasting*: The Group's dedicated planning tool helps its client to forecast future revenue and marginal revenues derived from patient share gains/losses as part of the economic argument for a therapy and as part of a commercial strategy.

Implementation

In 2018, the Group carried out 28 Implementation projects (2017: 27) with a combined value of approximately £1.3 million (2017: £1.1 million), representing 13 per cent. of total revenue.

Once a new diagnostic test is approved, the Implementation module seeks to address the practical challenges of bringing a new diagnostic test to market. This module brings about real-world change in the marketplace by addressing barriers to adoption such as poor education or low testing rates. A range of products and services are provided by the Group to assist market development. These include:

- *Laboratory, training, education and liaison*: The Group's LabEd (laboratory education) program combines direct field visits, training webinars, delivery of specific content and educational materials to raise awareness and advocate for proper use of specific diagnostic tests ensuring that key laboratories are ready to support the positioning of a diagnostic test.
- *Content creation*: The Group creates branded and unbranded educational content to convey key commercial messages in advance of launch to maximise uptake of the test and pull through of the associated precision medicine's sales. The content is provided to different stakeholders including laboratories, physicians, advocacy groups or patients. Such materials may include white papers, scientific papers and abstracts.
- *Diagnostic advisory boards*: The Group provides expert advisory boards, formed of opinion leaders, pathologists or lab directors, to deliver valued industry-specific feedback and technical support to pharma and diagnostic companies involved in the development and commercialisation of diagnostics and precision medicines.

Tracking

In 2018, the Group carried out 30 Tracking projects (2017: 14) with a combined value of approximately £3.0 million (2017: £1.8 million), representing 30 per cent. of total revenue.

The Group's Tracking module, enables pharma clients to assess the impact of the testing environment on the commercial performance of their therapy, once it has been launched.

Diaceutics' data collection from key testing laboratories provides real-time monitoring of key indicators of a diagnostic product's performance including the level of uptake of a specific test or technology into the laboratory marketplaces, the impact on test availability in critical markets and performance against key KPIs. Such information allows for strategic and tactical course-correction, in almost real time, as warranted:

a) *Patient insights*: Longitudinal patient-level insights provide a granular view into testing patterns and test utilisation. The Group's data sourced from within the US offers a view of the patient's diagnostic journey including: patient demographics, testing history, which tests were utilised and in which order, testing patterns by condition, geographic nuances, average turn-around time by test, and changes in utilisation over time.

b) *Lab insights*: Identification of those key physicians and labs with low testing rates or where there are differences between testing rates and prescription rates for a specific diagnostic test. The client can then focus educational/promotional resources accordingly to rectify the situation. The Group can also identify physicians and labs where the order of certain testing is inconsistent with a precision medicine's label or where inefficiency (such as long turnaround times for the test) is leading to a reduced standard of care which could be improved by using the associated precision medicine.

c) *Physician Segmentation*: The Group also provides its clients with insights into the physician – laboratory relationship including the identity of the most popular labs ranked by prescriber usages; those labs which are being used by certain prescribers and those labs offering a superior testing service that a prescriber could use.

This ability to track the patient journey and understand the context of treatment methodology provides greater insight than a simple positive or negative test result from a laboratory.

10. The market for Diaceutics' services

As of 2018 there were 173 drugs on the market which are enabled by diagnostic tests, according to the FDA but the Directors estimate there to be in excess of 800 diagnostically enabled therapies in the pipelines of pharma companies. Of these approximately 330 are already at a stage meriting pre-launch diagnostic commercial planning and approximately 115 likely to be in the launch planning phase. On the basis of this pipeline and typical budgets for commercialisation services, the Directors believe that the addressable market for their specific services today is approximately US$0.5 billion. With expected market growth in the number of test dependent therapies alongside increased investment by pharma to remove testing hurdles to seamless treatment, Diaceutics forecasts the overall market will increase to US$2.5 billion by 2023.

11. Proprietary data-lake

The Group has spent a number of years sourcing, collecting, curating and organising diagnostic testing data and knowledge from multiple sources including government, laboratory collaborators, key bodies and public domain sources across 35 countries. The data set contains a combination of aggregated testing events and anonymised patient data for over 50 million patients covering 298 diseases. This data enables Diaceutics to determine the optimal commercialisation pathways for a new test and understand test adoption for newly launched diagnostics, patient positivity rates and other industry metrics. In the US for example, the Group collects detailed real world data from key clinical laboratories and integrates this with claims data to provide a detailed picture of testing patterns for particular biomarkers and diseases across the country.

Where data is provided by laboratory collaborators, it is done so in return for financial and non-financial consideration. Diaceutics has supply agreements in place with a significant number of entities, some of which enable provision of data from multiple laboratories, which are combined to give Diaceutics its coverage. Diaceutics continues to add additional data sources to its data-lake, strategically onboarding data sources that address current and future business needs. Diaceutics selects the data items which its deems to be useful for its business, from each data supplier.

The Diaceutics data ingestion engine takes multiple feeds from testing laboratories and organisations providing diagnostic data. Much of the raw data in the data-lake is in different forms representing the available data from different sources in different geographies. Information gathered includes quantitative data on test coverage, turnaround times, and test adoption rates.

Claims and laboratory data are received in regular intervals, either in monthly, quarterly or annual batches, and aggregated with other data sets from external public databases.

Where data is collected in Europe, this is stored in a platform provided by Rackspace and which is hosted on the Group's server located in Germany. All other data collected by the Company is stored in an Amazon Web Services S3 environment and runs Apache Spark as its computing engine. The data is collected by regional "holding centres" to ensure compliance with data laws, where it is transformed by a set of proprietary algorithms to bring together the varied datasets. The data is normalised to make it accessible to machine learning and/or data analytics and consolidated under a common unique identifier. All of the data is held in a way which ensures it is HIPAA compliant.

Interrogation of the data-lake provides up-to-date market intelligence which helps the Group's clients to understand testing practices across multiple markets and to make informed commercial decisions around product targeting, regulatory, reimbursement and access strategies.

The Group presently offers three primary insights to its pharma clients, based on this database, which form the substance of the Landscape and Tracking products, which make up its Data Analytics products:

- *Real world evidence*: Diaceutics helps its clients to get a deeper understanding of the clinical context surrounding a patient's diagnostic journey, using longitudinal monitoring, variations in testing patterns, test effectiveness results, calculated positivity rates, and changes in biomarker status over time.

- *Forecasting*: Diaceutics generates market forecasts, using accurate testing rates, accurate positivity rates, patient leakage analyses, test adoption predictions, and market share calculations.

- *Physician segmentation*: Diaceutics can segment physicians based on behavioural patterns, including test adoption, test ordering patterns, guideline adherence, pathology relationships, reimbursement factors and Clinical Trial associations.

The Group is seeking to reinforce the quality and scope of its insights by expanding its data-lake through further data-sharing relationships with key testing laboratories around the world (but focussed on key markets). These additional data providers will enable the Group to enhance its coverage of testing in oncology and to build out its access to testing in other clinical indications including infectious disease, cardiovascular, and autoimmune and central nervous system. The Group expects to spend a proportion of the proceeds received by it from the Placing on acquiring access to such data. Diaceutics intends to add to its data through additional relationships with data suppliers more active in the non-oncology space and through the acquisition of small data companies operating in the lab information space.

In future, the Group intends to grow its business by providing more information to more customers. Central to this is the ability to find more useful datasets (including new non-cancer indicators) and to identify specialist fractions of the dataset around which to build new tools and products. At present, the Group's pharmaceutical customers use only 20 out of 132 maximum data points collected (and stored by the Group) for each patient on which it holds anonymised longitudinal data.

It is anticipated that the data can be further elevated by additional analysis which, with the help of AI algorithms capable of illuminating complex patterns hidden within the data, could identify important new commercial opportunities.

12. NEXUS – SaaS Platform

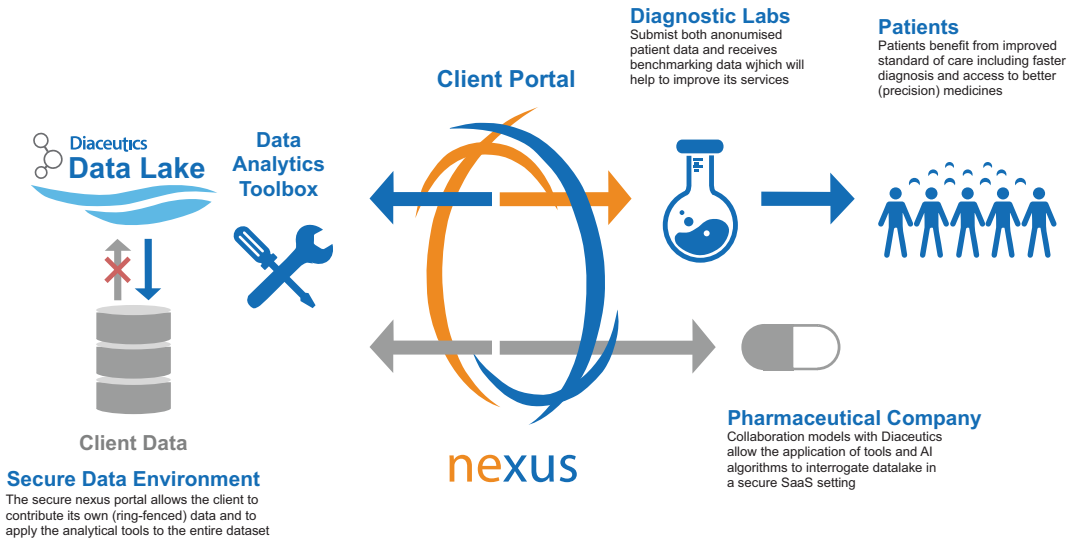
In order to facilitate access to the data, increase the scale and capacity of its services, and to ease the integration of additional datasets, the Group intends to build a multi-stakeholder interface which will provide many of the elements of the Diaceutics Method, and more, through a SaaS model called NEXUS.

NEXUS, which is currently under design and is expected to be operational by 2020 is designed as a cloud-based portal intended to enable formal collaboration tool for all stakeholders in the industry. It is expected that, through the creation of a single platform to the benefit of all participants, it will be possible to streamline and improve the research, design, development and commercialisation of precision diagnostics products.

One of the key attributes of NEXUS is enhanced data-security as it will be designed to provide a secure portal to enable a diversity of partners to access de-identified patient data and analytics which can be ring-fenced.

NEXUS is anticipated to initially be rolled out to diagnostic testing labs who can use the first module in the NEXUS platform – a "data ingestion tool" which accelerates the transfer of testing data to the Group, and will enable those labs to benchmark their services against other similar labs. It is intended that this data ingestion tool will be rolled out to multiple EU data contributors and global labs over the coming 24 months. The platform will subsequently be rolled out to pharmaceutical clients and eventually to physicians.

Figure 6 – NEXUS: a SaaS platform for multiple stakeholders



13. Data Security/Governance

In order to reduce exposure to data protection risks, the Group stipulates that de-identification and/or aggregation of all data occurs before it is transmitted to the Group. The contractual agreements with lab partners specify the format and procedure of data collection to ensure compliance and explicitly state that personal data of any kind is not to be transmitted to the Group. The security of the data shared using hosted services is tightly managed in compliance with key regulations in the US and EU. To ensure compliance with HIPAA and GDPR the Group has developed a series of data protection policies. The Group works extensively with its lab partners to define the data fields received from them. The data is stored in environments that follow strict policies for access as well as following high security standards, in line with the recommendations in both GDPR and HIPAA. The Group are constantly reviewing the architecture to enhance security and procedures for the collection, processing and storage of the data.

Data handling in the US

The collection and processing of data relating to an individual's health in the US is governed by HIPAA (Health Insurance Portability and Accountability Act of 1996). HIPAA Privacy regulations require health care providers and organisations, as well as their business associates, to develop and follow procedures that ensure the confidentiality and security of protected health information when it is transferred, received, handled, or shared. This applies to all forms of personal health information, including paper, oral, and electronic. The Group's laboratory partners use a commercially available solution for the de-identification of patient data. This commercial solution is compliant under HIPAA expert determination.

Data handling outside the US

The GDPR which came into force on 25 May 2018 reformulated data protection law and governs the use, collection and/or processing of personal data. The GDPR applies to the processing of personal data in the context of the activities of an organisation established in the European Union ("EU") but also applies to organisations established outside of the EU whose processing activities involve the offering of goods or services to EU residents or the monitoring of the behaviour of EU residents so far as that behaviour occurs in the EU.

The GDPR governs the use, collection and or processing of 'personal data'; personal data is any information that relates to an identified or identifiable person. An identifiable person is someone who can be directly or indirectly identified from the data, in particular by reference to an identifier. This definition of personal data therefore means that identifiers such as name, identification number, location data or an online identifier (e.g. IP address), which are specific to the physical, physiological, genetic, mental, economic, cultural or social identity of a person will amount to personal data.

In order to reduce exposure to data protection risks, the Group presently only collects aggregated data and not individual patient level data (whether anonymised or pseudo anonymised). The contractual agreements with lab partners specify the format and procedure of data collection to ensure compliance and explicitly state that personal data is not to be transmitted to the Group. The method is such that even the lab cannot re-identify the data subject. The Group's laboratory partners and other providers of data are themselves responsible, as controllers of that patient data, and to ensure that no personal data is transmitted, for ensuring there is a legal basis for its disclosure to the Group, as specified in the GDPR.

14. Competitive barriers

The Group has established a number of commercial barriers to entry:

- *Established market position*: The Group has developed and refined the Diaceutics Method as a proprietary approach to support clients to achieve a greater ROI, for example by facilitating better testing to improve ROI on precision medicine. The Directors believe that the Diaceutics Method has enabled the Group to achieve 80 per cent. repeat revenues and to service 20 of the top 30 pharmaceutical companies.

- *Diagnostic lab relationships*: Over the past 10 years the Group has established a database of over 2,500 clinical testing laboratories which have contributed to a large global, longitudinal "data lake" and implementation footprint. Data is collected via contractual and reciprocal data provision arrangements and are the product of a focused business development effort over a protracted period.

- *Quality and scope of data*: The Group's principal asset is the accumulated longitudinal database of multiple datasets comprising the curated and anonymised data of over 50 million patients in the US and 57 million testing events from 35 countries around the world. Diaceutics draws in different types of data from several different sources. Furthermore, testing data accumulated in multiple geographies (not just the US) enables

market-to-market comparison of, for example, test adoption and patient positivity rates. The curation of this data has resulted in an extensive database which, the Directors believe, is the only database of its type providing the facility for such broad geographic comparisons. Most importantly, the longitudinal nature of the database (over 10 years at this point) allows users to look back across patients' pathways through the healthcare system adding power and validity to any data observations. This database is the product of significant investment over several years and would require significant capital to replicate.

- *Data analytics*: The Group has developed a suite of proprietary algorithms used to automate the data extraction, to cross match the different data sets, and to provide "advanced analytics". These software assets are the product of significant investment, both in intellectual capital and financially, over a protracted period. While unpatented, these tools represent the Group's intellectual property. Software is typically not covered by patents, but is covered by copyright. The Directors believe that it would be complex to develop comparable software.

15. Competition

Most of the diagnostic commercialisaton services are currently served by the pharmaceutical customers themselves which have established internal teams focused on commercialising their drug products. However, the level of outsourcing for such non-core activities has increased steadily over the past 10 years and few have replicated the quality of the Group's service with its internal resources. This is evidenced by the 80 per cent. repeat revenues and over 50 per cent. compound annual growth that the Company has achieved during the last two years. The Directors believe that while there are competitors, none compete credibly in more than one aspect of the business (data or services) and none has the depth of skills and experience, not to mention the data asset, to compete in the field of diagnostics. Details of the most frequently encountered competitors are as follows:

Large Clinical Research Organisations (CROs)

The leader amongst CROs is IQVIA which was formed out of the 2016 merger between the data company IMS and the clinical services company Quintiles. IQVIA has a joint venture with Quest Diagnostics, called Q2 Solutions, which was formed in 2015. Quest Diagnostics operates a large US laboratory network and offers lab services, Quest alone has more than 2,200 patient service centres. Further, IQVIA's business focus is on drug development and the focus for the joint venture is principally about developing improved laboratory solutions for IQVIA's customers' clinical trials.

While we understand that IQVIA has the scientific expertise and global operational capabilities to provide certain consultancy services, competitor analysis commissioned by the Group in early 2018 suggested that they only had limited data and implementation offerings.

Management consultancies

There are numerous smaller consultancies which have similar service-based businesses to the Group. UK-based Core Precision, for example, provides similar consulting and implementation services to the Group. Core Precision's services cover launch and growth strategies. Promidian is another example of a management consulting firm that works with pharmaceutical companies on strategic, tactical, and operational aspects of a precision medicine and companion diagnostic launch. However, while these businesses have expertise in the field of precision medicine, the market analysis carried out in early 2018 suggested that neither offered the same level of data analytical services as the Group.

Several large consultancies also offer strategy services in therapeutic development. For example, Huron is a global consultancy providing healthcare services to many of the same large pharmaceutical clients as the Group. However, while this business has significantly greater scale and expertise than the smaller consultancies, it still lacks access to a proprietary dataset or global lab implementation capability to power its work.

Data providers

While some healthcare data providers have developed proprietary datasets to inform their insights, none that the Directors are aware of focus on diagnostics.

Data companies

There are also companies which have datasets which provide insights and perspectives for pharmaceutical and biotech companies, but which are not necessarily being used to inform diagnostic testing, such as those offered by the Group:

- New York-based Prognos is a healthcare AI company focused on informing decisions earlier in the patient's pathway in collaboration with payers. Prognos claims access to over 19 billion medical records for 185 million patients across over 30 disease areas in the US. Like the Group, Prognos claims an extensive suite of proprietary algorithms enabling it to aggregate, normalise and provide clinical insights derived from clinical diagnostics, prescription and claims data. However, Prognos has recently shifted focus to the insurance market.

- CareSet decodes Medicare claims data to guide new drug launches for pharmaceutical companies. Rather than diagnostic labs, CareSet's data analytics tools are used to group Medicare claims into patient journeys by disease. It then tracks patient outcomes. CareSet is using the data to enable pharmaceutical companies to interpret Medicare claims data and to guide new drug launches.

- Flatiron Health is a healthcare technology and services company. Flatiron partners with over 2,500 clinicians, 280 community cancer practices and seven major academic research centers collecting and curating data on cancer treatment pathways, outcomes and reimbursement claims. Like the Group, this data provides a valuable real time resource. However, Flatiron does not provide development support services such as those offered by the Group, but instead provides a suite of practice management tools and uses the real-world evidence that it gathers to accelerate research into new oncology treatments. Flatiron was acquired by Roche in 2018.

In summary, the Directors are unaware of any direct competitors to the Group. While there are undoubtedly companies operating in the same space and providing subsets of the same services and indeed providing similar SaaS client interfaces, the Group's unique database, global implementation services and method combined distinguishes it from all other competitors and places it in a beneficial position when competing for new business. The Directors believe that there will be incremental new opportunities to monetise the dataset (in much the same way as others have used their own different data sets) as it develops the secure NEXUS platform.

16. Intellectual property

Approximately £1.2 million has been spent on product development in the past two years. The majority of this investment has been focused on developing a suite of proprietary algorithms used to automate the data extraction to cross match the different datasets and to provide advanced analytics. These software assets are the product of significant investment, both in intellectual capital and financially, over a protracted period. While unpatented, these tools represent the majority of the Group's intellectual property.

17. Fundraising and use of proceeds

The Group has conditionally raised £17.0 million by way of a Placing of 22,368,427 Ordinary Shares of 76 pence each. The net proceeds from the Placing, receivable by the Company, expected to be approximately £15.2 million, will be used for the following:

- £5.5 million for the acquisition of additional data sets to enhance its current coverage as well as adding new disease data, and implementing a partnership to develop AI analysis;

- £3 million to develop NEXUS, the Group's proposed SaaS platform;
- £2.5 million to develop international markets either organically or through acquisition, and for working capital;
- £3 million to pay down the existing debt facilities and an outstanding Director loan; and
- £1.2 million to strengthen the Company's balance sheet which is expected to support future proposals submitted to our pharma clients.

In addition, the Board believes that Admission will assist the Group in its development by: (i) raising its profile in the sector; (ii) assisting in employee incentivisation; and (iii) facilitating potential acquisitions through increasing access to capital and/or shares as acquisition currency.

18. Summary financials

The following information is a selected information extracted from Part III of this document, entitled Historical Financial Information on the Group:

£'000	*Year ended 31 December 2016*	*Year ended 31 December 2017*	*Year ended 31 December 2018*
Revenue	4,589	7,371	10,373
Gross profit	2,655	4,887	6,802
Gross margin (%)	*58%*	*66%*	*66%*
Adjusted EBITDA*	1,223	1,062	1,930
Profit before tax	785	785	877

*Stated before exceptional items and share based payments.

Revenue has grown by 126 per cent. from 2016 to 2018, driven by the Group's growth across all four product modules. Gross margin has increased from 58 per cent. in FY16 to 66 per cent. in FY18, reflecting the benefits achieved from economies of scale through efficiencies in staff utilisation and using existing data for more projects. Profit before tax has reduced during the period as the Group continues to invest in growing the business, increasing overheads and number of employees as the Group continues to deliver more client projects.

Seasonality

The Group's business has a high degree of seasonality with the majority of revenues generated in the second half of the financial year. This is a result of the seasonal spending cycle of larger pharma customers who weight a large proportion of their precision medicine budgetary spend in the second half of the year, with the first half of the year typically focussed on clinical planning. During the past three financial years, the Group has generated, on average, 67 per cent. of annual revenues in the second half of the year. Whilst the Group expects to smooth its earnings profile through a higher proportion of recurring revenues derived from its tracking product, second half weighting is expected to continue for the foreseeable future.

19. The Placing

Cenkos has entered into the Placing Agreement with the Company, the Directors and the Selling Shareholders. Under the Placing Agreement, Cenkos has conditionally agreed (i) as agent of the Company, to use its reasonable endeavours to procure subscribers for the New Ordinary Shares at the Placing Price; and (ii) as agent of the Selling Shareholders, to use its reasonable endeavours to procure purchasers for the Sale Shares at the Placing Price. The Placing Shares are being sold to institutional and other qualified investors introduced by Cenkos.

The Placing comprises: (i) 22,368,427 New Ordinary Shares to be issued by the Company raising proceeds of approximately £15.2 million for the Company (net of commissions, fees and expenses); and (ii) 4,934,205 Sale Shares to be sold by the Selling Shareholders to raise gross proceeds of £3.7 million for the Selling Shareholders.

The Company will not receive any proceeds from the sale of the Sale Shares being sold by the Selling Shareholders (all of which will be paid to the Selling Shareholders after deduction of placing commissions and, if any, stamp duty).

The New Ordinary Shares will be issued credited as fully paid. On Admission, the Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares (including the Sale Shares), including the right to receive all dividends or other distributions declared, made or paid after Admission. The New Ordinary Shares and the Sale Shares are expected to represent approximately 32.15 per cent. and 7.09 per cent. respectively of the Enlarged Share Capital.

The Selling Shareholders have agreed to satisfy any liability to stamp duty or stamp duty reserve tax (if any) arising on the sale of the Sale Shares. The Placing has not been underwritten. Further details of the Placing Agreement are set out in paragraph 13.1 of Part IV of this document.

The Placing of the New Ordinary Shares will be conducted in two separate tranches over two Business Days to assist investors in the First Tranche Placing to claim certain tax reliefs available to EIS and VCT investors.

It is intended that the Company will issue the First Tranche Placing Shares to the persons nominated by the Company in accordance with the Placing Agreement with effect from no later than 5.00 p.m. on 20 March 2019, being one Business Day prior to Admission. **The issue of the First Tranche Placing Shares will not be conditional on Admission**. It is intended that the Company will issue the Second Tranche Placing Shares in accordance with the Placing Agreement with effect from no later than 8.00 a.m. on 21 March 2019. The issue of the Second Tranche Placing Shares will be conditional on Admission.

Investors should be aware of the possibility that only the First Tranche Placing Shares might be issued and that none, or only some, of the remaining Second Tranche Placing Shares are issued. Investors should also be aware that Admission might not take place. Consequently, even if the First Tranche Placing Shares have been issued there is no guarantee that the placing of the Second Tranche Placing Shares will become unconditional. The working capital statement set out in paragraph 22 of Part IV of this document assumes that all of the Placing Shares are issued and that Admission takes place. If all of the Placing Shares are not issued and Admission does not take place the Company may not be able to implement the strategy and growth plans as outlined in this document.

EIS and VCT investors should be aware that the Directors cannot guarantee that the First Tranche Placing Shares will be able to be treated as qualifying for relief under the EIS Scheme under Part 5 of the Income Tax Act 2007 or as qualifying holdings under the VCT scheme within the meaning of Part 6 of the Income Tax Act 2007. Investors should also be aware that due to a recent repurchase of its own shares by the Company, EIS deferral relief may not be available in respect of the First Tranche Placing Shares. The Placing is not underwritten and, other than in respect of the First Tranche Placing Shares, is conditional, *inter alia*, upon Admission becoming effective and the Placing Agreement becoming unconditional in all other respects and not being terminated by 8.00 a.m. on 21 March 2019 or such later date (being no later than 4 April 2019) as the Company and Cenkos may agree.

20. Current trading and prospects

The Group has had a positive start to the current financial year and trading continues in line with the Directors' expectations. By the end of February the Group had already contracted with three pharma clients for work to be undertaken across the year. This work spans all four of its key

markets including US, Europe, Asia and Australia. The Group is currently investing in the expansion of those teams driving its key growth pillars including additions to its account management, global lab liaison and data analytics teams.

Given the positive start to the current financial year and the Board's assessment of the strength of the Group's strategy, business model and pipeline the Directors have confidence in the Group's prospects for the current financial year. The Board is focused on the Group's strategy of becoming a leading supplier of data analytics and implementation services to the global pharmaceutical industry dependent upon precision testing to drive targeted therapy prescribing.

The Directors believe that the net proceeds of the Placing available to the Company should enable it to raise the profile, transparency and status of the Group, benefitting the Group's relationships with its pharma clients, as well as facilitating access to capital to support further expansion of its data-lake, data analytics and insights capability, global footprint, lab relations and accelerate the development of its end to end SaaS platform NEXUS.

21. Directors

On Admission, the Board will be comprised as follows.

Peter Keeling *(age 58), Chief Executive Officer*

Peter has over 30 years' experience as a leader, entrepreneur and strategist in the pharmaceutical industry. He has led international companies and teams with a focus on novel business models and product launches, including therapies, diagnostics and FMCG products.

Peter started his career as Distribution Manager at American Monitor Corporation where he oversaw the distribution of reagents and equipment globally. He subsequently spent 11 years leading projects in both operational and strategic roles at the pharmaceutical division of the Wellcome Foundation, including Sales Manager for the pharmaceutical business in North and West Africa (4 years), Commercial Director for a joint venture with Wellcome Indonesia (3.5 years) and Brand Director at a global product level for Wellcome's antiviral franchise (3.5 years). Wellcome was merged into Glaxo in 2004. Subsequently, he was Founder and Chief Executive Officer of Diagnology Inc, a US/Irish based diagnostics company which specialised in development and commercialisation of tests for sexually transmitted diseases. Peter has led Diaceutics from its inception in 2005 to become a leader in innovative solutions which currently services 20 of the world's largest pharmaceutical companies.

Peter holds a degree in business administration from Queens University Belfast, a Masters degree in European Marketing from Buckingham University Business School and spent an academic year as a Visiting Fellow at MIT's Sloan business school in 1994 where he led a multi-corporation US think tank designed to look at disruptive healthcare models for the pharma industry. Peter has published several peer reviewed papers on precision medicine and is a respected speaker at precision medicine events around the world.

Ryan Keeling *(age 36), Chief Innovation Officer*

Ryan is an expert in commercialisation of diagnostics and associated technology, with over 10 years' experience in the field.

Ryan has led the development and commercialisation of the Group's technology, including its proprietary data-lake. Ryan has played a pivotal role in the Group's technological and strategic development, previously acting as its Chief Operating Officer until June 2018. As CIO, Ryan is responsible for driving the Group's product innovation, with a near term focus on the development of NEXUS. Prior to joining Diaceutics in 2009, Ryan spent eight years as a software engineer for Aepona Limited, providing network infrastructure and related services to telecommunications operators.

Ryan holds a software engineering degree from Queens University Belfast. Ryan is seen as a thought leader in the field of diagnostic commercialisation and data integration speaking at precision medicine and healthcare data conferences globally.

Philip White FCA *(age 44), Chief Financial Officer*

Philip has over 15 years' management and financial experience, and has been Chief Financial Officer of Diaceutics since 2011.

He is a fellow member of the Institute of Chartered Accountants in Ireland and of the Institute of Directors. Philip gained a degree in Law and Accountancy from Queens University Belfast, and has completed the SEP program at the London Business School. Prior to joining Diaceutics, Philip was involved in negotiation, execution and integration of corporate acquisitions through his role as director of Philip White Tyres Ltd. a family business. Philip has responsibility for all financial and risk management operations and works with the executive management team to develop and implement strategies across the organisation.

Julie Goonewardene Wallin *(age 60), Non-Executive Chair*

Julie joined the advisory board of Diaceutics in 2013 and was appointed Chairperson in 2019. She has extensive experience in healthcare, information technology, and business.

Having graduated from Purdue University, she spent the first twenty years of her career in the field of information technology, leading the growth and exit of companies in the sector. In 2005, she returned to Purdue to create the University's first venture fund and to help faculty inventors turn their research projects into commercial enterprises. Julie then went on to remake the corporate partnership and commercialisation capabilities at the University of Kansas and University of Kansas Medical Center.

She currently serves as the Chief Innovation and Human Resources Officer at the University of Texas System, which is one of the US's largest and most respected systems of higher education with a focus on healthcare.

Her board experience includes American Medical Association (immediate past public member), and the Personalized Medicine Coalition (immediate past member). Additionally, she served as an advisor to the United States Secretary of Commerce as a member of the U.S. Department of Commerce's National Advisory Council on Innovation and Entrepreneurship (NACIE). She was also a member of the American Association for the Advancement of Science (AAAS) Committee on Science, Engineering and Public Policy.

Charles Hindson *(age 59), Non-Executive Director*

Charles joins the board as a non-executive director, and chair of the audit and remuneration committees. He brings 16 years' experience of FSTE listed company board membership, having served in executive director roles with Filtronic plc, firstly as Group Finance Director and subsequently Chief Executive, and then with e2v technologies plc, as Group Finance Director.

He is experienced in supporting business leaders develop technology businesses internationally, though organic growth and successful acquisitions, and this has been reflected in creating meaningful shareholder value with these listed companies.

His early career was with 3i and PwC, and then in HQ and international divisional finance roles with British Gas plc and British Telecom plc before becoming Finance Director with Eutelsat SA, based in Paris, France. He now also serves as a trustee of Trinity College London, the international exam board for performing arts and English language qualifications, and is a member of its audit committee.

Michael Wort *(age 68), Non-Executive Director*

Having trained as a microbiologist, Michael brings over 40 years' experience working with life science companies across the healthcare sector. Initially working with three of the top ten global pharmaceutical companies in a variety of sales, marketing and research positions, he was appointed Investor Relations Manager of Wellcome Plc and was actively involved in the global communications programme for the major £2.3 billion secondary offering of Wellcome Plc shares by the Wellcome Trust, which enabled him to develop working relationships with key figures in the life sciences industry.

After leaving Wellcome, Michael was a founding partner in the UK's first specialist communications agency, for the emerging biotechnology industry. Apart from a diversion caused by his involvement as the CEO during the privatisation of the Bulgarian pharmaceutical industry his career has been devoted to working with start-up and growing SMEs to maximise their potential for growth.

Senior management

In addition to the Board, the Group is supported by, amongst others, the following senior managers.

Damian Thornton, *Chief Operating Officer*

Damian is an engineer by training and has more than 20 years' experience in the operation, design and construction of industrial facilities, with more than 15 years' specialist international pharmaceutical experience.

Damian is responsible for overseeing operations across the Group. As Operational and Business Development Director for European and Asian regional divisions, his functions include contract reviews, project cost reviews and approvals, development of business development strategies, client development and executive leadership and program director for multiple large scale pharmaceutical projects.

Jordan Clark (M Phil), *Chief Technology Officer*

Jordan previously spent five years at Cambridge University diagnosing cancer patients and working to aid their care. He has a strong background for biomarker testing through his role at UK NEQAS, one of the largest proficiency test providers, where he founded seven new quality programs.

As Chief Technology Officer, Jordan leads client projects to ensure the Diaceutics Method® is harnessed to deliver maximum strategic benefit to clients. He has worked on optimising diagnostics for over 20 targeted therapies.

22. Dividend policy

The Board has no current intention of paying a cash dividend to Shareholders as the Board currently intends to invest the Company's cash reserves and any cash generated into driving business growth, but will consider declaring a dividend only when prudent to do so and in the context of the cash generated by the business.

23. Taxation

General information relating to UK taxation is summarised in paragraph 20 of Part IV of this document.

Any person who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than that of the UK, should consult his or her professional advisers.

24. Share Option Schemes

The Company intends to establish a share option scheme and plans to issue options under the scheme post-Admission. While not granted at Admission, up to 315,789 share options are expected to be granted to each of Ryan Keeling and Peter Keeling. Further details of the share option scheme is set out in paragraph 19 of Part IV of this document. In addition, the Company has entered into employment contracts which will require it to issue an aggregate of 1,238,080 Ordinary Shares to 66 employees, which will vest 182,320 in 2019, 262,880 in 2020 and 250,160 in 2021 with the balance in the years out to 2025.

25. Corporate governance and internal controls

The Company is required under AIM rules to comply with a recognised corporate governance code. The Board intends to implement appropriate measures (having regard to the current stage of development of the Company) to comply with the QCA Code. The Directors acknowledge the importance of the principles set out in the QCA Code and will include an appropriate corporate governance statement both in its annual report and on the Company's website.

The Board will on Admission comprise three executive directors and three independent non-executive directors, reflecting a blend of different experience and backgrounds. The QCA Code states that a company should have at least two independent non-executive directors. The Board believes that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities following Admission, while at the same time ensuring that no individual (or a small group of individuals) can dominate the Board's decision making. The Company will appraise the structure of the Board on an ongoing basis.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors will receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings.

The Board has established the Audit Committee, Remuneration Committee and Insider Committee with formally delegated duties and responsibilities as described below.

Audit Committee

The Audit Committee will be responsible for (*inter alia*) monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, monitoring the effectiveness of the internal audit function and overseeing the relationship with the external auditors (including advising on their appointment, agreeing scope of the audit and reviewing the audit findings).

The Audit Committee will initially comprise Charles Hindson, Julie Goonewardene Wallin and Michael Wort and will be chaired by Charles Hindson. The Audit Committee will meet at least twice a year at appropriate times in the report and audit cycle and otherwise as required. The Audit Committee will also meet regularly with the Company's external auditors.

Remuneration Committee

The Remuneration Committee will be responsible for determining and agreeing with the Board the framework for the remuneration of the executive directors and other designated senior executives and, within the terms of the agreed framework, determining total individual remuneration packages including, where appropriate, bonuses, incentive payments and share options or other awards. The remuneration of non-executive directors will be a matter for the executive members of the Board. No director will be involved in any decision as to his or her own remuneration.

The Remuneration Committee will initially comprise Charles Hindson, Julie Goonewardene Wallin and Michael Wort and will be chaired by Charles Hindson. The Remuneration Committee will meet at least three times a year and otherwise as required.

Insider Committee

The Insider Committee will be responsible for assisting and informing the decisions of the Board concerning the identification of inside information and/or price sensitive information and to make recommendations about how and when the Company should disclose that information in accordance with the Company's disclosure manual, the Disclosure Guidance and Transparency Rules, the AIM Rules and the Market Abuse Regulation ("**MAR**").

The Insider Committee will initially comprise Philip White, Charles Hindson and Michael Wort.

26. Share dealing policy

In accordance with its obligations under rule 21 of the AIM Rules for Companies, the Company has adopted, with effect from Admission a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their closely associated persons) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with MAR). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy.

27. Lock-in and Orderly Market Arrangements

Pursuant to the terms of the Lock-in Agreements, the Directors who hold Ordinary Shares and the other Locked-in Shareholders who hold, in aggregate, 39,124,284 Ordinary Shares (representing 56.2 per cent. of the Enlarged Share Capital) have agreed that they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect), except with the prior written consent of Cenkos for a period of 12 months from Admission.

In addition, the Directors who hold Ordinary Shares and, the other Locked-in Shareholders have agreed, for a further period of 12 months following the expiry of the initial 12 month period, not to trade any Ordinary Shares except through Cenkos.

Pursuant to the terms of the Soft Lock-in Agreements, the Soft Locked-in Shareholders who hold, in aggregate, 1,742,598 Ordinary Shares (representing 2.5 per cent. of the Enlarged Share Capital) have agreed for a period of 12 months from Admission not to trade any Ordinary Shares except through Cenkos.

The lock-in arrangements are intended to preserve an orderly market in the Ordinary Shares after Admission. Details of these arrangements are set out in paragraph 13 of Part VI of this document.

28. Admission, Settlement and CREST

Application will be made to the London Stock Exchange for the Existing Ordinary Shares and the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence at 8.00 a.m. on 21 March 2019.

The Company has made arrangements for the Ordinary Shares to be admitted to CREST in advance of Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system, if the relevant shareholder so wishes. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer.

In the case of placees who have requested to receive New Ordinary Shares in uncertificated form, it is expected that CREST accounts will be credited with effect from 21 March 2019. In the case of placees who have requested to receive New Ordinary Shares in certificated form, it is expected that share certificates will be dispatched by post within 14 days of the date of Admission. Pending dispatch of definitive share certificates, the Registrar will certify instruments of transfer against the register. No temporary documents of title will be issued.

The ISIN number of the Ordinary Shares is GB00BJQTGV64. The TIDM is DXRX'. The LEI is 213800VEWQBB39ZB8J81.

29. EIS and VCT

The Company has received advance assurance from HMRC that the First Tranche Placing Shares will be regarded as "eligible shares" for the purposes of EIS. However, none of the Company, the Directors or any of the Company's advisers gives any warranties or undertakings that such reliefs will continue to be available and not be withdrawn at a later date. Investors should also be aware that due to a recent repurchase of its own shares by the Company, EIS deferral relief may not be available in respect of the First Tranche Placing Shares. Further information on taxation for UK taxpayers is given in paragraph 20 of Part IV of this document.

30. Application of the Takeover Code

The Company is a public company incorporated in Northern Ireland and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the Takeover Code applies to the Company and operates principally to ensure that the Shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code also provides an orderly framework within which takeovers are conducted

The Takeover Code governs, inter alia, transactions which may result in a change of control of a company to which the Takeover Code applies. Under Rule 9 of the Takeover Code, where any person acquires an interest in shares (as defined in the Takeover Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the Takeover Code) with him) in aggregate, carry 30 per cent. or more of the voting rights in a company which is subject to the Takeover Code, that person is normally required by the Takeover Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person who together with persons acting in concert with him is interested in shares (as defined in the Takeover Code) which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, and/or any such person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, such person or persons acting in concert with it will normally be required to make a general offer to all remaining shareholders to acquire their shares.

The Takeover Panel would normally presume that all Shareholders, as a consequence of the re-registration of the Company as a public limited company and Admission, will be acting in concert with one another unless that presumption is rebutted. Following discussions with the Takeover Panel, this presumption has been rebutted for all Shareholders other than Peter Keeling and his family members (Delia Keeling, Ryan Keeling and Derry Mae Keeling) and Elizabeth Considine who are presumed to be acting in concert for the purposes of the Takeover Code ("**Founder Concert Party**"). On Admission, the Founder Concert Party will together hold 25,931,492 Ordinary Shares representing an aggregate of up to 37.3 per cent. of the Enlarged Share Capital.

It is intended that Peter Keeling and Ryan Keeling as executive directors of the Company will be participants in the ESOP and will, following Admission, be granted options over certain Ordinary Shares ("**ESOP Options**"). Further details relating to the ESOP are set out in paragraph 19 of Part IV (Additional Information) of this document. Assuming that all the ESOP Options are in fact granted and are exercised in full by Peter Keeling and Ryan Keeling, then the members of the Founder Concert Party could hold in aggregate (and where there are no other changes to the Company's issued share capital), a maximum of 26,563,070 Ordinary Shares, representing approximately 38.1 per cent. of the Company's issued share capital at that time (on the basis of the assumptions set out above).

On the basis that the maximum controlling position of the Founder Concert Party upon exercise of the ESOP Options expected to be granted is set out in this document, the Takeover Panel has confirmed that any issuance of shares resulting from the exercise of the ESOP Options will not result in the Founder Concert Party incurring an obligation to make an offer under Rule 9 of the City Code. However, should any member of the Founder Concert Party acquire any interest in Ordinary Shares other than pursuant to the exercise of the ESOP Options this may give rise to an obligation upon that or another member of the Founder Concert Party to make an offer for the entire issued share capital of the Company at a price no less than the highest price paid by the individual member of the Founder Concert Party or any other member of the Founder Concert Party in the previous 12 months, under Rule 9 of the Takeover Code.

Further information on the provisions of the City Code and the Founder Concert Party can be found in paragraph 21.4 of Part IV of this document.

31. Notification of major interest in Ordinary Shares

Chapter 5 of the Disclosure Guidance and Transparency Rules makes provisions regarding notification of certain shareholdings and holdings of financial instruments. Where a person holds voting rights in the Company as a shareholder through direct or indirect holdings of financial instruments, then that person has an obligation to make a notification to the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below 3 per cent. or any whole percentage point above 3 per cent. The requirement to notify also applies where a person is an indirect shareholder and can acquire, dispose of or exercise voting rights in certain cases.

32. Additional Information

You should read the whole of this document which provides additional information on the Company and the Placing and not rely on summaries or individual parts only. Your attention is drawn, in particular, to the Risk Factors set out in Part II of this document and the additional information set out in Part IV of this document.

PART II

RISK FACTORS

In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Group.

An investment in the Ordinary Shares involves a high degree of risk and may not be suitable for all recipients of this document and is only suitable for prospective investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If you are in any doubt about the action you should take, you should consult an independent financial adviser authorised under FSMA 2000 who specialises in advising on the acquisition of shares and other securities if you are taking advice in the United Kingdom.

This summary of risk factors is not intended to be exhaustive, nor is it an explanation of all the risk factors involved in investing in the Group and nor are the risks set out in any order of priority. It should be noted that the risks described below are not the only risks faced by the Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. The risks listed below are not set out in any particular order of priority.

RISKS SPECIFICALLY RELATED TO THE GROUP AND THE BUSINESS

The Company has a significant dependency on its ongoing access to patient diagnostic data

Diaceutics acquires data from multiple sources including government, laboratory collaborators, key bodies and public domain sources. Where data is provided by laboratory collaborators, it is done so in return for financial and non-financial consideration. Many of these data sources themselves have been selected because they individually provide data for multiple laboratories. The failure of a significant data supplier may be disruptive to the Group's operations, although is not expected to provide a long-term issue to the Group in relation to the supply of data. If a large number of data contributors were to cease providing data at the same time, either as a result of competitive changes (new entrants in the market competing for exclusive access to the data) or because of regulatory changes, or the pricing of data was to materially increase, then Diaceutics ability to undertake its data and implementation services would be materially undermined and could have a material adverse effect on the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations.

The Company's growth strategy is dependent on accessing new data sets including the formation of new data collaborations in new geographies

The rules on data protection afforded to patient data in different countries varies widely and there can be no assurance that the Group will be able to secure such datasets or that the basis of acquisition will be commensurate with the agreements in place to date. Furthermore, data protection laws are highly heterogeneous around the world and subject to evolution as privacy issues come to the fore. There can be no assurance that even if it were possible to acquire the datasets, that Diaceutics or its clients would have unfettered (cross border) access to the data or that the data to which Diaceutics currently enjoys access will continue to be available on the same terms, both economically or legally. If Diaceutics were unable to use the datasets which it requires in order to deliver the new product segmentations and platforms described above then it could have a material adverse effect on the Group's revenue growth, financial condition, profitability, results, prospects and/or future operations.

Diaceutics handles medical data which could contain sensitive details extracted from patients' medical records

The data which the Group receives from its partners in the US is in a de-identified format, meaning that the patients cannot be identified based on the information. As the collection of such data includes personal health information (albeit in a de-identified format), the Group is required to comply with the provisions of HIPAA. The Group has implemented a number of policies and procedures to ensure compliance with HIPAA. Outside of the US, no patient level data in any form (whether anonymised or pseudo-anonymised) is presently received. While the Group does not therefore believe that the data is subject to full current data protection regulations including the General Data Protection Regulations ("**GDPR**"), it continues to conduct its business with the highest standards of governance and data security. However, should it be determined that the data is, in fact, sensitive personal data that is subject to the full breadth of data privacy laws, the Group may be required to hold and manage the data in a less effective manner or may be prevented from applying it to assist customers in the way that it currently does.

In addition, if any personal data (whether relating to patients or other data subjects such as employees) data were to be stolen or leaked to a third party, then there is the potential for consequences for both the data subject and the Group. The penalties for loss of personal data are extremely high reflecting the seriousness of such a breach. For example for non-compliance with the EU's GDPR include fines of up to 4 per cent. of annual global turnover or €20 million – whichever is greater. Other corrective powers and sanctions applicable in the EU include imposing a temporary or permanent ban on data processing, ordering the rectification, restriction or erasure of data, and suspending data transfers to third countries. If Diaceutics were to experience a data breach/loss of personal data, then the sanctions, associated loss in customer confidence and reputational damage could have a material adverse effect on the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations.

Diaceutics cannot ensure that the provision of services through a SaaS platform or the expansion of products and services in new jurisdictions or indications will be successful

As part of its growth strategy the Group intends to develop a SaaS platform (NEXUS) and to build up capabilities in indications other than oncology and to expand into territories outside of the EU and United States. Any expansion into new markets would expose the Group to a variety of risks including: different regulatory requirements, different customer preferences, managing foreign operations, exchange rate risk and inability to build new laboratory networks. The Group will invest significant amounts to develop its SaaS based platform and risks that during such development it: (i) is unsuccessful in developing a suitable platform with the functionality that its customers require; (ii) may not be able to transition its customers to use such a platform; or (iii) is unable to achieve the expected pricing levels for providing it. It may also expend such resource on developing NEXUS which ultimately proves to be unsuccessful or takes a much longer period than anticipated to become successful. Failures and/or delays in successfully launching NEXUS may have a material adverse effect on Diaceutics' results of operations and prospects.

Near term growth is dependent in part on price increases

The Group expects that a proportion of its near-term growth will be dependent upon implementing price increases across a number of its products and services. While in some instances, these have been agreed with customers, there is no certainty that overall, the Group will be able to achieve some or all of these price increases. In the event that it fails to do so, growth in the near term will be more dependent on increasing the number of projects, or, if that is not possible, may be substantially reduced. Any significant failure to implement price increases could have a material adverse effect on Diaceutics' business, results of operations and financial condition.

Any material disruption in Diaceutics' IT systems could have a material adverse effect on its business, financial condition and results of operations

Diaceutics ability to service its customers and deliver the insights required by its clients relies to a significant degree on the efficient and uninterrupted operation its IT systems and its ability to take on new data to the data-lake, curate it appropriately and access it as needed. The failure of Diaceutics' IT systems to operate effectively could adversely affect its business. In particular, should it be required as the business expands, the implementation of new IT systems could take longer than expected, disrupt Diaceutics' current systems and/or incur cost overruns. In addition, Diaceutics' IT systems may be subject to damage and/or interruption from power outages, computer, network and telecommunications failures, computer viruses, security breaches and usage errors by its employees. If Diaceutics' IT systems are damaged or cease to function properly, it may have to make a significant investment to fix or replace them, and it may suffer loss of critical data and interruptions or delays in its operations. While the Group does have normal disaster recovery and business continuity contingency plans, no assurance can be given that, if a serious disaster affecting the business, systems or operations occurred such plans would be sufficient to enable the Group to recommence trading without loss of business. Any significant disruption in Diaceutics' IT systems could have a material adverse effect on its business, results of operations and financial condition.

Diaceutics relies on third parties, including data centres and bandwidth providers, for hosting, processing and storaging of data. Any failure or interruption in the services provided by these third parties could harm its operations and reputation. In addition, Diaceutics may have little or no control over these third parties, which increases its vulnerability to service problems. Any disruptions in the network access, co-location or hosting services provided by these parties could significantly harm Diaceutics' business. Diaceutics may in the future experience disruptions in these services. If these providers were to suffer financial or other difficulties (such as security breaches and computer viruses), their services to Diaceutics could be interrupted or discontinued and replacement providers may be uneconomical, unavailable or not capable of being replicated sufficiently quickly. Any of these events could have a material adverse effect on the Diaceutics' business (including client reputation), operating profit and overall financial condition.

Certainty of contracts and pipeline

Although the Group has visibility over a proportion of its revenues through signed up contracted work or high probability tenders, these may fail to be awarded or can be subject to cancellations and delays. Any cancellations, delays, material amendments and uncertainty around the Group's Order Book could have an impact on the revenues of the Group.

Loss of a major customer

The Group's customer base is relatively well diversified, with the top 10 customers in 2018 accounting for approximately 80 per cent. of revenue. However, certain customers, with which the Group has a long term historical relationship, contribute over 10 per cent. of annual revenue. Whilst the Group believes it has a very good working relationship with all its major customers, the loss of any such major customer would have a direct impact on the earnings potential of the business. Furthermore, it may be challenging to replace any such lost income, as the relationship for a major contract usually takes time to establish and the responsibility to deliver a significant project is typically developed over a number of years.

Transfer pricing

There is a risk that amounts paid or received under intra-group arrangements in the past and/or in the future could be deemed for tax purposes to be lower or higher, as the case may be, or be disregarded for the purposes of calculating tax, which may increase the Group's taxable income or decrease the amount of relief available to the Group with a consequential negative effect on its financial position.

Unexpected demand for services

As with many fast growing development companies, it is possible that the Group is subject to unpredictable high demand for its services before it has the adequate capacity and requisite systems and processes to satisfy such demand. If the Group is not able to manage those demands to customers' satisfaction, it may experience reputational and/or financial damage.

Change of control

The Group has certain agreements in place which currently permit the counterparty to terminate such agreements if their consent is not obtained prior to a change of control of the Company. Whilst the Directors are not aware of any intention on the part of such counterparties to terminate their agreements with the Group, or cease or suspend trading with the Group, the Placing and subsequent Admission may constitute a change of control under the relevant agreements for which consent of the counterparties has not been obtained. Should any such counterparty elect to terminate its agreement with the Group due to the change of control it could cause harm to the Group's business, financial condition and results of operations.

If the Company is not able to prevent disclosure of its trade secrets, know-how or other proprietary information ("Confidential Information"), the value of its products and services could be significantly diminished.

The Group relies on trade secret protection to protect its Confidential Information including in respect of services for which patents are difficult to obtain or enforce. In particular, the Company's commercial success depends in a large part, on software (such as NEXUS and its components), know-how (such as the Diaceutics Method), trademarks and trade secrets. Consequently, the Group relies on its Confidential Information to protect its proprietary rights. However, while the Group has a policy of requiring its consultants, contract personnel, advisers and third-party partners to enter into confidentiality agreements and its employees to enter into non-disclosure and non-compete agreements, the Group may not be able to adequately protect its Confidential Information. Furthermore, there can be no assurance that the Group has entered into such agreements with all parties that have had access to its Confidential Information or that such agreements will provide meaningful protection of Confidential Information in the event of any unauthorised use or disclosure of such information.

It is also possible that Confidential Information could be obtained and released into the public domain by third parties as a result of breaches of its physical or electronic security systems. Any disclosure of confidential data into the public domain or to third parties could allow the Group's competitors to learn Confidential Information and use it in competition against the Group. While any release of the Group's Confidential Information into the public domain could result in increased competition and have a material adverse effect on the Group's business, its operations, prospects, financial condition and financial results.

Conversely, any action to enforce the Group's rights to Confidential Information against misappropriation or unauthorised use and/or disclosure of is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable.

GENERAL CORPORATE RISK

The Group's risk management procedures may fail to identify or anticipate future risks

Although the Directors believe that the Group's risk management procedures are adequate, the methods used to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significantly greater than historical measures indicate. Risk management methods depend on the evaluation of information regarding markets or other matters that is publicly available or otherwise accessible to the Group. Failure (or the perception that the Group has failed) to develop, implement and monitor the Group's risk management policies and procedures and, when necessary, pre-emptively upgrade them could give rise to reputational and

trading issues which could have a material adverse effect on the Group's business, prospects, results of operations and/or financial condition.

Dependence on key executives and personnel

The Directors believe that the future success of the Group will depend in part upon the expertise and continued service of certain key executives and technical personnel, including the Directors and senior managers. Furthermore, the Group's ability to successfully develop commercial products will also depend on its ability to attract, retain and motivate suitable management, scientific, marketing and sales personnel.

Competition for highly competent and qualified employees is often intense due to their limited numbers. The Group's business, as a knowledge-based business is significantly dependent on intellectual property and clinical understanding, therefore the on-going ability to attract outstanding data scientists will be a key success factor. The sale of the products and services into the large pharmaceutical companies, often depends on relationships at senior levels that are built up over a long period of time. The departure of any of the Group's relatively small number of executive officers or key employees could have a negative impact on its operations. In the event that future departures of employees occur, the Group's ability to execute its business strategy successfully or to continue developing its products could be adversely affected.

The performance of the Group depends, to a significant extent, upon the abilities and continued efforts of its existing senior management. The loss of the services of any of the key management personnel or the failure to retain key employees could adversely affect the Group's ability to maintain and/or improve its operating and financial performance. The Group has attempted to reduce this risk by implementing incentive schemes for its key personnel. However, these measures do not guarantee that key personnel will stay employed with the Group.

Peter Keeling and his family members will retain a significant interest in, and will continue to be able to exert substantial influence over, the Group

Immediately following Admission, Peter Keeling and his family members will continue to have an interest in approximately 29.3 per cent. of the Enlarged Share Capital. As a result, Peter Keeling and his family members will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval. Peter Keeling will be subject to the terms of the Relationship Agreement (details of which are set out at paragraph 13.2 of Part IV) whilst he and his family retain at least a 20 per cent. interest in the Company. The interests of Peter Keeling and his family members may not always be aligned with those of other holders of Ordinary Shares. Although applicable law, the terms of the Peter Keeling's service agreement and the Relationship Agreement contain provisions seeking to restrict Peter Keeling and his family members from voting on matters in their capacity as Shareholders where there are conflicts of interest, these and other measures may not be sufficient to protect the interests of other Shareholders.

Foreign exchange rate fluctuations may adversely affect the Group's results from operations and financial condition

The Group prepares its financial statements in pounds sterling, but a substantial proportion of the Group's income and costs are and will continue to be in foreign currencies. To the extent that the Group's foreign currency assets and liabilities are not matched or hedged, fluctuations in exchange rates between pounds sterling and other currencies may result in realised or unrealised exchange gains and losses on translation of the underlying currency into pounds sterling. This may have a positive or negative effect on the Group's financial results and may therefore adversely affect the Group's financial condition. In addition, if the currencies in which the Group earns its revenues and/or holds its cash balances weaken against the currencies in which it incurs its expenses, this could adversely affect the Group's liquidity. The Group currently does not undertake hedging, and were it to do so, such hedging would be based on estimates of liabilities and future revenues and may not fully eliminate the impact of future foreign currency exchange fluctuations.

UK's withdrawal from the European Union

On 23 June 2016, the UK held a referendum on the UK's continued membership of the European Union and elected to exit the European Union. Article 50 of the Treaty of Lisbon provides the procedure by which an EU member state may leave the EU and this process will conclude on 29 March 2019, unless there is a new act of Parliament preventing that. However, there remain significant uncertainties in relation to the impact that will be on the fiscal, monetary and regulatory landscape in the UK, including, amongst other things, the UK's regulatory and tax system, the ease of conduct of cross border business, levels of investor activity/confidence, interest rates and exchange rates, which may have an enduring impact on the economy in the UK. Although it is not possible to pre-empt the full extent of the UK's departure from the European Union, any of the above risks, or other risks which may not have been contemplated, either in isolation or in aggregate, could have a material adverse effect on the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations.

Claims by third parties relating to Intellectual Property

While the Directors believe that the Group's products and other intellectual property do not infringe upon the proprietary rights of third parties, there can be no assurance that the Group will not receive communications from third parties asserting that the Group's products and other intellectual property infringe, or may infringe, their proprietary rights. Any such claims, with or without merit, could be time consuming, result in costly litigation and the diversion of technical and management personnel, cause product delays or require the Group to develop non-infringing technology or enter into royalty or licensing agreements or re-brand products. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Group or at all. In the event of a successful claim of product infringement against the Group and any failure or inability of the Group to develop noninfringing products or licence the infringed or similar products, the Group's business, operating results or financial condition could be materially adversely affected.

The Group may not be able to obtain, maintain, defend or enforce the intellectual property protections covering its services, which could adversely affect its ability to compete

While much of Diaceutics' intellectual property is covered by copyright protection, the Group has not been able to protect its intellectual property with patents and therefore it is highly dependent on confidentiality to maintain the competitive advantage which it experiences with its services, and to operate without having third parties replicating its services. For example, if the Group were unable to maintain confidentiality around the trade secrets which underpin its algorithms and services, including the Diaceutics Method, then third parties may be able to replicate these services, compete for diagnostic lab relationships and otherwise take market share from Diaceutics which could have a material adverse effect on the Group's business, its operations, prospects, financial condition and financial results.

Litigation and other adversarial actions in the ordinary course of business could materially adversely affect the Group

Although the Group is not currently party to (either as a claimant or as a defendant) any material litigation, it may be subject to such litigation in the future. In addition, the Group may be subject to other disputes, claims and complaints, including adversarial actions, by customers, employees, suppliers, insurers and others in the ordinary course of business. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management away from the Group's operations and may result in the Group having to pay monetary damages, any of which could have a material adverse effect on the Group's results of operations and financial condition. In addition, adverse publicity or substantial litigation against the Group could negatively impact its reputation, even if the Group is not found liable, which could also adversely impact the Group's business, prospects, results of operations and financial condition.

Competition

There can be no guarantee that the Group will be able to respond to competitive challenges effectively, particularly if an organisation with substantial financial resources decides to enter the market. Any inability to compete successfully could have a material adverse effect on Diaceutics' business, results of operations or financial condition.

Taxation

Any change in the Group's tax status or in taxation legislation could affect the Group's ability to provide returns to shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

Access to further capital

The Group may require additional funds to respond to business challenges, to further expand the Group or to enhance existing products and services. Accordingly, the Group may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issues of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities could have rights, preferences and privileges superior to those of current shareholders. Any debt financing secured by the Group in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for the Group to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt funding may require assets of the Group to be secured in favour of the lender, which security may be exercised if the Group were to be unable to comply with the terms of the relevant debt facility agreement. In addition, the Company may not be unable to obtain additional financing on terms favourable to it, if at all. If the Group is unable to obtain adequate financing or financing on terms satisfactory to it, when the Group requires it, the Group's ability to continue to support its business growth and to respond to business challenges could be significantly limited or could affect its financial viability.

Reputation risk

The Group's reputation is central to its future success in terms of the products it provides, the way in which it conducts its business and the financial results which it achieves. Issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements, money-laundering, fraud prevention, privacy, record-keeping, sales and trading practices, anti-bribery and/or corruption and the credit, liquidity, and market risks inherent in the Group's business. If the Group fails, or appears to fail, to deal with various issues that may give rise to reputational risk or if it fails to retain customers for any other reason, this could materially harm its business prospects.

Also, failure to meet the expectations of its customers, suppliers, employees, shareholders and other business partners may have a material adverse effect on the Group's reputation and future revenue.

Market risks and economic conditions

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. The Group's success depends on market acceptance of the Group's product and there can be no guarantee that this acceptance will continue to be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products.

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and commodity prices and stock market prices. The Group's operations, business and profitability can be affected by these factors, which are beyond the control of the Group.

Force majeure

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group, including labour unrest, civil disorder, war, terrorist attacks, computer viruses, cyber attack, telecommunications failures, power loss, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

RISKS RELATED TO THE COMPANY'S SECURITIES

General

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

Conditionality of the Placing

The Placing (other than the in respect of the First Tranche Placing Shares) is conditional, *inter alia*, upon the New Ordinary Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all respects. In the event that certain conditions to which Admission is subject are not satisfied or, if capable of waiver, waived, then Admission will not occur. The First Tranche Placing Shares will be issued to Placees regardless of whether Admission occurs. Consequently, in the event that Admission does not occur, any Placees subscribing for First Tranche Placing Shares may end up holding shares in a company that is unable to trade its shares on AIM.

No prior market for the Ordinary Shares

Before Admission, there has been no prior market for the Ordinary Shares. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission.

VCT

The qualifying status for VCT purposes will be contingent upon certain conditions being met by both the Group and the relevant VCT investor. Neither the Group, the Directors nor the Group's advisers give any warranties, representations or undertakings that VCT qualifying status will be available or that, if initially available, such status will not be subsequently withdrawn. Should the law change, then any qualifying status previously obtained may be lost.

Circumstances may arise (which may include the sale of the Group) where the Directors believe that the interests of the Group are not best served by acting in a way that preserves VCT qualifying status. In such circumstances, the Group cannot undertake to conduct its activities in a way designed to secure or preserve any such status claimed by any Shareholder.

If the Group does not employ the proceeds of a VCT's share issue for qualifying purposes within 24 months, the funds invested by the VCT would be apportioned pro rata and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within

the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holdings.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Group.

If the Group ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Group's activities and which is a non-qualifying trade for VCT purposes, this could prejudice the qualifying status of the Group (as referred to above) at any time that a VCT is an investor in the Group. Although, this situation will be monitored by the Directors with a view to preserving the Group's qualifying status, this cannot be guaranteed.

Any company receiving aid through any Government State aid scheme, that would include from VCTs and under the EIS, individually or combined, that amounts to a value above the investment link currently shown at section 292A(1) of the Income Tax Act 2007 as £5 million per annum (£10 million for Knowledge Intensive Companies ("KIC")) is at risk of the European Commission deeming the aid to be illegal, and bears the risk of sanctions imposed by the European Commission to recover that aid.

EIS

The Group has applied for and obtained advance assurance from HMRC that the First Tranche Placing Shares will be eligible for EIS purposes, subject to the submission of the relevant claim form in due course. The obtaining of such advance assurance and submission of such a claim by the Group does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his or her own circumstances and is subject to holding the First Tranche Placing Shares throughout the relevant three-year period.

The continuing status of the First Tranche Placing Shares as qualifying for EIS purposes will be conditional on qualifying conditions being satisfied throughout the relevant period of ownership.

Neither the Group, the Directors nor the Group's advisers give any warranty, representation or undertaking that any investment in the Group by way of First Tranche Placing Shares will remain a qualifying investment for EIS purposes. Investors must take and rely on their own professional advice. Investors should also be aware that due to a recent repurchase of its own shares by the Company, EIS deferral relief may not be available in respect of the First Tranche Placing Shares. If the Group carries on activities beyond those disclosed to HMRC, then EIS investors may cease to qualify for the tax benefits.

PART III

HISTORICAL FINANCIAL INFORMATION ON THE GROUP

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP'S BUSINESS FOR THE THREE YEARS ENDED 31 DECEMBER 2018

The Directors
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55-59 Adelaide Street
Belfast
Co Antrim
BT2 8FE

Cenkos Securities Plc
6-8 Tokenhouse Yard
London
EC2R 7AS

15 March 2019

Dear Ladies and Gentlemen

Diaceutics PLC (the "Company") and its subsidiaries (the "Group")

We report on the financial information for the three years ended 31 December 2018 of the Group set out in Part III of the Admission Document (the "**Financial Information Table**"). The Financial Information Table has been prepared for inclusion in the admission document dated 15 March 2019 (the "**Admission Document**") of the Company on the basis of the accounting policies set out in note 2 to the Financial Information Table. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information Table gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement required by and given solely for purposes of complying with Schedule Two to the AIM Rules, consenting to its inclusion in Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation

of the financial information and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Financial Information Table gives, for the purposes of the Admission Document dated 15 March 2019, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE GROUP'S BUSINESS FOR THE THREE YEARS ENDED 31 DECEMBER 2018

Group profit and loss account for the year ended 31 December

	Notes	*2018* £	*2017* £	*2016* £
Revenue	4	10,373,180	7,370,608	4,588,698
Cost of sales	5	(3,571,225)	(2,483,246)	(1,933,606)
Gross profit		6,801,955	4,887,362	2,655,092
Administrative expenses	5	(5,520,124)	(4,178,924)	(1,945,858)
Other operating income	8	124,097	192,808	173,052
Operating profit before exceptional items		1,405,928	901,246	882,286
Exceptional items	9	(205,000)	–	–
Operating profit		1,200,928	901,246	882,286
Finance income	10	–	–	33
Finance costs	11	(323,664)	(116,389)	(97,344)
Profit before tax		877,264	784,857	784,975
Income tax expense	12	(244,957)	(121,664)	(37,836)
Profit for the financial year		632,307	663,193	747,139

Group Statement of Comprehensive Income for the year ended 31 December

	2018 £	*2017* £	*2016* £
Profit for the financial year	632,307	663,193	747,139
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	13,715	67,977	157,880
Total comprehensive income for the year, net of tax	646,022	731,170	905,019

Earnings per share for the year ended 31 December

		2018 £	*2017* £	*2016* £
Basic	13	31.87	34.08	41.77
Diluted	13	30.76	34.08	41.77
Basic adjusted	13	42.20	34.08	41.77
Diluted adjusted	13	40.74	34.08	41.77

Group balance sheet as at 31 December

	Notes	2018 £	2017 £	2016 £
ASSETS				
Non-current assets				
Intangible assets	16	1,210,613	486,938	17,949
Property, plant and equipment	17	73,994	49,390	18,868
Deferred tax asset	12	62,849	126,912	172,462
		1,347,456	663,240	209,279
Current assets				
Trade and other receivables	19	4,389,272	1,759,391	1,945,489
Cash at bank and in hand		2,073,661	3,068,883	1,285,768
		6,462,933	4,828,274	3,231,257
TOTAL ASSETS		7,810,389	5,491,514	3,440,536
EQUITY AND LIABILITIES				
Equity share capital	24	208	208	208
Share premium		99,994	99,994	99,994
Treasury shares		(3)	(13)	(13)
Capital redemption reserve		108,850	108,850	108,850
Translation reserve		178,861	165,146	97,169
Profit and loss account		2,241,551	1,503,550	706,040
TOTAL EQUITY		2,629,461	1,877,735	1,012,248
Non-current liabilities				
Trade and other payables	20	180,862	–	–
Financial liabilities	21	1,065,475	1,550,154	1,006,183
		1,246,337	1,550,154	1,006,183
Current liabilities				
Trade and other payables	20	1,191,126	1,502,863	936,299
Financial liabilities	21	2,715,809	558,728	452,819
Income tax payable		27,656	2,034	32,987
		3,934,591	2,063,625	1,422,105
TOTAL LIABILITIES		5,180,928	3,613,779	2,428,288
TOTAL EQUITY AND LIABILITIES		7,810,389	5,491,514	3,440,536

Group statement of changes in equity for the year ended 31 December

	Called up share capital £	*Share premium* £	*Treasury shares** £	*Capital redemption reserve* £	*Translation reserve* £	*Profit and loss account* £	*Total equity* £
At 1 January 2016	109,030	99,994	–	–	(60,711)	(83,960)	64,353
Profit for the year	–	–	–	–	–	747,139	747,139
Other comprehensive income	–	–	–	–	157,880	–	157,880
Total comprehensive income for the year	–	–	–	–	157,880	747,139	905,019
Transactions with owners, recorded directly in equity							
Share based payments	–	–	–	–	–	173,290	173,290
Issue of shares	28	–	–	–	–	–	28
Buy back of shares by the Company	–	–	(13)	–	–	(21,579)	(21,592)
Redemption of shares	(108,850)	–	–	108,850	–	(108,850)	(108,850)
Total transactions with owners	(108,822)	–	(13)	108,850	–	42,861	42,876
At 31 December 2016	208	99,994	(13)	108,850	97,169	706,040	1,012,248
Profit for the year	–	–	–	–		663,193	663,193
Other comprehensive income	–	–	–	–	67,977	–	67,977
Total comprehensive income for the year	–	–	–	–	67,977	663,193	731,170
Transactions with owners, recorded directly in equity							
Share based payments	–	–	–	–	–	134,317	134,317
Total transactions with owners	–	–	–	–	–	134,317	134,317
At 31 December 2017	208	99,994	(13)	108,850	165,146	1,503,550	1,877,735
Profit for the year	–	–		–		632,307	632,307
Other comprehensive income	–	–		–	13,715	–	13,715
Total comprehensive income for the year	–	–		–	13,715	632,307	646,022
Transactions with owners, recorded directly in equity							
Issue of shares from Treasury		–	10	–	–	(10)	–
Share based payments	–	–	–	–	–	405,920	405,920
Equity dividends paid	–	–	–	–	–	(300,216)	(300,216)
Total transactions with owners	–	–	10	–	–	105,694	105,704
At 31 December 2018	208	99,994	(3)	108,850	178,861	2,241,551	2,629,461

* Treasury shares are presented separately in order to show the movements on these shares in each year. The balance as at each year end is deducted from retained earnings in calculating distributable profits.

Group Statement of Cash Flows for the year ended 31 December

	Notes	2018 £	2017 £	2016 £
Operating activities				
Profit before tax		877,264	784,857	784,975
Adjustments to reconcile profit before tax to net cash flows from operating activities				
Net finance costs		323,664	116,389	97,311
Amortisation of intangible assets	16	80,588	9,006	162,993
Depreciation of property, plant and equipment	17	37,092	17,574	4,541
Research and development tax credits		(122,533)	(112,046)	(117,689)
(Increase)/decrease in trade and other receivables		(2,557,896)	171,676	(1,110,750)
Increase in trade and other payables		35,744	409,116	652,026
Share based payments		405,920	134,317	173,290
Cash (used in)/generated from operations		(920,157)	1,530,889	646,697
Tax (paid)/received		(33,881)	3,279	27,317
Net cash (outflow)/inflow from operating activities		(954,038)	1,534,168	674,014
Investing activities				
Interest received		–	–	33
Purchase of intangible assets		(1,046,420)	(234,980)	(15,109)
Purchase of property, plant and equipment		(61,211)	(47,935)	(13,923)
Net cash outflow from investing activities		(1,107,631)	(282,915)	(28,999)
Financing activities				
Borrowing costs		(301,576)	(110,739)	(87,985)
Repayment of borrowings		(554,439)	(361,815)	(196,783)
Draw down of funds		1,751,640	1,000,000	600,000
Issuance of convertible loan notes		452,568	–	–
Equity dividends paid		(300,216)	–	–
Issue of shares		10	–	28
Acquisition of treasury shares		–	–	(13)
Buy back of shares		–	–	(21,579)
Redemption of shares		–	–	(108,850)
Net cash inflow from financing activities		1,047,987	527,446	184,818
Net (decrease)/increase in cash and cash equivalents		(1,013,682)	1,778,699	829,833
Net foreign exchange gains		18,460	4,416	45,492
Cash and cash equivalents at 1 January		3,068,883	1,285,768	410,443
Cash and cash equivalents at 31 December		2,073,661	3,068,883	1,285,768

Notes to the historical financial information

1. General information

The principal activity of Diaceutics Limited ("the Company") and its subsidiaries (together "the Group") is data, data analytics and implementation services. The Group has established a core suite of products and outsourced advisory services which help its pharmaceutical clients to optimise and deliver their marketing and implementation strategies for companion diagnostics. Their mission is to design, create and implement innovative solutions that enhance speed to market and increase the effectiveness of all the stakeholders in the personalised medicine industry.

The Company's subsidiaries are listed in note 18.

The historical financial information is presented in sterling.

Basis of preparation

This historical financial information presents the financial track record of Diaceutics plc for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange. The special purpose financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation and the AIM Rules, in accordance with International Financial Reporting Standards adopted by the EU ("IFRS"), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The historical financial information is prepared in accordance with IFRS under the historical cost convention, modified to include certain financial instruments at fair value.

The principal accounting policies adopted in the preparation of this consolidated historical financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. IFRS 15 (Revenue from contracts with customers) and IFRS 9 (Financial instruments) has been applied retrospectively to each year in the historical financial information.

2. Accounting policies

Changes in accounting standards, amendments and interpretations not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning 1 January 2019 and have not been applied in preparing this historical financial information. These include:

- IFRS 16 Leases (1 January 2019)
- IFRS 17 Insurance Contracts (1 January 2021)*
- IFRIC 23 Uncertainty over Income Tax Treatments (1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (1 January 2019)
- Amendments to IAS 28 Long-Term Interests in Associates and Joint Ventures (1 January 2019)*
- Amendments to IAS 19 Plan amendment, curtailment or settlement (1 January 2019)*
- Amendments to IFRS 3 Business combinations (1 January 2020)*
- Amendments to IAS 1 and IAS 8 Definition of material (1 January 2020)*

* denotes not yet EU endorsed

None of these IFRSs, IFRIC interpretations or amendments are expected to have a material impact on the Group or the Company.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and after eliminating sales within the Group.

The Group has two revenue streams, Implementation services and Data. The Group's performance obligations for both revenue streams are deemed to be the provision of specific deliverables to the customer. Revenue billed to the customer is allocated to the various performance obligations, based on the relative fair value of those obligations, and is then recognised as follows:

- Where a contractual right to receive payment exists, revenue is recognised as over the period services are provided using the percentage of completion method, based on the input method using time spent; and
- Where no contractual right to receive payment exists, revenue is recognised upon completion of each separate performance obligation, which is typically when the implementation services are complete or when data has been provided to the customer.

Segment reporting

The Group currently has one operating segment.

Government grants

Grants, which include research and development tax credits where the recovery of those tax credits is not restricted, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to costs are deferred and recognised in the profit and loss account over the period necessary to match them with the costs that they are intended to compensate. Grants relating to development projects are included in non-current liabilities as deferred income and are credited to the profit and loss account on a straight-line basis over the expected useful economic lives of the related assets.

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the historical financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated historical financial information is presented in Sterling, which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each Profit and Loss Account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and disclosed as a separate component of equity in a foreign currency translation reserve.

Exceptional items

The Group presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation on the face of the Profit and Loss Account in order to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in the financial performance.

Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost until it is brought into use.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Patents and trademarks 3 years (33.3% straight line)
- Datasets 2 years (50% straight line)

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Property, plant & equipment

Property, plant & equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

The Group assesses at each reporting date whether there are indicators of impairment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Office equipment 5 years (20% straight line)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated historical financial information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The Group operates a defined contribution pension scheme which is open to employees and directors. The assets of the scheme are held by investment managers separately from those of the Group. The contributions payable to the scheme is recorded in the profit and loss account in the accounting period to which they relate.

Share based payments

The company has a number of classes of shares in issue. Where shares are issued to employees that contain restrictions that mean they have obtained those shares by virtue of their employment, those shares are accounted for as share based payments. When the shares are issued a determination is made, based on the rights of those shares, as to whether there is a contractual liability for the Company to reacquire the shares at some point (cash settled) or not (equity settled). For equity settled shares, a fair value of those shares is established at the date the shares are

granted and, if the employee is required to complete a period of service before the shares vest, this fair value is spread over that period (vesting period).

Financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at amortised costs; and
- Those to be measured subsequently at fair value (either through other comprehensive income of through profit and loss).

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies its financial assets when and only when its business model for managing those assets changes.

(b) *Recognition and measurement*

At initial recognition, the group measures a financial assets at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of financial assets depends on the Group's business model for managing those financial assets and the cash flow characteristics of those financial assets. The Group only has financial assets classified at amortised cost. These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. Any gains or losses arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line in the profit and loss account.

(c) *Impairment*

The Group assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For trade receivables the Group applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. For other receivables the Group applies the three stage model to determine expected credit losses.

Financial liabilities

Financial liabilities comprise Trade and other payables and borrowings due within one year end after one year, which are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method. The Group does not use derivative financial instruments or hedge account for any transactions. Trade payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

The Group has issued convertible loan notes to employees, which include a conversion feature on change of control or IPO. This conversion feature is treated as an equity settled share based payment that vest immediately as there are no future service conditions, with the fair value being assessed on the date the convertible loan notes are issued. The underlying loan proceeds are recognised initially at fair value and subsequently carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable for the issue of new shares are shown in equity as a deduction from the proceeds.

The share premium reserve represents the excess over the nominal value of the fair value of consideration received for equity shares, net of expenses on the share issue.

The capital redemption reserve records the nominal value of shares repurchased by the Company.

Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the historical financial information in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group historical financial information.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the historical financial information requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Group's only assets/liabilities that are significantly impacted by judgement is capitalised development expenditure and recognition of deferred tax assets:

- *Development expenditure* – The Group capitalises development expenditure incurred on its development projects. Under IAS 38 costs can only be capitalised when six specific criteria are met. This requires judgement from management, particularly with regard to technical and economic feasibility. The Group is of the opinion that all of the capitalised development expenditure will be recovered through future sales once the development project is completed and brought into use.

- *Deferred tax assets* – There is a potential deferred tax asset within a subsidiary undertaking amounting to £61,582 (2017: £57,387; 2016: £34,180) arising on tax losses of £362,250. (2017: £337,569; 2016: £201,058). This deferred tax asset has not been recognised as the utilisation of the tax losses in that subsidiary is uncertain. This deferred tax asset will be recognised when it is probable that there are sufficient taxable profits against which the tax losses can be offset.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Segmental analysis

(a) ***Operating segments***

The Group currently operates under one reporting segment but revenue is analysed under two separate revenue streams.

Revenue represents the amounts derived from the provision of services which fall within the Group's ordinary activities, stated net of value added tax. Revenue is generated from implementation services and data.

The following tables present revenue of the Group for the years ended 31 December 2018, 2017 and 2016.

(a) ***Revenue stream***

	2018	*2017*	*2016*
	£	£	£
Implementation services	2,312,035	3,103,567	1,213,153
Data	8,061,145	4,267,041	3,375,545
	10,373,180	7,370,608	4,588,698

(b) ***Geographical area***

	2018	*2017*	*2016*
	£	£	£
USA	4,906,514	3,767,118	2,670,163
UK	102,501	65,920	10,085
Rest of Europe	4,373,526	2,775,449	1,430,766
Asia	990,639	762,121	477,684
	10,373,180	7,370,608	4,588,698

In 2018 three customers each had sales which exceeded 10% of total revenue with the largest customer accounting for £1,116,746 (10.8%) of revenue; the second accounting for £1,083,603 (10.4%) of revenue and the third accounting for £1,080,647 (10.4%) of revenue.

In 2017, one customer had sales which exceeded 10% of total revenue accounting for £1,322,126 (17.9%) of revenue.

In 2016 two customers each had sales which exceeded 10% of total revenue with the largest customer accounting for £1,400,593 (30.5%) and the second accounting for £543,495 (11.8%) of revenue.

5. Operating profit is stated after charging/(crediting)

	2018 £	*2017* £	*2016* £
Employee benefit costs			
– wages and salaries	5,115,514	2,577,291	848,540
– social security costs	502,697	254,013	83,041
– pension costs	231,420	94,321	17,894
– benefits	75,624	34,812	–
– share based payments	405,920	134,317	173,290
– capitalised development costs	(590,815)	(152,647)	–
	5,740,360	2,942,107	1,122,765
Amortisation of intangible fixed assets	80,588	9,006	162,993
Depreciation of tangible fixed assets	37,092	17,574	4,541
Subcontractor costs	664,967	1,179,574	1,427,588
Marketing costs	418,175	458,730	189,102
Travel costs	588,416	489,193	424,643
Recruitment	362,797	169,146	24,217
Legal and professional	379,849	366,663	213,458
Telecommunication	169,178	70,202	35,014
Management conference	96,677	68,158	–
Data services	59,680	117,962	48,774
Rent	126,686	57,955	41,537
(Profit)/loss on foreign exchanges	(69,004)	310,749	(45,277)
Other expenses	330,888	336,901	296,859
	3,245,989	3,651,813	2,733,449
Auditor's remuneration*			
– audit of subsidiary financial information	25,000	15,000	15,000
– tax compliance services	–	6,500	6,500
– other tax services	–	10,000	–
– transaction services	80,000	35,000	–
– other assurance services	–	1,750	1,750
	105,000	68,250	23,250
Total cost of sales and administrative expenses	9,091,349	6,662,170	3,879,464

* Auditor remuneration relates to PricewaterhouseCoopers LLP for the year ended 31 December 2018 and KPMG for the years ended 31 December 2017 and 31 December 2016.

6. Staff numbers

The average monthly number of employees, excluding directors, during the year was made up as follows:

	2018 No.	*2017* No.	*2016* No.
Administration	24	12	7
Technical	34	19	9
Business development	2	2	1
Finance	5	3	–
	65	36	17

7. Directors' emoluments

Directors

	2018	*2017*	*2016*
	£	£	£
Aggregate emoluments	320,223	253,664	195,338
Pension contributions	16,535	14,948	12,828
	336,758	268,612	208,166

Highest paid director

The highest paid director received the following emoluments:

	2018	*2017*	*2016*
	£	£	£
Aggregate emoluments	141,601	117,776	90,617
Pension contributions	12,833	12,001	12,828
	154,434	129,777	103,445

Key senior management

Key senior management received total compensation as follows:

	2018	*2017*	*2016*
	£	£	£
Aggregate emoluments	629,673	344,930	195,338
Pension contributions	43,893	17,535	12,828
Share based payments	265,502	78,153	164,713
	939,068	440,618	372,879

8. Other operating income

	2018	*2017*	*2016*
	£	£	£
Government grants	1,564	80,761	55,364
Research and developments credits	122,533	112,047	117,688
	124,097	192,808	173,052

9. Exceptional items

During the year the Group incurred costs of £205,000 (2017: £nil, 2016: £nil) in association with the IPO process. Costs to date, which relate to professional fees, have been expensed to the profit and loss account. These costs, which are considered to be administrative in nature, are included within accruals and trade payables as at 31 December 2018.

10. Finance income

	2018	*2017*	*2016*
	£	£	£
Bank interest received and receivable	–	–	33

11. Finance costs

	2018 £	2017 £	2016 £
External loans	251,347	88,101	31,427
Revolving credit facilities	27,214	–	–
Change in fair value of embedded derivatives	22,088	5,650	9,359
Directors' loans	23,015	22,638	56,558
	323,664	116,389	97,344

12. Income tax expense

(a) ***Tax on profit***

	2018 £	2017 £	2016 £
Current income tax:			
UK corporation tax on profits for the year	149,797	87,234	74,578
Adjustments in respect of previous years	(5,040)	(59,818)	–
	144,757	27,416	74,578
Foreign tax:			
ROI corporation tax on profits for the year	49,259	46,392	134,234
US corporation tax on profits for the year	1,502	2,306	1,486
Adjustments in respect of previous years	(14,624)	–	–
	36,137	48,698	135,720
Total current tax	180,894	76,114	210,298
Deferred tax:			
Utilisation/(recognition) of UK tax losses	–	21,569	(10,345)
Utilisation/(recognition) of US tax losses	69,823	23,981	(134,574)
Other temporary differences in ROI	6,903	–	–
Adjustments in respect of previous years	(12,663)	–	(27,543)
Total deferred tax	64,063	45,550	(172,462)
Total tax charge	244,957	121,664	37,836

(b) ***Factors affecting the tax charge for the year***

The tax assessed for the year differs from the effective standard rate of corporation tax in the UK of 19.00% (2017: 19.25%; 2016: 20.00%). The differences are reconciled below:

	2018 £	2017 £	2016 £
Profit before tax	877,264	784,857	784,975
Tax using the UK corporation tax rate of 19.00% (2017: 19.25%; 2016: 20.00%).	166,680	151,085	156,995
Effects of:			
Tax rates in foreign jurisdictions	(31,674)	(33,633)	(130,611)
Non-deductible expenses	143,741	92,773	63,823
Non-taxable income	(6,151)	(35,848)	(6,311)
Research and development*	–	–	(12,097)
Deferred tax not recognised	4,688	7,105	(6,420)
Adjustments in respect of previous years	(32,327)	(59,818)	(27,543)
Total tax charge	244,957	121,664	37,836

* Relates to research and development tax credits arising in a subsidiary undertaking, which claims under the small and medium entity tax legislation in the UK.

(c) ***Deferred tax***

The deferred tax included in the balance sheet is as follows:

Deferred tax asset

	2018 £	*2017* £	*2016* £
Tax losses carried forward	56,346	126,912	172,462
Other temporary differences	6,503	–	–
	62,849	126,912	172,462

	2018 £	*2017* £	*2016* £
Balance at 1 January	126,912	172,462	–
(Charged)/credited to the profit and loss account	(64,063)	(45,550)	172,462
Balance at 31 December	62,849	126,912	172,462

The deferred tax asset includes amounts receivable after more than one year amounting to £Nil (2017: £62,849: 2016: £126,912). There is a potential deferred tax asset within a subsidiary undertaking amounting to £61,582 (2017: £57,387; 2016: £34,180) arising on tax losses of £362,250 (2017: £337,569; 2016: £201,058). This deferred tax asset has not been recognised as the utilisation of the tax losses in that subsidiary is uncertain. This deferred tax asset will be recognised when it is probable that there are sufficient taxable profits against which the tax losses can be offset.

13. Earnings per share

Basic earnings per share are calculated based on the profit for the financial year attributable to equity holders divided by the weighted average number of shares in issue during the year. Adjusted earnings per share are calculated based on the profit for the financial year adjusted for exceptional items. Diluted earnings per share is calculated on the basic earnings per share adjusted to allow for the issue of ordinary shares on the assumed conversion of the convertible loan notes.

Profit attributable to shareholders

	2018 £	*2017* £	*2016* £
Profit for the financial year	632,307	663,193	747,139
Exceptional costs	205,000	–	–
Adjusted profit for the financial year	837,307	663,193	747,139

Weighted average number of shares to shareholders

	2018 Number	*2017* Number	*2016* Number
Shares in issue at the end of the year	20,762	20,762	19,462
Weighted average number of shares in issue	20,762	20,762	18,212
Weighted average number of treasury shares	(920)	(1,300)	(325)
Weighted average number of shares for basic and adjusted earnings per share	19,842	19,462	17,887
Effect of dilution of Convertible Loan Notes	713	–	–
Weighted average number of shares for diluted earnings per share	20,555	19,462	17,887

Earnings per share

	2018 £	*2017* £	*2016* £
Basic	31.87	34.08	41.77
Diluted	30.76	34.08	41.77
Adjusted	42.20	34.08	41.77
Diluted adjusted	40.74	34.08	41.77

14. Dividends

	2018 £	*2017* £	*2016* £
Equity dividends on ordinary shares (per share)			
Dividends on A shares: £8.37 (2017: £Nil; 2016: £Nil)	100,216	–	–
Dividends on F shares: £50.00 (2017: £Nil; 2016: £Nil)	200,000	–	–
	300,216	–	–

No dividends were proposed by the directors after the balance sheet date.

15. Share based payments

(i) ***Employee share scheme***

The Company has various classes of shares (B, C, D, E, F) in existence that are held by employees that are accounted for as share based payments as the individuals have received those shares by virtue of their employment. The total numbers of shares held by employees in these share classes are B: 6,200, C: 205, D: 2,057, E: 9,960 and F: 5,000 (2017: B: 5,200, C: 205, D: 2,057, E: 10,000 and F: 5,000, 2016: B 5,700, C: 205, D: 1,557, E: 10,000 and F: 5,000). These shares were treated as equity settled and a fair value was calculated at grant date based on the fair value, using an earnings multiples approach, of the Company's shares at that date. This fair value has been charged to the profit and loss account over the vesting period, which is the period of service that the employees must complete before the shares vest. For the employees holding the B, C and E shares the shares vest on change of control or IPO; therefore the charge is spread over the period from grant date to the estimated date of change of control or IPO. The shares do not vest if the employee leaves prior to this date. For the employees holding the D and F shares there is no requirement to complete a period of service before the shares to vest; therefore the charge is recognised immediately.

The total expense recognised in the profit and loss account, and charged through the profit and loss account reserve, was £290,520 (2017: £134,217; 2016: £173,290).

(ii) ***Convertible loan notes***

During the year ended 31 December 2018 the Group's employees were given the option to apply for convertible loan notes that will convert to shares in the Group on the listing on AIM. The conversion price of these loan notes is set at a 25% discount to the placing price on the listing. This conversion feature has been treated as an equity settled share based payment that vest immediately as there are no future service conditions, with the fair value being assessed on the date the convertible loan notes are issued based on the fair value, using an earnings multiples approach, of the Company's shares as at the date of issue.

The total fair value, calculated at £115,400 has been charged in the profit and loss account in the year (2017: £Nil, 2016: £Nil) and credited through the profit and loss account reserve.

16. Intangible assets

	Patents and trademarks £	*Datasets* £	*Development expenditure* £	*Total* £
Cost				
At 1 January 2016	787,531	11,700	–	799,231
Foreign exchange translation	125,557	–	–	125,557
Additions	547	14,562	–	15,109
At 31 December 2016	913,635	26,262	–	939,897
Foreign exchange translation	29,573	–	–	29,573
Additions	20,140	252,057	205,783	477,980
At 31 December 2017	963,348	278,319	205,783	1,447,450
Foreign exchange translation	15,235	–	–	15,235
Additions	38,880	157,962	606,578	803,420
At 31 December 2018	1,017,463	436,281	812,361	2,266,105
Amortisation				
At 1 January 2016	655,106	–	–	655,106
Foreign exchange translation	103,849	–	–	103,849
Charge for the year	154,239	8,754	–	162,993
At 31 December 2016	913,194	8,754	–	921,948
Foreign exchange translation	29,558	–	–	29,558
Charge for the year	1,665	7,341	–	9,006
At 31 December 2017	944,417	16,095	–	960,512
Foreign exchange translation	14,392	–	–	14,392
Charge for the year	16,465	64,123	–	80,588
At 31 December 2018	975,274	80,218	–	1,055,492
Net book value				
At 31 December 2018	42,189	356,063	812,361	1,210,613
At 31 December 2017	18,931	262,224	205,783	486,938
At 31 December 2016	441	17,508	–	17,949

Intangible assets relate to patents and trademarks, datasets and capitalised development expenditure which are recorded at cost and amortised over their useful economic life which has been assessed as 4 to 8 years in respect of patents and trademarks and 2 years in respect of data sets.

Development expenditure is not amortised as it is not yet in use.

17. Property, plant and equipment

	Office equipment £
Cost	
At 1 January 2016	38,878
Foreign exchange translation	1,817
Additions	13,923
At 31 December 2016	54,618
Foreign exchange translation	436
Additions	47,935
Disposals	(3,909)
At 31 December 2017	99,080
Foreign exchange translation	735
Additions	61,211
At 31 December 2018	161,026
Depreciation	
At 1 January 2016	30,248
Foreign exchange translation	961
Charge for the year	4,541
At 31 December 2016	35,750
Foreign exchange translation	275
Charge for the year	17,574
Disposals	(3,909)
At 31 December 2017	49,690
Foreign exchange translation	250
Charge for the year	37,092
At 31 December 2018	87,032
Net book value	
At 31 December 2018	73,994
At 31 December 2017	49,390
At 31 December 2016	18,868

18. Investments

Group undertakings

The following were subsidiaries of the Company at 31 December 2018:

	Country of incorporation	*Percentage of shares held*
Diaceutics Ireland Limited	Republic of Ireland	100%
Labceutics Limited	Northern Ireland	100%
Diaceutics Inc	USA	100%
Diaceutics Pte Limited	Singapore	100%

The principal business of all the subsidiary undertakings is data and implementation services. All entities were incorporated before 1 January 2016, with the exception of Diaceutics Pte Limited which was incorporated during the year ended 31 December 2018.

19. Trade and other receivables

	2018	*2017*	*2016*
	£	£	£
Trade receivables	4,082,099	1,672,550	1,925,147
Other receivables	221,954	13,924	4,279
Prepayments	85,219	72,917	16,063
	4,389,272	1,759,391	1,945,489

Trade receivables are non-interest bearing and are generally on 30 day terms and are shown net of a provision for impairment. The amount of the provision netted against the trade receivables balance was £24,537 (2017: £19,382, 2016: £19,666). In each year the default percentage used in the expected credit loss calculation was 0.19% for debt up to 30 days old; 0.21% for debt between 31 and 60 days old; 0.32% for debt between 61 and 90 days old; 0.65% for debt between 91 and 180 days old and 4.67% for debt over 180 days old. Bad debts amounting to £Nil (2017: £12,000: 2016: £30,500) were realised.

Other receivables are considered to have low credit risk and the loss allowance recognised during the year was therefore limited to 12 months expected credit losses. The amounts were not material. The age profile of the trade receivables are as follows:

	Total	*0-30 days*	*31-60 days*	*61-90 days*	*>90 days*
	£	£	£	£	£
2018	4,082,099	1,808,893	1,331,938	559,207	382,061
2017	1,672,550	1,032,412	396,984	220,232	22,922
2016	1,925,147	1,189,054	399,234	150,803	186,056

Included within trade receivables are contract assets of £289,385 (2017: £Nil, 2016: £Nil). The Group's contracts with customers are typically less than one year in duration and any contract assets as at the balance sheet date would be expected to be invoiced and received in the following year.

The carrying amount of trade and other receivables are denominated in the following currencies:

	2018	*2017*	*2016*
	£	£	£
UK sterling	276,931	322,322	39,991
Euro	376,097	36,774	49,285
US dollar	3,736,244	1,400,294	1,769,673
Swiss Franc	–	–	86,540
	4,389,272	1,759,391	1,945,489

The maximum exposure to credit risk is the carrying value of each class of receivables. The Group does not hold any collateral as security.

20. Trade and other payables

	2018	*2017*	*2016*
	£	£	£
***Creditors:** falling due within one year*			
Trade payables	223,788	181,138	81,185
Accruals	688,295	927,685	482,680
Other tax and social security	59,291	54,583	37,726
Other creditors	–	–	7,757
Contract liabilities	219,752	339,457	326,951
	1,191,126	1,502,863	936,299

	2018	*2017*	*2016*
	£	£	£
***Creditors:** falling due after more than one year*			
Deferred income	180,862	–	–

Included with creditors falling due after more than one year is a grant relating to development projects. This will be credited to the profit and loss account on the commencement of the project over the expected useful economic lives of the related assets.

Contract liabilities of £219,752 (2017: £339,457; 2016: £326,951) which arise in respect of amounts invoiced during the period for which revenue recognition criteria have not been met by the year end. The Group's contracts with customers are typically less than one year in duration and any contract liabilities would be expected to be recognised as revenue in the following year.

21. Financial liabilities

	2018	*2017*	*2016*
	£	£	£
***Creditors**: falling due within one year*			
External loans	381,423	392,955	204,698
Fair value of embedded derivatives	34,093	22,082	16,432
Directors' loans	86,008	143,691	231,689
Revolving credit facilities	1,751,640	–	–
Convertible loan notes	462,645	–	–
	2,715,809	558,728	452,819

	2018	*2017*	*2016*
	£	£	£
***Creditors**: falling due after more than one year*			
External loans	806,334	1,200,995	588,906
Directors' loans	259,141	349,159	417,277
	1,065,475	1,550,154	1,006,183

The embedded derivative, which are included within the Group's external loans, relates to the options to acquire shares in the Group when it lists on AIM.

22. Interest bearing loans and borrowings

	2018 £	*2017* £	*2016* £
External loans	1,187,757	1,593,950	793,604
Directors' loans	345,149	492,850	648,966
Revolving credit facilities	1,751,640	–	–
Convertible loan notes	462,645	–	–
	3,747,191	2,086,800	1,442,570

The fair value of the Group's loans and borrowings is £3,761,472 (2017: £2,070,925; 2016: £1,405,779). The fair value of current borrowings equals their carrying amounts, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 8% (2017: 8%; 2016: 6.21%) and are within level 2 of the fair value hierarchy.

The following table shows the changes in liabilities arising from financing activities:

	2018 £	*2017* £	*2016* £
Balance at 1 January	2,086,800	1,442,570	980,313
Repayment of borrowings	(554,439)	(361,815)	(196,783)
Draw down of funds	1,751,640	1,000,000	600,000
Issuance of convertible loan notes	452,568	–	–
Interest on convertible loan notes	10,077	–	–
Foreign exchange loss	545	6,045	59,040
Balance at 31 December	3,747,191	2,086,800	1,442,570

The interest on convertible loan notes and foreign exchange losses are non-cash items.

(a) ***External loans***

External loans comprise four facilities all denominated in sterling. The debt repayment schedule for these facilities is outlined in the table below.

Facility	*Year of maturity*	*Nominal interest rate*	*Repayment schedule*
Loan 1	2019	7.62% above UK reference rate	Monthly
Loan 2	2020	7.62% above UK reference rate	Monthly
Loan 3	2021	5.96% above UK reference rate	Monthly
Loan 4	2022	7.22% above UK reference rate	Monthly

These loans each attract a share of the Group net profit which is calculated over the term of each loan as follows:

- Loans 1 and 2 combined (drawn down in 2014): 1.50% of net profit per annum, capped cumulatively at £93,845;
- Loan 3 (drawn down in 2016): 1.40% of net profit per annum, capped cumulatively at £187,805;
- Loan 4 (drawn down in 2017): 1.77% of net profit per annum, capped cumulatively at £200,000.

The monthly repayments are set to capture the impact of the capital and interest (excluding profit share) due on each of the loans and are currently paid at £4,115, £4,102, £11,871 and £20,359 on loans 1 to 4 respectively.

There is an exit fee payable on early surrender of loan 4 which was drawn down in October 2017. This exit fee is set at £100,000 if the loan is surrendered prior to the first anniversary; £50,000 if surrendered after the first but before the second anniversary; £25,000 is surrendered after the second but before the third anniversary and £Nil after the third anniversary. Quarterly payments are made based on the estimated share of profit due. This is trued up within 10 business days of the annual accounts being approved. All external loans are unsecured.

(b) ***Directors' loans***

There are two directors' loans, both of which are unsecured and were taken out prior to 1 January 2016.

The first loan is denominated in sterling, attracts a fixed interest rate of 10% per annum and is repayable on demand. This loan was repaid in full within the year ended 31 December 2018.

The second directors' loan is denominated in sterling, attracts a fixed interest rate of 4% per annum and matures in 2021. Repayments of £74,400 plus €15,600 are currently made per annum.

(c) ***Revolving credit facility***

On 26 March 2018 the Group entered into an eighteen month revolving credit facility with Silicon Valley Bank who provided a credit facility for £2,500,000. This facility is available to be drawn in US dollars, pounds sterling or euro. At any point in time, drawings can be made up to the level of the debtor's ledger balance. At the year end, all drawings were in US dollars.

Interest is charged on the drawn amounts at the following rates:

Drawing currency	**Nominal interest rate**
Sterling	Sterling base rate plus 5.75%
US dollar	Wall Street prime rate plus 5.75%
Euro	Euro base rate plus 6.00%

If the Group falls in default of the facility conditions, an additional 1% interest will be charged on any drawn amounts in each currency.

A fee is payable quarterly equal to 1.00% per annum of the average unused portion of this facility over the calendar year. This is calculated based as a sterling amount.

This facility is secured by a fixed and floating charge over the assets of the Group in favour of Silicon Valley Bank.

(d) ***Convertible loan notes***

On 15 October 2018 the Group's employees were given the option to apply for convertible loan notes that will convert to shares in the Group on the listing on AIM. The conversion feature has been accounted for as a share based payment. No interest is payable on any outstanding loan notes from the date of issue up to and including 31 March 2019. Post 1 April, if the loan notes have not converted to shares in the Company, they will earn interest at a fixed rate of 10% per annum. If not converted due to a listing of the Company on Aim, the Group can repay the loan notes at any time on or after 1 April 2019 in full.

Under IFRS 9, Financial Instruments, the total finance cost of the convertible loan notes is required to be spread over the maturity period using an effective interest rate. Consequently, an interest charge of £10,077 has recognised in the profit and loss account using an effective rate of 8.9%.

23. Financial instruments

(a) *Fair value of financial instruments*

The principal financial instruments used by the Group from which financial instrument risk arises are trade receivables, cash and cash equivalents and trade and other payables, loans, the revolving credit facility and convertible loan notes. The Group's financial instruments are classified as follows:

	Measured at amortised cost		
	2018	*2017*	*2016*
	£	£	£
Assets			
Trade receivables	4,082,099	1,672,550	1,925,147
Other receivables	221,954	13,924	4,279
Cash at bank and in hand	2,073,661	3,068,883	1,285,768
	Other financial liabilities at amortised cost		
	2018	*2017*	*2016*
	£	£	£
Liabilities			
Trade payables	223,788	181,138	81,185
Accruals	688,295	927,685	482,680
Other creditors	–	–	7,757
External and Directors' loans	1,532,906	2,086,800	1,442,570
Revolving credit facilities	1,751,640	–	–
Convertible loan notes	462,645	–	–

The only financial liabilities held at fair value through profit and loss are the embedded derivatives which have a fair value of £34,093 (2017: £22,082, 2016: £16,432).

(b) *Capital structure and risk management*

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to operate within the terms of the Group's revolving credit facility and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may issue new shares or sell assets to provide working capital.

Consistent with others in the industry at this stage of development, the Group has relied on issuing new shares and cash generated from operations.

General objectives, policies and processes – risk management

The Group is exposed through its operations to the following financial instrument risks: credit risk; liquidity risk and foreign currency risk. The Board reviews each of these risks and agrees policies for managing them that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk is the risk that the counterparty fails to discharge their obligation in respect of the instrument. The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an on-going basis with the result that exposure to bad debts is normally not significant. As the Group trades only with recognised third parties there is no requirement for collateral.

Other financial assets comprise of cash and cash equivalents which are therefore subject to minimal credit risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Group policy is that funding is reviewed in line with operational cash flow requirements and investment strategy. Repayment terms and conditions are approved by the Board in advance of acceptance of any facility. At each board meeting, and at the reporting date, the cash flow projections are considered by the Board to confirm that the Group has sufficient funds and available funding facilities to meet its obligations as they fall due.

The Group has a revolving credit facility for up to £2,500,000. At any point in time drawings can be made up to the level of the debtor's ledger balance.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group seeks to transact the majority of its business in its reporting currency (£Sterling). However, many customers and suppliers are outside the UK and a proportion of these transact with the company in US dollars and euro. For this reason the Group operates current bank accounts in US dollars and euro as well as in its reporting currency and has a revolving credit facility available which can be drawn in US dollars, pounds sterling or euro.

To the maximum extent possible receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of funds translated to or from the reporting currency. Cash flow projections are used to plan for those occasion when funds will need to be translated into different currencies so that exchange rate risk is minimised. In addition, the Group has entered into a revolving credit facility which can be drawn in US dollars, pounds sterling or euro.

If the exchange rate between sterling and the US dollar, or euro had been 10% higher/lower at the reporting date the effect on profit would have been approximately £33,300 (2017: £3,540; 2016: £79,600) higher/lower and £10,000 (2017: £49,100; 2016: £100,200) higher/lower respectively and the effect on equity would have been approximately £162,000 (2017: £55,000; 2016: £65,000) higher/lower and £36,000 (2017: £55,000; 2016: £38,000) higher/lower respectively.

Interest rate risk

Cash flow interest risk arises from the Group's external loans and revolving credit facilities, which carry interest based on underlying base rates in the UK, US and the EU. A 25 basis point change (0.25%) in the underlying base rate would not have a material impact on the Group's finance costs in the profit and loss account.

(c) ***Maturity***

The Group's financial liabilities measured as a contractual undiscounted cash flow mature as follows:

As at 31 December 2018

	Less than one year £	*Between one and two years* £	*Between two and five years* £
Trade payables and other payables	912,083	–	–
External loans	494,583	395,249	495,378
Fair value of embedded derivatives	34,093	–	–
Directors' loans	86,008	269,507	–
Revolving credit facilities	1,751,640	–	–
	3,278,407	664,756	495,378

As at 31 December 2017

	Less than one year £	*Between one and two years* £	*Between two and five years* £
Trade payables and other payables	1,108,823	–	–
External loans	534,473	461,578	889,634
Fair value of embedded derivatives	22,082	–	–
Directors' loans	143,691	230,173	132,953
	1,809,069	691,751	1,022,587

As at 31 December 2016

	Less than one year £	*Between one and two years* £	*Between two and five years* £
Trade payables and other payables	571,622	–	–
External loans	241,123	270,291	416,636
Fair value of embedded derivatives	16,432	–	–
Directors' loans	231,689	89,263	344,705
	1,060,866	359,554	751,341

At each year end there are no financial liabilities due after five years.

24. Share capital

	2018 £	*2017* £	*2016* £
Allotted, called up and fully paid			
6,000 (2017: 6,000; 2016: 6,000) A class ordinary shares of £0.01 each	60	60	60
6,208 (2017: 5,200; 2016: 5,700) B class ordinary shares of £0.01 each	62	52	57
205 (2017: 205; 2016: 205) C class ordinary shares of £0.01 each	2	2	2
2,057 (2017: 2,057; 2016: 1,557) D class ordinary shares of £0.01 each	21	21	16
9,960 (2017 and 2016: 10,000) E class ordinary shares of £0.001 each	10	10	10
5,000 (2017 and 2016: 5,000) F class ordinary shares of £0.01 each	50	50	50
340 (2017 and 2016: 1,300) treasury shares of £0.01 each	3	13	13
	208	208	208

The holders of A ordinary shares rank *pari passu* in respect of voting rights and have priority in relation to the payment of dividends and on return of capital. The holders of B, C and D shares will receive a return of capital in their respective order, shall be entitled to receive dividends with the approval of an A shareholder majority, but have no voting rights. The holders of E shares shall be entitled to receive dividends with the approval of an A shareholder majority but have no voting rights. The holders of F shares shall be entitled to receive 10% of the total amounts of dividends declared by the Company, 10% return of capital, but no voting rights.

The treasury shares carry no rights to attend or vote at general meetings and no rights to receive dividends or other distributions of assets.

During the year ended 31 December 2016, the following changes occurred in respect of share capital:

- 4,382 B shares and 618 D shares were re-designated as F shares;
- The Company undertook a buy-back of 1,000 B shares and 300 D shares for a total consideration of £21,579;
- The 10,885,000 redeemable shares of £0.01 each which were in issue at 1 January 2016 were redeemed at cost with no premium attached.

During the year ended 31 December 2017, 500 B shares were re-designated as D shares.

During the year ended 31 December 2018, the following changes occurred in respect of share capital:

- 1,000 B shares were issued out of the treasury shares held by the Company for a consideration of £10; and
- the Company undertook a buy-back of 40 E shares at their nominal value.

Reserves

Share premium account: This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve: This reserve records the nominal value of shares repurchased by the Company.

25. Commitments and contingencies

There are no material capital commitments, financial commitments or contingencies at the balance sheet date not provided for in these historical financial information. Legal charges in favour of Silicon Valley Bank include fixed charges over specified cash accounts and fixed charges over the present and future book and other debts.

26. Related parties

At 31 December 2018 directors were owed £350,149 (2017: £492,850; 2016: £648,776) by the Group. During the year interest of £23,015 (2017: £22,638, 2016: £56,558) was charged on these loans and repayments of £166,160 (2017: £184,799; 2016: £125,551) were made.

During the year the Group was charged £100,000 (2017: £100,000, 2016: £186,595) by Blue Shark Limited, a related party through common directorship, in respect of IT expertise provided for development projects.

During the year dividends amounting to £300,216 (2017: £Nil; 2016: £Nil) were paid to A and F shareholders of the Company. These shareholders are also directors or related parties of the Company.

27. Ultimate controlling party

The Company is controlled by its shareholders. The majority shareholders are Peter Keeling and Delia Keeling.

28. Subsequent events

Issue of convertible loan notes

On 15 February 2019 the Group issued £500,000 of unsecured convertible loan notes that will convert to shares in the Group on the listing on AIM. The conversion price of these loan notes is set at a 25 per cent. discount to the placing price on the listing.

Restructuring of share capital

On 11 March 2019 the Company underwent a shares consolidation and conversion, resulting in all B shares, C shares, D shares, E shares and F shares being converted into A shares followed by all A shares being re-designated as Ordinary shares. The Company then undertook a sub-division of these Ordinary Shares followed by a bonus issue and was then re-registered as a public limited company in advance of a listing on AIM.

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

1.1 The Company, whose registered office appears on page 9 of this document, and the Directors, whose names appear on page 9 of this document, accept individual and collective responsibility for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 In connection with this document and/or the Placing, no person is authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised.

2. THE COMPANY

2.1 The Company was incorporated and registered in Northern Ireland under the Companies (Northern Ireland) Order 1986, where it remains domiciled, on 17 May 2005 as a private limited company with the name Diaceutics Ltd and with registered number NI055207.

2.2 On 14 March 2019, the Company was re-registered as a public limited company with the name Diaceutics plc.

2.3 The liability of the members of the Company is limited.

2.4 The Company, directly or indirectly, owns or holds the entire issued share capital of the companies set out in paragraph 4 below.

2.5 The principal legislation under which the Company operates is the Act and the regulations made thereunder. The Ordinary Shares have been created pursuant to the Act and other relevant preceding legislation.

2.6 The liability of the members of the Company is limited to the amount paid up or to be paid up on their shares. The Company is domiciled within the United Kingdom.

2.7 The Company's registered office is at Titanic Suites, Enterprise House, 55-59 Adelaide Street, Belfast, Northern Ireland BT2 8FE. The telephone number of the Company is +44(0)2890 726123.

2.8 The Company's website address as which information required by Rule 26 of the AIM Rules can be found is www.diaceutics.com.

2.9 The accounting reference date of the Company is 31 December.

3. SHARE CAPITAL

3.1 The Company's ordinary shares are in registered form and are capable of transfer in both certificated form and uncertificated form. The register of members for the Company will be maintained by the Company's registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

3.2 The Company was incorporated with an authorised share capital however, as permitted under the Act, the Company no longer has an authorised share capital.

3.3 At the date of incorporation, one ordinary share of £1 was issued to Peter Keeling and one ordinary share of £1 was issued to Delia Keeling.

3.4 The history of the share capital of the Company for the period covered by the historical financial information set out in Part III of this document is as follows:

(a) on 1 January 2016 the share capital of the Company was as follows: 6,000 A shares of £0.01 each, 8,300 B shares of £0.01 each, 205 C shares of £0.01 each, 2,475 D shares of £0.01 each and 10,000 E shares of £0.001 each and 10,885,000 redeemable shares of £0.01 each;

(b) on 19 October 2016 the Company bought-back 1,000 B shares of £0.01 each and 300 D shares of £0.01 each. The aggregate consideration paid was £21,592. The shares were not cancelled post-completion of the transfer and were held by the Company in treasury;

(c) on 22 December 2016 the Company:

(i) allotted 1,679 B shares of £0.01 each to Philip White and 1,103 B shares of £0.01 each to Ryan Keeling;

(ii) converted 4,382 B shares of £0.01 each and 618 D shares of £0.01 each held by Philip White and Ryan Keeling respective into, in aggregate, a new class of 5,000 F shares of £0.01 each. 2,500 of the F shares of £0.01 each were held by Philip White and 2,500 of the F shares of £0.01 each were held by Ryan Keeling;

(d) on 30 December 2016 all of the 10,885,000 redeemable shares of £0.01 each were redeemed at par;

(e) on 1 January 2017 the share capital of the Company was as follows: 6,000 A shares of £0.01 each, 6,700 B shares of £0.01 each, 205 C shares of £0.01 each, 1,857 D shares of £0.01 each, 10,000 E shares of £0.001 each and 5,000 F shares of £0.01 each, of which 1,000 B shares of £0.01 each and 300 D shares of £0.01 each were held in treasury by the Company;

(f) on 5 June 2017 the Company converted 500 B shares of £0.01 each into 500 D shares of £0.01 each;

(g) on 1 January 2018 the share capital of the Company was as follows: 6,000 A shares of £0.01 each, 6,200 B shares of £0.01 each, 205 C shares of £0.01 each, 2,357 D shares of £0.01 each, 10,000 E shares of £0.001 each and 5,000 F shares of £0.01 each, of which 1,000 B shares of £0.01 each and 300 D shares of £0.01 each were held in treasury by the Company;

(h) on 14 April 2018 the Company transferred 668 B shares of £0.01 each out of treasury to Julie Goonewardene Wallin;

(i) on 28 May 2018 the Company transferred 150 B shares of £0.01 each out of treasury to an employee;

(j) on 16 July 2018 the Company transferred 25 B shares of £0.01 each to Julie Goonewardene Wallin and 100 B shares of £0.01 each to an employee, in each case out of treasury;

(k) on 17 September 2018 the Company transferred 57 B shares of £0.01 each to three employees, in each case out of treasury; and

(l) on 31 December 2018 the share capital of the Company was as follows: 6,000 A shares of £0.01 each, 6,200 B shares of £0.01 each, 205 C shares of £0.01 each,

2,357 D shares of £0.01 each, 10,000 E shares of £0.001 each and 5,000 F shares of £0.01 each, of which 300 D shares of £0.01 each were held in treasury by the Company.

3.5 Subsequent to the period covered by the historical financial information set out in Part III of this document and prior to the re-organisation detailed below the following events have occurred in relation to the share capital of the Company:

(a) on 4 January 2019 the Company bought back 40 E shares of £0.001 each. The aggregate consideration paid was £0.04. The shares were not cancelled post-completion of the transfer and were held by the Company in treasury; and

(b) on 29 January 2019 the Company allotted 8 B shares of £0.01 each to three employees.

3.6 Immediately prior to the re-organisation detailed below, the issued share capital of the Company was as follows: 6,000 A shares of £0.01 each, 6,208 B shares of £0.01 each, 205 C shares of £0.01 each, 2,357 D shares of £0.01 each, 10,000 E shares of £0.001 each and 5,000 F shares of £0.01 each, of which 300 D shares of £0.01 each and 40 E shares of £0.001 each were held in treasury by the Company.

3.7 On 13 March 2019, the Company cancelled the 300 D shares of £0.01 each and 40 E shares of £0.001 each which were held in treasury.

3.8 On 13 March 2019, the Company passed the following resolutions:

(a) a resolution to consolidate its issued E share capital so that the 9,960 E shares of £0.001 each in the capital of the Company were consolidated into 996 E shares of £0.01 each; and

(b) a resolution to authorise the directors to allot new A shares of £0.01 each up to an aggregate nominal amount of £2,050.20.

3.9 Simultaneously, on 13 March 2019, the Company:

(a) allotted and issued, in aggregate, 205,050 new A shares of £0.01 each to the existing shareholders of the Company at par value; and

(b) passed a shareholders resolution to convert each of the issued B shares of £0.01 each, C shares of £0.01 each, D shares of £0.01 each, E shares of £0.01 each and F shares of £0.01 each in the Company into A shares of £0.01 each.

3.10 On 13 March 2019, the Company passed a resolution to re-designate all of the 225,516 issued A shares of £0.01 each as 225,516 issued ordinary shares of £0.01 each.

3.11 On 13 March 2019, the Company passed the following resolutions:

1. THAT each issued ordinary share of £0.01 each in the capital of the Company be sub-divided into 5 ordinary shares of £0.002 each, such shares having the rights and being subject to the obligations attaching to ordinary shares of £0.002 each as set out in the existing articles of association.

2. THAT, conditional on the passing of resolution 1, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors of the Company (the "Directors") be and are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such

shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of:

2.1 £87,952 in connection with a bonus issue of shares (the "Bonus Issue") but for no other purpose;

2.2 £2,454 in connection with warrants to be granted to Cenkos Securities plc (the "Warrants") but for no other purpose;

2.3 £50,000 in connection with the proposed placing (the "Placing") to take place on or around the time of admission of the Company's ordinary shares to trading on AIM but for no other purpose;

2.4 £40,000 (in addition to the authorities conferred in sub-paragraphs 2.1, 2.2 and 2.3 above),

provided that this authority, unless duly renewed, revoked, varied or extended, will expire on the date falling fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and, the directors may allot relevant securities in pursuance of such an offer or agreement as if the authorities conferred by the resolution had not expired.

This Resolution revokes and replaces all unexercised powers previously granted to the Directors to allot relevant securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

3. THAT, conditional on the passing of resolutions 1 and 2, the Directors be and they are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by resolution 2 above as if section 561(1) of the Act did not apply to any such allotment provided that:

3.1 the power conferred by this resolution shall be limited to:

3.1.1 the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities; and

(a) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and

(b) to holders of any other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depositary receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever

3.1.2 in the case of the authorities granted under resolution 2,

(a) the allotment (otherwise than pursuant to sub-paragraph 3.1.1 above) of equity securities in connection with the Bonus Issue;

(b) the allotment (otherwise than pursuant to sub-paragraphs 3.1.1 and 3.1.2(a) above) of equity securities in connection with the Warrants;

(c) the allotment (otherwise than pursuant to sub-paragraphs 3.1.1, 3.1.2(a) and 3.1.2(b) above) of equity securities in connection with the Placing;

(d) the allotment (otherwise than pursuant to sub-paragraphs 3.1.1, 3.1.2(a), 3.1.2(b) and 3.1.2(c) above) of equity securities up to an aggregate nominal value of £12,000,

3.2 unless duly renewed, revoked, varied or extended, this power will expire on the date falling fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and, the directors may allot relevant securities in pursuance of such an offer or agreement as if the authorities conferred by the resolution had not expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if Section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

3.12 Following the sub-division, the Company had an issued share capital of 1,127,580 Ordinary Shares.

3.13 On 13 March 2019, the Company undertook a bonus issue of Ordinary Shares on the basis of 39 new Ordinary Shares for every one Ordinary Share held, such new Ordinary Shares being fully paid out of share premium. As a result, 43,975,620 new Ordinary Shares were allotted at a price of £0.002 per Ordinary Share. Following the bonus issue, the Company had an issued share capital of 45,103,200 Ordinary Shares.

3.14 On 15 March 2019, the Company allotted and issued 175,438 Ordinary Shares to a third party investor at a price of £0.57 per share.

3.15 Immediately prior to Admission, the Company will allot and issue, in aggregate, 1,936,012 Ordinary Shares on conversion of the IPO Loan Notes.

3.16 Immediately prior to Admission, the issued and fully paid share capital of the Company will be as follows:

	Number	*Nominal Value (£)*
Issued and Fully Paid		
Ordinary Shares	47,214,650	94,429.30

3.17 The issued share capital of the Company immediately following Admission assuming all of the New Ordinary Shares are issued but the Warrants are not exercised and the Outstanding Loan Notes are not converted will be as follows:

	Number	*Nominal Value (£)*
Issued and Fully Paid		
Ordinary Shares	69,583,077	139,166.15

3.18 On Admission, the Company will grant to Cenkos the Warrants, further details of which are set out in paragraph 13.4 below.

3.19 Save as disclosed in paragraph 3.18, as at date of this document, the Company has not granted any options or warrants to subscribe for Ordinary Shares which remain outstanding. It does not hold any shares in treasury.

3.20 On 15 October 2018, the Company issued £453,543 of unsecured convertible loan notes and on 15 February 2019, the Company issued a further £750,000 of unsecured convertible loan notes (together the "**Loan Notes**"), further details of which are set out in paragraphs 13.9 and 13.11 of this Part IV. £1,103,543 of the Loan Notes (the "**IPO Loan Notes**") are convertible into Ordinary Shares in the Company immediately prior to Admission.

3.21 £100,000 of the Loan Notes issued on 15 February 2019 will remain in place following Admission (the "**Outstanding Loan Notes**"). These loan notes can be converted into Ordinary Shares in the Company on or after 31 March 2022. Further details are set out in paragraph 13.7 of this Part IV.

3.22 Save for the Ordinary Shares proposed to be issued pursuant to the Placing, the Ordinary Shares proposed to be issued in relation to ESOP Options to be granted after Admission and save as set out in paragraphs 3.18, 3.20 and 3.21 above:

(a) no share or loan capital of the Company or any of its subsidiaries has been issued or been agreed to be issued fully or partly paid, either for cash or for consideration other than cash and no issue is now proposed; and

(b) neither the Company nor any of its subsidiaries has granted any options, warrants or convertible loan notes over its shares or loan capital which remains outstanding or has agreed, conditionally or unconditionally, to grant any such options, warrants or convertible loan notes.

3.23 On Admission, 1,377,463 Ordinary Shares in the Company will be held by a third party trustee on trust for employees of the Group who are entitled, pursuant to the terms of their employment contracts, to, in aggregate, 1,238,080 Ordinary Shares after certain length of service milestones with the Group have been met with the remainder expected to be used to satisfy the potential exercises of share options granted in the future.

3.24 The New Ordinary Shares will be allotted fully paid in registered form and may be held in either certificated or in uncertificated form. Application will be made to the London Stock Exchange for the Enlarged Share Capital (including the New Ordinary Shares) to be admitted to trading on AIM. All the Ordinary Shares (including the New Ordinary Shares) may be transferred into the CREST system for which there will be no charge to stamp duty or stamp duty land tax on the transfer (unless made for consideration).

3.25 The nominal value of the New Ordinary Shares to be issued under the Placing is £0.002. The issue price of the New Ordinary Shares will be 76 pence. The difference between the issue price and the nominal value will be credited to the share premium account.

3.26 The New Ordinary Shares were created under and are subject to the provisions of the Act and are issued in pound sterling.

3.27 The New Ordinary Shares will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared or made or paid in respect of Ordinary Shares after the date of issue and no Shareholders in the Company enjoy different or enhanced voting rights.

3.28 Save as disclosed in this document, there are no Ordinary Shares in the Company which are held by, or on behalf of, the Company and none of the Company's subsidiary undertakings holds any shares in the Company.

3.29 Save for the New Ordinary Shares to be issued pursuant to the Placing and any Ordinary Shares to be issued pursuant to options, warrants and loan notes as detailed in paragraph 24 of Part I of this document and paragraphs 3.18, 3.20 and 3.21 above, there are no agreements or undertakings pursuant to which the Company has agreed to issue Ordinary Shares.

3.30 On completion of the Placing the issued share capital of the Company shall be increased by 22,368,427 Ordinary Shares. The holders of the Existing Ordinary Shares will be diluted by the allotment and issue of the New Ordinary Shares. The effect of the allotment and issue of the New Ordinary Shares (assuming that the New Ordinary Shares are subscribed for by parties who are not holders of Existing Ordinary Shares) will be that holders of Existing Ordinary Shares at the date of this document will own 67.9 per cent., in aggregate, of the Enlarged Share Capital following Admission.

4. SUBSIDIARY UNDERTAKINGS

4.1 The Company currently has four subsidiary undertakings, the details of which are as follows:

Company	*Country of Incorporation*	*Principal Activity*	*Direct Shareholder*	*% of Ownership Interest*	*% of Voting Power*
Diaceutics Ireland Ltd	Ireland	Data and implementation services	The Company	100	100
Diaceutics INC	USA	Data and implementation services	The Company	100	100
Labceutics Ltd	Northern Ireland	Data and implementation services	The Company	100	100
Diaceutics PTE Limited	Singapore	Data and implementation services	The Company	100	100

4.2 The Group is also affiliated with PM Connective INC, a New Jersey Non-Profit Corporation incorporated on 30 June 2015 ("**PM Connective**"). PM Connective is not authorised to issue capital stock and it is operated exclusively for non-profit purposes. PM Connective is a communications and advocacy platform to improve the reach of precision medicine. It is intended to bring together stakeholders in the pharmaceutical market to improve the patient journey through their treatment.

5. ARTICLES OF ASSOCIATION

The Articles contain provisions, *inter alia*, to the following effect:

5.1 ***Objects***

The Articles contain no specific restriction on the Company's objects and therefore, by virtue of section 31(1) of the Act, the Company's objects are unlimited.

5.2 ***General meetings***

5.2.1 A general meeting shall be held in every year as the annual general meeting of the Company (and specified as such in the notice convening the meeting), at such time (within a period of not more than six months beginning with the day following the Company's accounting reference date) and place as may be determined by the directors. The general meetings referred to in this paragraph 5.2.1 shall be called annual general meetings.

5.2.2 All general meetings other than annual general meetings shall be called general meetings. The directors may call a general meeting whenever they think fit and shall in any event do so when and in the manner required by the Act. General meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Statutes. If at any time there are not within the United Kingdom sufficient directors capable of acting to form a quorum for a meeting of the directors, any director or any two members of the Company may convene a general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the directors.

5.2.3 An annual general meeting shall be called by not less than twenty one clear days' notice in writing and all other general meetings shall (subject to the provision of the Statutes) be called by not less than fourteen clear days' notice in writing (or such shorter period as the Act permits). A general meeting shall, notwithstanding that it is called by shorter notice than that specified in this paragraph 5.2.3, be deemed to have been duly called if it is so agreed by such members as is prescribed by the Statutes.

5.2.4 The notice shall specify the place, the day and hour of meeting and, in case of special business, the general nature of such business. The notice shall be given to the members (other than those who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive notice from the Company), to the directors and to the auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such.

5.2.5 The accidental omission to give notice of a meeting or to send an appointment of proxy with a notice to a person entitled to receive the same when so required or the non-receipt of a notice or appointment of proxy by any such person shall not invalidate the convening of or the proceedings at that meeting.

5.2.6 Subject to any provisions in respect of adjourned meetings, for all purposes the quorum for a general meeting shall be not less than two members present in person, by a duly authorised corporate representative or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present when the meeting proceeds to business. The appointment of a chairman in accordance with the provisions of the Articles shall not be treated as part of the business of the meeting. In calculating whether a quorum is present, if two or more persons are appointed as proxies for the same member or two or more persons are appointed as corporate representatives of the same corporate member, only one of such proxies or only one of such corporate representatives shall be counted.

5.2.7 If within fifteen minutes (or such longer interval as the chairman in his absolute discretion thinks fit) from the time appointed for the meeting a quorum is not present or if during a meeting such quorum ceases to be present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to such day and to such time and place as the chairman (or, in default, the board) shall appoint. At any such adjourned meeting, the member or members present in person, by a duly authorised corporate representative or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

5.3 ***Voting rights***

Subject to any special terms as to voting upon which any shares may have been issued or may for the time being be held or a suspension or abrogation of voting rights pursuant to the Articles, every member present in person, by a duly authorised corporate representative or

by proxy shall upon a show of hands have one vote and every member so present shall upon a poll have one vote for every share of which he is holder.

5.4 ***Suspension of rights***

5.4.1 No member shall, unless the directors otherwise determine, be entitled to be present or to vote, either in person or by proxy, at any general meeting or at a separate meeting of the holders of any class of shares or upon any poll or to exercise any privilege as a member in relation to meetings of the Company in respect of any shares held by him (Relevant Shares) if either:

5.4.1.1 any calls or other monies due and payable in respect of the Relevant Shares remain unpaid; or

5.4.1.2 he or any other person appearing to be interested in any Relevant Shares (Other Person) has been duly served, pursuant to any provision of the Statutes concerning the disclosure of interests in voting shares, with a notice (Statutory Notice) lawfully requiring the provision to the Company (within such period (not being less than fourteen days) after service of the Statutory Notice as is specified in such notice) of information regarding any of such Relevant Shares and he or such Other Person is in default in complying with the Statutory Notice.

5.4.2 For the purposes of paragraph 5.4.1.2 above, a person shall be treated as appearing to be interested in any shares if the member holding such shares has: (i) informed the Company that he is, or may be, so interested; or (ii) given to the Company a notification pursuant to a statutory notice which fails to establish the identity of the person or persons interested in such shares and if (after taking into account such notification and any other relevant notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in such shares.

5.4.3 Paragraph 5.7.3.2 below sets out details on the prohibition on the transfer of shares where a statutory notice has not been complied with.

5.4.4 The directors may withhold any dividend or other monies payable to any member on or in respect of shares representing at least 0.25 per cent. (one quarter of one per cent.) of the issued shares of the relevant class if such member or any person appearing to be interested in any such shares has been duly served with, but is in default in complying with, a Statutory Notice. Any such dividend or other monies so withheld shall be paid to the member entitled thereto within seven days after the earlier of the occurrence of the two events described in Articles 20.3.3(a) and 20.3.3(b) of the Articles.

5.5 ***Variation of rights***

Subject to the provisions of the Statutes, if at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class (whether or not the Company is being wound up) may be varied or abrogated: (i) in such manner (if any) as may be provided by such rights; or (ii) in the absence of any such provision, either with the consent in writing of the holders of at least 75 (seventy-five) per cent. of the nominal amount of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate meeting (convened and conducted pursuant to the provisions of the Articles) of the holders of the issued shares of that class, but not otherwise.

5.6 ***Classes of share***

The share capital of the Company is currently made up of Ordinary Shares. The Ordinary Shares are voting shares and benefit from all of the rights attaching to those shares contained within the Articles and as summarised in paragraphs 5.2, 5.3, 5.4, 5.5, 5.7, 5.9 and 5.15 of this Part IV.

5.7 ***Transfer of shares***

5.7.1 All transfers of uncertificated shares shall be made in accordance with and be subject to the CREST Regulations and the facilities and requirements of the Relevant System concerned and, subject thereto in accordance with any arrangements made by the board pursuant to the Articles.

5.7.2 All transfers of certificated shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor, and (except in the case of fully paid shares) the instrument shall also be signed by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect thereof.

5.7.3 The directors may, in their absolute discretion (but subject to any rules or regulations of the London Stock Exchange, any rules published by the FCA applicable to the Company from time to time, the CREST Regulations and section 771(2) of the Act), refuse to register any transfer of shares or renunciation of a renounceable letter of allotment:

(i) unless all of the following conditions are satisfied:

(a) it is in respect of a fully paid share;

(b) it is in respect of a share on which the Company does not have a lien;

(c) it is in respect of only one class of share;

(d) it is in favour of a single transferee or renouncee or not more than four joint holders as transferees or renouncees;

(e) it is duly stamped or duly certified or otherwise shown to the satisfaction of the board to be exempt from stamp duty; and

(f) the conditions referred to in Article 9.4 have been satisfied in respect thereof;

5.7.3.2 (subject to Article 20.3.3 of the Articles) the transferor or renouncer of which or any person appearing to be interested in which has been served with, but is in default in complying with, a Statutory Notice (as defined above), provided always that this paragraph shall not apply in respect of a transfer or renunciation (i) which is a permitted sale within the meaning set out in Article 20.3.4 of the Articles or (ii) of shares by a transferor or renouncer whose holding of shares immediately prior to the proposed transfer represents less than 0.25 per cent. (one quarter of one per cent.) of the issued shares of the relevant class;

5.7.3.3 the directors shall not refuse to register any transfer or renunciation of any partly paid shares which are admitted to the Official List or AIM on the grounds that they are partly paid shares in circumstances where such a refusal would prevent dealings in such shares from taking place on an open and proper basis;

5.7.3.4 the directors may refuse to register a transfer or renunciation of uncertificated shares in such other circumstances (if any) as may be permitted by the CREST Regulations and the requirements of the Relevant System concerned;

5.7.3.5 if the directors refuse to register a transfer or renunciation, they shall, within two months after the date on which in the case of certificated shares the transfer or renunciation was lodged with the Company send to the transferee or renouncee notice of the refusal or, in the case of uncertificated shares, the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the facilities and requirements of the Relevant System. In addition, in the case of uncertificated shares: (a) at the same time as it sends the transferee notice of the refusal to register a transfer, the directors will provide the transferee with its reasons for the refusal; and (b) any instrument of transfer which the directors refuse to register shall (except in the case of suspected or actual fraud) be returned to the person depositing it.

5.8 ***Allotment of shares***

Subject to the provisions of the Statutes regarding pre-emption rights and any resolution of the Company relating thereto or relating to any authority to allot relevant securities, the board may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, to such persons (including the directors themselves), at such times and generally on such terms and conditions as the board may decide, provided that no share shall be issued at a discount to its nominal value.

5.9 ***Dividends and other distributions***

5.9.1 Subject as hereinafter provided and to the Statutes, the Company by ordinary resolution in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits, but no larger dividend shall be declared than is recommended by the directors.

5.9.2 Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purpose of this paragraph as paid up on the share. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. If any share carries any particular rights as to dividends, such share shall rank for dividend accordingly.

5.9.3 Subject to the provisions of the Statutes, the directors may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the directors to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the directors may pay such interim dividends on shares which rank after shares conferring preferential dividend rights, unless at the time of payment any preferential dividend is in arrears. Provided that the directors act in good faith, they shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those with preferential rights.

5.9.4 No dividend or other monies payable by the Company in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

5.9.5 All dividends or other sums payable on or in respect of a share unclaimed for one year after having been declared may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. All dividends unclaimed for a period of twelve years from the date they became due for payment shall be forfeited and shall revert to the Company absolutely. The payment of any unclaimed dividend or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee thereof.

5.9.6 The directors may deduct from any dividend or other monies payable to any member on or in respect of a share all such sums as may be due from him to the Company on account of calls or otherwise in relation to shares of the Company.

5.9.7 The Company may pay any dividend or other sum payable in cash or by cheque, dividend warrant, money order, direct debit, bank transfer or any other method as the board may consider appropriate. In respect of shares in uncertificated form, where the Company is authorised to do so by or on behalf of the holder or joint holders in such manner as the Company shall from time to time consider sufficient, the Company may also pay any such dividend or other sum by means of the Relevant System (subject always to the facilities and requirements of the Relevant System).

5.9.8 With the sanction of an ordinary resolution of the Company in general meeting, any dividend may be paid and satisfied either wholly or in part by the distribution of specific assets (including, without limitation, paid up shares or debentures of any other company) and the directors shall give effect to any such resolution provided that no such distribution shall be made unless recommended by the directors. Where any difficulty arises in regard to the distribution, the directors may settle the same as they think expedient, and in particular may issue fractional certificates, fix the value for distribution of such specific assets or any part thereof, determine that cash payments may be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and vest any such assets in trustees upon trust for the persons entitled to the dividend as may seem expedient to the directors.

5.10 ***Appointment of directors***

5.10.1 Unless and until otherwise determined by the Company in general meeting, the number of directors shall not be less than two and, unless and until otherwise determined as aforesaid, there shall be no limit on the maximum number of directors.

5.10.2 The continuing directors may act notwithstanding any vacancy in their body, provided that if the number of the directors be less than the prescribed minimum the remaining director shall forthwith appoint an additional director or additional directors to make up such minimum or shall convene a general meeting of the Company for the purpose of making such appointment. If there be no director or directors able or willing to act, then any two members may summon a general meeting for the purpose of appointing directors. Any additional director so appointed shall (subject to the provisions of the Statutes and the Articles) hold office only until the dissolution of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting and he shall not retire by rotation at such meeting or be taken into account in determining the rotation of retirement of directors at such meeting.

5.10.3 Subject to the provisions of the Articles, the Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board.

5.10.4 Without prejudice to the power of the Company pursuant to the Articles, the directors shall have power at any time to appoint any person either to fill a casual vacancy or as an addition to the board, but so that the total number of directors shall not exceed any maximum number fixed in accordance with the Articles. Subject to the provisions of the Statutes and of the Articles, any director so appointed shall hold office only until the dissolution of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting, and he shall not retire by rotation at such meeting or be taken into account in determining the rotation of retirement of directors at such meeting.

5.11 ***Remuneration of directors***

5.11.1 There shall be paid out of the funds of the Company by way of remuneration of directors who are not managing or executive directors appointed under the relevant provisions of the Articles fees at such rates as the directors may from time to time determine provided that such fees do not in aggregate exceed £250,000 per annum or such other figure as the Company may in general meeting from time to time determine. Such fees shall be divided among such directors in such proportion or manner as may be determined by the directors and, in default of determination, equally. A fee payable to a director pursuant to this paragraph is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the Articles and accrues from day to day.

5.11.2 If, in the opinion of the directors, it is desirable that any of their number should perform any special services on behalf of the Company or its business, such director or directors may be paid such reasonable additional remuneration (whether by way of fees, salary, percentage of profits or otherwise) and expenses therefor as the directors may from time to time determine.

5.11.3 The directors may establish or concur or join with other companies (being subsidiary undertakings of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, annuities, sickness or compassionate allowances, life assurance benefits, donations, gratuities or other benefits for employees (which expression as used in this paragraph shall include any director who may hold or have held any office or place of profit) and ex-employees of the Company and of any such other companies and their wives, widows, relatives, families or dependants, or any class or classes of such persons.

5.12 ***Retirement and removal of directors***

5.12.1 At each annual general meeting, one-third of the directors who are subject to retirement by rotation and in office at the opening of business on the date of the notice calling the relevant annual general meeting or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, or if their number is less than three then one of them, shall retire from office. A director retiring at a meeting shall retain office until the dissolution of such meeting. Any director retiring pursuant to paragraphs 5.10.2 and 5.10.4 above shall not be taken into account in determining the number of directors who are to retire by rotation in accordance with this paragraph.

5.12.2 The directors to retire at each annual general meeting shall include such of the directors referred to in paragraph 5.12.1 who wish to retire and not offer themselves

for re-election (if any) together with, to the extent that the number of such directors is insufficient to meet the number required to retire under paragraph 5.12.1, such of the directors who have been longest in office as are necessary to meet such number. As between two or more who have been in office an equal length of time, the director(s) to retire shall (in default of agreement between them) be determined by lot. The length of time a director has been in office shall be computed from his last election, re-election or appointment when he has previously vacated office. A retiring director shall be eligible for re-election.

5.12.3 Without prejudice to the provisions of the Statutes, the Company may by ordinary resolution remove any director before the expiration of his term of office (without prejudice to a claim for compensation or damages for breach of any service contract).

5.13 ***Directors' interests and conflicts***

5.13.1 For the purpose of section 175 of the Act, the directors shall have the power to authorise by a resolution of the directors passed in accordance with the Articles, any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under that section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

5.13.2 Authorisation of a matter under paragraph 5.13.1 shall be effective only if:

5.13.2.1 the matter in question shall have been proposed in writing for consideration at a meeting of the directors, in accordance with the board's normal procedures or in such other manner as the directors may determine;

5.13.2.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together the Interested Directors); and

5.13.2.3 the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.

5.13.3 Any authorisation of a matter under paragraph 5.13.1 shall be subject to such conditions or limitations as the directors may determine, whether at the time such authorisation is given or subsequently and may be terminated by the directors (by a resolution of the directors (other than any Interested Directors) passed in accordance with the Articles at any time.

5.13.4 Subject to any conditions or limitations imposed under the paragraph 5.13.3, a director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or person connected with him) derives from any matter authorised by the directors under paragraph 5.13.1 and any contract, transaction, arrangement or proposal relating thereto shall not be liable to be avoided on the grounds of any such benefit.

5.13.5 Subject to compliance with paragraph 5.13.6, a director, notwithstanding his office, may have an interest of the following kind:

5.13.5.1 where a director (or a person connected with him) is a director or other officer of, or employed by, or otherwise interested (including by the holding of shares) in any Relevant Company;

5.13.5.2 where a director (or a person connected with him) is a party to, or otherwise interested in, any contract, transaction, arrangement or proposal with a Relevant Company, or in which the Company is otherwise interested;

5.13.5.3 where the director (or a person connected with him) acts (or any firm of which he is a partner, employee or member acts) in a professional capacity for any Relevant Company (other than as auditor) whether or not he or it is remunerated therefor;

5.13.5.4 an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;

5.13.5.5 an interest, or a transaction, arrangement or proposal giving rise to an interest, of which the director is not aware;

5.13.5.6 any matter already authorised under paragraph 5.13.1; or

5.13.5.7 any other interest authorised by ordinary resolution.

No authorisation under paragraph 5.13.1 shall be necessary in respect of any such interest.

5.13.6 A director shall not save as otherwise agreed by him be accountable to the Company for any benefit which he (or a person connected with him) derives from any interest referred to in paragraph 5.13.5, and no contract, transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest.

5.13.7 Save as provided in Article 30.3, and whether or not the interest is one which is authorised pursuant to paragraph 5.13.1 or permitted under paragraph 5.13.5 a director shall not be entitled to vote on any resolution in respect of any contract, transaction, arrangement or proposal, in which he (or a person connected with him) is interested. Any vote of a director in respect of a matter where he is not entitled to vote shall be disregarded.

5.13.8 A director shall not be counted in the quorum for a meeting of the directors in relation to any resolution on which he is not entitled to vote.

5.13.9 Subject to the provisions of the Statutes, a director shall (in the absence of some other interest than is set out below) be entitled to vote, and be counted in the quorum, in respect of any resolution concerning any contract, transaction, arrangement or proposal:

5.13.9.1 in which he has an interest of which he is not aware;

5.13.9.2 in which he has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;

5.13.9.3 in which he has an interest only by virtue of interests in shares, debentures or other securities of the Company, or by reason of any other interest in or through the Company;

5.13.9.4 which involves the giving of any security, guarantee or indemnity to the director or any other person in respect of (i) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or (ii) a debt or other obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

5.13.9.5 concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings (i) in which offer he is or may be entitled to participate as a holder of securities; or (ii) in the underwriting or sub-underwriting of which he is to participate;

5.13.9.6 concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor, employee or otherwise, provided that he (together with persons connected with him) is not the holder of, or beneficially interested in, one per cent. or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of the relevant body corporate;

5.13.9.7 relating to an arrangement for the benefit of the employees or former employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;

5.13.9.8 concerning the purchase or maintenance by the Company of insurance for any liability for the benefit of directors or for the benefit of persons who include directors;

5.13.9.9 concerning the giving of indemnities in favour of directors;

5.13.9.10 concerning the funding of expenditure by any director(s) on (i) defending criminal, civil or regulatory proceedings or actions against him or them; (ii) in connection with an application to the court for relief; or (iii) defending him or them in any regulatory investigations;

5.13.9.11 concerning the doing of anything to enable any director(s) to avoid incurring expenditure as described in paragraph 5.13.9.10 immediately above; and

5.13.9.12 in respect of which his interest, or the interest of directors generally, has been authorised by ordinary resolution.

5.14 ***Powers of the directors***

5.14.1 The business of the Company shall be managed by the directors who, in addition to the powers and authorities by the Articles or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and as are not by the Statutes or by the Articles required to be exercised or done by the Company in general meeting, subject nevertheless to such directions (being not inconsistent with any provisions of the Articles or of the Statutes) as may be given by the Company in general meeting. No direction given by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if such direction had not been given. The provisions contained in the Articles as to any specific power of the directors shall not be deemed to abridge, limit or restrict the general powers hereby given.

5.14.2 Subject to the following provisions of the Articles, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future and uncalled capital, or any part thereof, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its parent undertaking (if any) or any subsidiary undertaking of the Company or of any third party.

5.15 ***Return of Capital***

The liquidator on any winding-up of the Company (whether voluntary or under supervision or compulsory) may, with the authority of a special resolution and after deduction of any provision made under section 187 of the Insolvency Act 1986 and section 247 of the Act, divide among the members in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind, or shall consist of properties of different kinds, and for such purpose may set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between members or classes of members. If any such division shall be otherwise than in accordance with the existing rights of the members every member shall have the same right of dissent and other ancillary rights as if such resolution were a special resolution passed in accordance with section 110 of the Insolvency Act 1986.

5.16 In the summary of the Articles set out in paragraph 5 above, the following defined terms shall have the following meanings:

"**Official List**" the list of securities that have been admitted to listing which is maintained by the UKLA in accordance with section 74(1) of the Financial Services and Markets Act 2000;

"**Relevant Company**" the Company; a subsidiary undertaking of the Company; any holding company of the Company or a subsidiary undertaking of any such holding company; any body corporate promoted by the Company; or any body corporate in which the Company or its holding company is otherwise interested;

"**Relevant System**" a computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument and which facilitates supplementary and incidental matters in accordance with the CREST Regulations; and

"**Statutes**" the Act (as in force from time to time) and every other Act of Parliament and statutory instrument relating to companies and affecting the Company.

Other points to note in relation to the Articles:

5.17 The provisions of section 561 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 1166 of the Act) will apply to the extent not disapplied by a special resolution of the Company.

5.18 There is nothing contained in the Articles which would have an effect of delaying, deferring or preventing a change in control of the Company.

5.19 There is nothing contained in the Articles which governs the ownership threshold above which member ownership must be disclosed.

5.20 There are no conditions in the Articles governing changes in capital which are more stringent than is required by law.

5.21 Save as set out above, there are no provisions in the Articles or otherwise which give any person enhanced rights in the Company's profits.

5.22 There are no conversion or redemption rights attached to any of the shares in the Company pursuant to the Articles or otherwise.

6. DIRECTORS' AND OTHER INTERESTS

6.1 The interests of each of the Directors in the ordinary share capital of the Company (all of which are beneficial) which have been or will be required to be notified to the Company pursuant to section 5 of the Disclosure Guidance and Transparency Rules or which will be

required to be maintained under the provisions of section 808 of the Act, or which are interests of a person connected with any of the Directors (within the meaning of section 252 of the Act), which interests would be required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules, and the existence of which is known to the Directors or could with reasonable diligence be ascertained by them immediately prior to Admission and as at Admission are as set out below:

Name	*Number of Existing Ordinary Shares immediately prior to Admission*	*% of Existing Ordinary Shares immediately prior to Admission*	*Number of Ordinary Shares on Admission*	*% of the Enlarged Share Capital on Admission*
Peter Keeling*	19,262,890	40.8%	17,526,049	25.2%
Ryan Keeling	3,903,800	8.3%	2,890,643	4.2%
Philip White**	4,039,487	8.6%	3,026,330	4.3%
Julie Goonewardene Wallin	2,028,600	4.3%	1,614,127	2.3%
Mike Wort	144,737	0.3%	144,737	0.2%
Charles Hindson	–	0.0%	43,500	0.1%
Total	29,364,189	60.1%	25,230,061	36.3%

* Includes 9,585,659 shares held by Delia Keeling, Peter's wife prior to admission and 8,861,975 following admission

** Includes 1,009,800 shares held by the Philip White Tyres Pension Trust 81810

6.2 Save as disclosed in this document, none of the Directors has or will have any interest in the ordinary share capital or loan capital of the Company following Admission nor does any person connected with the Directors (within the meaning of section 252 of the Act) have any such interest whether beneficial or non-beneficial.

6.3 Save as disclosed in this document, none of the Directors is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.

6.4 There are no outstanding loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director.

6.5 There is no Director nor member of a Director's family who has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

7. SIGNIFICANT SHAREHOLDERS

7.1 Immediately prior to Admission and as at Admission, save as set out below, the Company was not aware of any person, who, directly or indirectly, had an interest representing 3 per cent. or more of the issued ordinary share capital (being the threshold at or above which, in accordance with the provisions of section 5 of the Disclosure Guidance and Transparency Rules, any interest must be disclosed by the Company).

Name	*Number of Existing Ordinary Shares immediately prior to Admission*	*% of Existing Ordinary Shares immediately prior to Admission*	*Number of Ordinary Shares on Admission*	*% of the Enlarged Share Capital on Admission*
Peter Keeling*	19,262,890	40.8%	17,526,049	25.2%
Canaccord Genuity	–	0.0%	6,710,000	9.6%
Gresham House	–	0.0%	5,895,000	8.5%
Elizabeth Considine	5,939,800	12.6%	5,512,169	7.9%
Berenberg Asset Management	–	0.0%	3,969,500	5.7%
Philip White**	4,039,487	8.6%	3,026,330	4.3%
Ryan Keeling	3,903,800	8.3%	2,890,643	4.2%
Octopus Investments	–	0.0%	2,420,500	3.5%
Gordon McKeown	1,941,607	4.1%	1,941,607	2.8%
Julie Goonewardene Wallin	2,028,600	4.3%	1,614,127	2.3%
SLP Innovations Ltd	2,610,800	5.5%	2,446,327	3.5%
Total	39,726,984	84.1%	53,937,252	77.5%

* Includes 9,585,659 shares held by Delia Keeling, Peter's wife prior to admission and 8,861,975 following admission

** Includes 1,009,800 shares held by the Philip White Tyres Pension Trust 81810

7.2 Save as disclosed in this document, the Directors are not aware of any person who directly, or indirectly, jointly or severally, exercises or could exercise control over the Company.

7.3 The Company's shareholders listed in paragraphs 6.1 and 7.1 of this Part IV do not have voting rights preferential to other holders of Ordinary Shares.

7.4 The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

8. SELLING SHAREHOLDERS

8.1 Subject to Admission occurring, certain Shareholders are selling up to 4,934,205 Existing Ordinary Shares, in aggregate, pursuant to the Placing.

8.2 The following table set out the interests of each Selling Shareholder as at the date of this document and as they are expected to be immediately following completion of the Placing (assuming that the Placing of the Sale Shares is fully subscribed) and Admission:

	Number of Sale Shares	*Relationship with the Company*
Peter Keeling*	1,013,157	Director and founder
Delia Keeling*	723,684	Wife of Peter Keeling
Ryan Keeling*	1,013,157	Director
Philip White*	1,013,157	Director
Julie Goonewardene Wallin**	414,473	Director
Jordan Clark*	164,473	Management employee
SLP Innovations Ltd***	164,473	Corporate vehicle of an employee, Sanna Jousi
Elizabeth Considine*	427,631	Wife of Patrick Considine, a founder of the Company

*Business address of Titanic Suites, Enterprise House, 55-59 Adelaide Street, Belfast, Northern Ireland, BT2 8FE

**Business address of 361 The Clay Avenue, Unit B, Austin Texas

***Business address of Helsingistie 2, 24100 Salo Finland

9. ADDITIONAL INFORMATION ON THE DIRECTORS

9.1 Other than directorships of the Company, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Name	*Current Directorships and Partnerships*	*Past Directorships and Partnerships*
Peter Keeling	Diaceutics Group Limited Diaceutics Inc Diaceutics Ireland Limited Diaceutics PTE Limited Kemang Ltd Labceutics Ltd Millar Estates (Park House) NI Ltd O'Connor + McCann Limited Oran DX Limited PM Connective	3DP Limited
Philip White	Diaceutics Group Limited Diaceutics Inc Diaceutics Ireland Ltd Diaceutics PTE Limited Labceutics Ltd Pat Coyne Tyres Limited Philip White Limited Philip White Tyres Limited PM Connective Roadrig Limited WASL Ltd	Terra Nova Productions White Accounting Services Limited
Ryan Keeling	Blue Shark Technology Ltd	None
Julie Goonewardene Wallin	American Medical Association (Board of Trustees) National Council on Aging Inc.	Matrix-Bio, Inc. Personalised Medicine Coalition
Michael Wort	KREG Limited PharmScape Limited	Omni Biopharmaceutical Inc
Charles Hindson	KCS RCH LLP – Lloyds Trinity College London	e2v Limited EEV Limited Itchenor Sailing Club Ltd KCS SLP 3 – Lloyds Signal Processing Devices Sweden Finans AB Teledyne Defense Electronics LLC Teledyne e2v Asia Pacific Limited Teledyne e2v (Beijing) Co. Ltd Teledyne e2v GmbH Teledyne e2v Holdings, Inc. Teledyne e2v, Inc. Teledyne e2v Korea Limited Teledyne e2v Limited Teledyne e2v (Overseas) Holdings Limited Teledyne e2v (UK) Limited

Name	*Current Directorships and Partnerships*	*Past Directorships and Partnerships*
Charles Hindson *(continued)*		Teledyne e2v US, Inc. Teledyne Innvaciones Microelectronicas SLU Teledyne Signal Processing Devices, Inc. Teledyne Signal Processing Devices Sweden AB

9.2 Save as disclosed in paragraph 9.3, none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, creditors' voluntary liquidation, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

9.3 ***Peter Keeling***

Peter was appointed as a director of Diagnology Limited, a venture backed diagnostics company, on 22 June 1995. On 11 September 2003, whilst Peter was a director, the company went into compulsory liquidation. The company was dissolved on 4 March 2010 resulting in a shortfall to creditors of approximately £300k.

Peter was appointed as a director of 3DP Limited a company set up to facilitate a personal property transaction on 25 September 2007. On 1 December 2010, whilst Peter was a director, the company went into creditors' voluntary liquidation. The company was dissolved on 26 May 2016.

9.4 Save as disclosed in this document, there are no potential conflicts of interest between any duties to the Company of the Directors and their private interests or their other duties.

9.5 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

10. DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

10.1 Save as disclosed below, there are no service agreement or letters of appointment, existing or proposed between any Director and the Company that have been entered into or varied within six months prior to the date of this document. There are no existing or proposed service agreements or letters of appointment between the Company and any of the Directors which do not expire or are not determinable by the Company without payment of compensation within 12 months immediately preceding the date of this document.

Executive Directors

Peter Keeling

On 15 March 2019, Peter entered into a new service agreement with the Company pursuant to which his appointment as Chief Executive Officer was confirmed. The agreement can be terminated by either party giving to the other not less than 12 months' notice in writing. The agreement contains provisions for early termination, *inter alia*, in the event that he breaches any material term of the agreement. The basic salary payable to Peter is £235,000 per annum. This is to be reviewed from time to time without any obligation to increase the same. In addition, Peter is entitled to participate in the Company's critical illness insurance scheme and death in service assurance scheme. The service agreement contains restrictive covenants for a period of 12 months' following the termination of his employment.

Philip White

On 15 March 2019, Philip entered into a new service agreement with the Company pursuant to which his appointment as Chief Financial Officer was confirmed. The agreement can be terminated by either party giving to the other not less than 12 months' notice in writing. The agreement contains provisions for early termination, *inter alia*, in the event that he breaches any material term of the agreement. The basic salary payable to Philip is £205,000 per annum. This is to be reviewed from time to time without any obligation to increase the same. In addition, Philip is entitled to participate in the Company's critical illness insurance scheme and death in service assurance scheme. The service agreement contains restrictive covenants for a period of 12 months' following the termination of his employment.

Ryan Keeling

On 15 March 2019, Ryan entered into a new service agreement with the Company pursuant to which his appointment as Chief Innovation Officer was confirmed. The agreement can be terminated by either party giving to the other not less than 12 months' notice in writing. The agreement contains provisions for early termination, *inter alia*, in the event that he breaches any material term of the agreement. The basic salary payable to Ryan is £205,000 per annum. This is to be reviewed from time to time without any obligation to increase the same. In addition, Ryan is entitled to participate in the Company's critical illness insurance scheme and death in service assurance scheme. The service agreement contains restrictive covenants for a period of 12 months following the termination of his employment.

Non-Executive Directors

Julie Goonewardene Wallin

On 15 March 2019, Julie entered into a non-executive letter of appointment with the Company pursuant to which her appointment as a non-executive director and Chair was confirmed with effect from 14 March 2019. Her appointment may be terminated earlier by either party giving to the other three months' prior written notice. Julie is required in accordance with the provisions of the Articles to seek re-election by the Shareholders at the next annual general meeting of the Company. The fee payable to Julie is £55,000 gross per annum payable monthly in arrears. The Company is entitled to terminate Julie's appointment with immediate effect in certain circumstances. Her removal, cessation or retirement in accordance with the Articles of the Company will not give her any right to compensation or

damages and no fee will be payable to her for any period after such removal, cessation or retirement.

Michael Wort

On 15 March 2019, Michael entered into a non-executive letter of appointment with the Company pursuant to which his appointment as a non-executive director was confirmed with effect from 14 March 2019. His appointment may be terminated earlier by either party giving to the other three months' prior written notice. Michael is required in accordance with the provisions of the Articles to seek re-election by the Shareholders at the next annual general meeting of the Company. The fee payable to Michael is £30,000 gross per annum payable monthly in arrears. The Company is entitled to terminate Michael's appointment with immediate effect in certain circumstances. His removal, cessation or retirement in accordance with the Articles of the Company will not give him any right to compensation or damages and no fee will be payable to him for any period after such removal, cessation or retirement.

In relation to services provided to the Company in relation to the IPO prior to his formal appointment becoming effective, Michael Wort has been granted 144,737 Ordinary Shares to be satisfied by way of transfer of existing shares in the Company.

Charles Hindson

On 15 March 2019, Charles entered into a non-executive letter of appointment with the Company pursuant to which his appointment as a non-executive director was confirmed with effect from 14 March 2019. His appointment may be terminated earlier by either party giving to the other three months' prior written notice. Charles is required in accordance with the provisions of the Articles to seek re-election by the Shareholders at the next annual general meeting of the Company. The fee payable to Charles is £35,000 gross per annum payable monthly in arrears. The Company is entitled to terminate Charles's appointment with immediate effect in certain circumstances. His removal, cessation or retirement in accordance with the Articles of the Company will not give him any right to compensation or damages and no fee will be payable to him for any period after such removal, cessation or retirement.

10.2 The amounts payable to the Directors by the Company under the arrangements in force at the date of this document in respect of the financial year ending 31 December 2019 are estimated to be £751,458 excluding benefits and any VAT payable thereon.

11. EMPLOYEES

11.1 As at the date of this document, the Group has approximately 83 employees including the executive Directors.

11.2 The following table shows the number of permanent employees working for the Group as at 31 December 2016, 31 December 2017 and 31 December 2018 (excluding Peter Keeling, Philip White, Ryan Keeling, Damian Thornton and Jordan Clark):

Year	*Number of employees*
31 December 2016	17
31 December 2017	36
31 December 2018	65

11.3 The following table shows the number of permanent employees working for the Group in each activity as at 31 December 2018 (excluding Peter Keeling, Philip White, Ryan Keeling, Damian Thornton and Jordan Clark):

Activity	*Number of employees*
Technical	34
Business Development	2
Admin (including HR and marketing)	24
Finance	5

11.4 The senior management team consists of Damian Thornton and Jordan Clark.

11.5 It is anticipated that following Admission the Group will retain its current employee levels and will look to increase the level of employees in line with the anticipated growth of the Group.

12. PRINCIPAL ESTABLISHMENTS

12.1 The Company's head office, principal place of business and principal establishment is at Titanic Suites 2nd Floor, 55-59 Adelaide Street, Belfast, BT2 8FE.

12.2 The registered offices and principal establishments of the Group companies are as follows:

(a) Labceutics Ltd: Titanic Suites 2nd Floor, 55-59 Adelaide Street, Belfast, BT2 8FE;

(b) Diaceutics Ireland Ltd: Creative Spark, Clontygora Court, Dundalk, Co. Louth A91HF77;

(c) Diaceutics PTE Limited: 6 Temasek Boulevard #29, Suntec Tower Four, Singapore (038986); and

(d) Diaceutics Inc: 2001 Hwy 46, Suite 310, Parisppany, NJ 07054.

13. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, which have been entered into by the Company and its subsidiaries (i) within the two years immediately preceding the date of this document and are, or may be material; or (ii) which contains any provision under which the Company or any of its subsidiaries has any obligation or entitlement which is material to the Company or the subsidiary as at the date of this document:

The Company

13.1 On 15 March 2019, the Company, the Directors, the Selling Shareholders and Cenkos entered into the Placing Agreement. Under the terms of the Placing Agreement, the Company appointed Cenkos as its agent to procure subscribers for the New Ordinary Shares at the Placing Price, the Selling Shareholders appointed Cenkos as their agent to procure purchasers of the Sale Shares at the Placing Price and Cenkos agreed to use its reasonable endeavours to procure subscribers and purchasers for such shares. The Placing has not been underwritten. The obligations of Cenkos are conditional, *inter alia*, on Admission occurring on or before 21 March 2019 or such later date (being no later than 4 April 2019) as the Company and Cenkos may agree. Subject to Admission, the Company shall pay to Cenkos a corporate finance fee of £250,000 and a commission of 5 per cent. on the aggregate value of the New Ordinary Shares at the Placing Price save for any shares purchased by the non-executive directors where the commission is 1 per cent. Subject to Admission, each Selling Shareholders shall pay to Cenkos a commission of 5 per cent. on the Sale Shares placed on his/her behalf at the Placing Price save for any shares purchased by the non-executive directors where the commission is 1 per cent. The Placing Agreement contains (i) certain warranties given by the Company and the Directors in favour of Cenkos (including warranties relating to the accuracy of the information in this document and the

Company's incorporation and capacity) and (ii) certain warranties given by the Selling Shareholders. The liability of the Directors and the Selling Shareholders is limited. The Placing Agreement also contains an indemnity given by the Company in favour of Cenkos.

13.2 On 15 March 2019, the Company, Cenkos and Peter Keeling entered into a relationship agreement pursuant to which, conditional on Admission, Peter has undertaken that, amongst other things, the Group and the business shall be managed for the benefit of the Shareholders as a whole and independently of him and his associates, all transactions, agreements and arrangements between any member of the Group and him and his associates shall be on an arm's length basis and on normal commercial terms and he and his associates will not (i) exercise their respective voting rights in respect of any resolution relating to a transaction, agreement or arrangement with or relating to him or any his associates; (ii) seek to frustrate or prevent any takeover being made for the Company or (iii) exercise their voting rights in respect of any resolution to cancel the Company's admission to trading on AIM. The agreement will terminate automatically upon (a) the parties agreeing in writing to terminate the agreement; (b) the Ordinary Shares ceasing to be traded on AIM; or (c) Peter together with his associates ceasing to have, in aggregate, an interest in 20 per cent. or more of the voting rights attaching to the Company's Ordinary Shares.

13.3 On 15 March 2019, the Company and the Directors entered into a nominated adviser and broker agreement with Cenkos pursuant to which, conditional upon Admission, the Company appointed Cenkos to act as its nominated adviser and broker for the purposes of the AIM Rules. The Company agreed to pay Cenkos an annual retainer of £75,000 per annum (exclusive of VAT and disbursements) commencing on Admission (such fee being payable in two instalments 6 monthly in advance) together with reasonable out-of-pocket expenses which are incurred in respect of such services. In addition, the Company has agreed to grant to Cenkos a warrant with the right to subscribe for 695,830 Ordinary Shares at the Placing Price. Exercise of such right is not subject to the satisfaction of any performance or other conditions. The amount of the annual retainer is subject to review each year on the anniversary of the date of the agreement. The retainer shall increase annually in accordance with the most recently published Retail Prices Index rate published by the Office for National Statistics or any official index replacing it as available on each anniversary of the date of the agreement. The agreement sets out the ongoing responsibilities of both parties and contains various undertakings, indemnities and warranties given by the Company to Cenkos. The Company or Cenkos may terminate the agreement at any time after the first anniversary of the date of the agreement by Cenkos or the Company giving to the other not less than 3 months' prior written notice.

13.4 A warrant agreement dated 15 March 2019 between (1) the Company and (2) Cenkos pursuant to which Cenkos has been granted the right to subscribe for 695,830 Ordinary Shares at the Placing Price exercisable at any time between the first anniversary and the fifth anniversary of the date of Admission. Exercise of such right is not subject to the satisfaction of any performance or other conditions. The Company has the right to terminate the warrant agreement in its sole discretion on the first anniversary of the date of Admission.

13.5 On 15 March 2019, the Company, Cenkos, the Directors and other Lock-In Shareholders entered into a lock-in agreement pursuant to which each of the Directors and other Lock-in Shareholders has agreed with the Company and Cenkos, conditional upon Admission, not to dispose of Ordinary Shares held by him/her/it for a period of 12 months from the date of Admission except in certain limited circumstances. The agreement also contain certain orderly market provisions which apply for a further 12 month period after the expiry of the lock-in period.

13.6 On 15 March 2019, the Company, Cenkos and the Soft Lock-In Shareholders entered into soft lock-in agreements pursuant to which each of the Soft Lock-in Shareholders has agreed with the Company and Cenkos, conditional upon Admission, not to dispose of Ordinary

Shares held by him/her/it for a period of 12 months from the date of Admission unless such disposal is made through Cenkos.

13.7 On 15 March 2019, the Company, Invest Northern Ireland and the three other loan note holders who received loan notes under the loan note instrument created on 15 February 2019 (see paragraph 13.9 below for further details), entered into an agreement pursuant to which it was agreed that in respect of one individual loan note holder only the terms on which his loan notes were issued are amended as follows: (i) the Company shall not be able to repay the loan notes and the noteholder shall not be entitled to request repayment until, at the earliest, 31 March 2022; (ii) the loan notes shall not convert into Ordinary Shares in the Company immediately prior to Admission; and (iii) on or after 31 March 2022, either the noteholder or the Company may serve notice on the other party to convert the outstanding principal amount of the loan notes plus any accrued interest into Ordinary Shares at a 25 per cent. discount to the Placing Price.

13.8 On 15 March 2019, the Company entered into a letter with Michael Wort to formalise the arrangement pursuant to which Michael will receive 144,737 Ordinary Shares in relation to services provided to the Company in the preparation of its listing on AIM. It has been agreed that these shares will be satisfied through the transfer of existing Ordinary Shares.

13.9 On 15 February 2019, the Company created a further £500,000 of unsecured convertible loan notes of which £496,623 were issued to four third party investors including Invest Northern Ireland on 15 February 2019 in order to raise additional working capital ahead of Admission. No interest accrues on the loans notes until 31 March 2019, after which interest will accrue at a rate of 10 per cent. per annum. The Company can repay the loan notes at any time on or after 1 April 2019 in full. To the extent not previously converted, repaid or redeemed, the loan notes will be repaid by the Company on 31 August 2024. The loan notes are convertible into Ordinary Shares in the Company at a 25 per cent. discount to the Placing Price immediately prior to Admission. The Company is required to provide 10 business days' notice to the noteholders in advance of the date for Admission, which shall constitute an irrevocable notice that the loan notes will convert into Ordinary Shares, conditional only upon Admission. If Admission does not occur within 45 business days of the notice being issued, the notice shall lapse.

13.10 On 15 February 2019, the Company and Invest Northern Ireland entered into a participation agreement which governed the terms on which the unsecured convertible loan notes mentioned in paragraphs 13.9 and 13.11 were to be issued to Invest Northern Ireland. Under the terms of the agreement the Company gives various warranties to Invest Northern Ireland and agrees to provide Invest Northern Ireland with a range of information and access rights including, for example, the provision of certain financial information. The agreement terminates immediately on the loan notes issued to Invest Northern Ireland being converted into Ordinary Shares in the Company.

13.11 On 15 October 2018, the Company created £800,000 of unsecured convertible loan notes of which £453,543 were issued to employees of the Group on 15 October 2018 and £253,377 were issued to Invest Northern Ireland on 15 February 2019 in order to raise additional working capital ahead of Admission. No interest accrues on the loans notes until 31 March 2019, after which interest will accrue at a rate of 10 per cent. per annum. The Company can repay the loan notes at any time on or after 1 April 2019 in full. To the extent not previously converted, repaid or redeemed, the loan notes will be repaid by the Company on 31 August 2024. The loan notes are convertible into Ordinary Shares in the Company at a 25 per cent. discount to the Placing Price immediately prior to Admission. The Company is required to provide 10 business days' notice to the noteholders in advance of the date for Admission, which shall constitute an irrevocable notice that the loan notes will convert into Ordinary Shares, conditional only upon Admission. If Admission does not occur within 45 business days of the notice being issued, the notice shall lapse.

13.12 On 26 March 2018, the Company, Diaceutics Ireland Ltd and Diaceutics, Inc. (as borrowers and obligors) and Labceutics Ltd (as obligor only) entered into a multi-currency facility with Silicon Valley Bank to provide a £2,500,000 revolving credit facility and an invoice discounting in relation to 80 per cent. of certain eligible receivables of the borrowers. Interest accrues at differing rates, which is determined by reference to whether the Group is in a "streamline period" (which is where the Group as a whole has an adjusted quick ratio of at least 1.50:1.00). The interest rates in a streamline period are: 5.75 per cent. plus the Bank of England base rate for Sterling loans, 1.5 per cent. plus the Wall Street Prime Rate for US Dollar loans and 6 per cent. plus the European Central Bank's base rate for Euro loans. Outside of a streamline period, the interest rates are 6.75 per cent. plus the Bank of England base rate for Sterling loans, 2.75 per cent. plus the Wall Street Prime Rate for US Dollar loans and 7 per cent. plus the European Central Bank's base rate for Euro loans. The facility is secured by a debenture granted by the Company, a debenture granted by Diaceutics Ireland Ltd, a security agreement and an IP security agreement between Diaceutics, Inc and Silicon Valley Bank and charges over certain bank accounts granted by each of the Company and Diaceutics Ireland Ltd.

13.13 On 21 May 2014, 21 March 2016 and 19 October 2017 the Company entered into facility agreements with WhiteRock Capital Partners LLP (acting as investment manager and agent for NI Growth Loan Fund LP (the "**Growth Fund**")) to provide term loans of £400,000, £600,000 and £1,000,000 respectively. Interest accrues on the each of the loans at differing rates as follows, 7.62 per cent. above the UK Reference Rate, 5.96 per cent. above the UK Reference Rate and 7.22 per cent. above the UK Reference Rate (UK Reference Rate being the Bank of England's base rate). In addition to repayments of the principal and accrued interest, the Company is required during the period from commencement to the earlier of (a) repayment of the loan, or (b) exercise of the option, to pay an amount equal to a defined percentage of the Company's net profits in each financial year up to a fixed cumulative maximum amount over the duration of each facility agreement. The maximum amount in each loan agreement is £93,845, £187,805 and £200,000 respectively. Options to acquire shares in the capital of the Company were also granted to the Growth Fund under each facility agreement. The Growth Fund has surrendered the options granted to it in consideration of an aggregate payment of £70,000 to be made by the Company pursuant to the terms of an amendment agreement dated 27 February 2019. All of the loan agreements made available by the Growth Fund are secured by a debenture granted by the Company on 5 May 2016.

Diaceutics Ireland Ltd

13.14 On 8 December 2011 Diaceutics Ireland Ltd issued, in aggregate, £806,127, of loan notes in equal proportions to Peter Keeling and Delia Keeling as consideration for the transfer of various intellectual property rights from Peter and Delia Keeling to Diaceutics Ireland Ltd. Interest is payable on the loan notes at a rate of 3 per cent. per annum. The loan notes are repayable: (a) if Diaceutics Ireland Ltd ceases to be a subsidiary of the Company, subject to Peter Keeling and Delia Keeling having given at least 5 Business Days' written notice requiring repayment or (b) an amount of £80,162.70, in aggregate, is payable on each anniversary of the issue of the loan notes until the full principal amount is repaid. There is currently approximately £350,000 outstanding under the loan notes.

14. RELATED PARTY TRANSACTIONS

Save as disclosed in this document including Note 26 of Section B of Part III, paragraph 13 of this Part IV or below, the Group has not entered into a transaction with a related party during the periods covered by the historical financial information set out in Part III of this document and between 31 December 2018 and the date of this document:

14.1 Immediately prior to Admission, the Company will allot and issue 52,631 Ordinary Shares to Peter Keeling, 43,859 Ordinary Shares to Delia Keeling (Peter Keeling's wife), 35,087

Ordinary Shares to Philip White, 2,631 Ordinary Shares to Derry Mae Keeling (Peter Keeling's daughter) and 1,329 Ordinary shares to Andrew Wallin (Julie Goonewardene Wallin's son) on conversion of the IPO Loan Notes detailed in paragraph 14.4 below.

14.2 On 13 March 2019, the Company allotted and issued 45,093 A ordinary shares of 1 penny each to Peter Keeling, 44,709 A ordinary shares of £0.01 each to Delia Keeling (Peter Keeling's wife), 16,884 A ordinary shares of £0.01 each, in aggregate, to Philip White and the Philip White Tyres Pension Fund 8180, 16,319 A ordinary shares of 1 penny each to Ryan Keeling and 9,189 A ordinary shares of 1 penny each to Julie Goonewardene Wallin as part of the pre-admission re-organisation.

14.3 On 13 March 2019, the Company allotted and issued 9,383,985 Ordinary Shares to Peter Keeling, 9,303,255 Ordinary Shares to Delia Keeling (Peter Keeling's wife), 3,904,290 Ordinary Shares, in aggregate, to Philip White and the Philip White Tyres Pension Fund 8180, 3,806,205 Ordinary Shares to Ryan Keeling and 1,977,885 Ordinary Shares to Julie Goonewardene Wallin as part of the pre-admission re-organisation.

14.4 On 15 October 2018, the Company issued £30,000 of loan notes to Peter Keeling, £25,000 of loan notes to Delia Keeling (Peter Keeling's wife), £20,000 of loan notes to Philip White, £1,500 of loan notes to Derry Mae Keeling (Peter Keeling's daughter) and £758 of loan notes to Andrew Wallin (Julie Goonewardene Wallin's son) under the terms of the loan note instrument detailed at paragraph 13.11 of this Part IV.

15. TAKEOVER OFFERS BY THIRD PARTIES FOR THE COMPANY'S SHARES

There have been no takeover bids by third parties in respect of the Company's equity which have occurred during the last financial year or the current financial year.

16. PRINCIPAL INVESTMENTS

16.1 There were no principal investments made by the Company for each financial year for the period covered by the historical financial information set out in Part III of this document up to the date of this document.

16.2 Save in relation to NEXUS, there are no principal investments of the Company that are in progress or on which the Company has made any firm commitment.

17. INTELLECTUAL PROPERTY

17.1 Save as set out below, the Group does not own or otherwise have any interest in any intellectual property rights and there are no intellectual property rights which are material to the Group's business.

17.2 The Group also has a number of registered trademarks including:

(a) in the UK: Diaceutics, Labceutics Connect and Diaceutics Fusion;

(b) in the EU: Diaceutics, Diaceutics Fusion and Diaceutics Method; and

(c) in the US: Diaceutics, Labceutics Connect, Dxceutics and Diaceutics Fusion.

17.3 The Group also has a number of domain names including diaceutics.com, diaceutics.co.uk, diaceutics-ir.com, diaceuticsfusion.com, pmconnective.co.uk, pmconnective.com and diaceuticsmethod.com.

17.4 The Group has developed and owns the copyright in mini case studies, IT software tools and platforms which forms the basis of the Diaceutics Method.

18. LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings in which the Group is involved or of which the Group is aware, pending or threatened by or against the Group which may have or have had in the past twelve months preceding the date of this document a significant effect on the Group's financial position.

19. SHARE OPTIONS AND WARRANTS

19.1 The Company has established the Diaceutics Employee Share Option Plan ("**ESOP**") under which employees (and executive directors) of the Group may be granted options ("**ESOP Options**") to acquire Ordinary Shares.

19.2 Options granted under the ESOP may be granted as options which are qualifying enterprise management incentive options ("**EMI Options**") for the purposes of Schedule 5 ("**Schedule 5**") to the Income Tax (Earnings and Pensions) Act 2003 ("**ITEPA**") (which offers certain tax advantages), or may be granted as non-tax-advantaged options ("**Unapproved Options**"). The ESOP will be administered by the remuneration committee of the Company ("**Remuneration Committee**").

19.3 No ESOP Options have been granted under the ESOP prior to Admission.

19.4 The principal features of the ESOP are as follows:

19.4.1 Overall ESOP limits

No ESOP Option may be granted under the ESOP at any time to the extent that it would result in the aggregate number of new Ordinary Shares that could be issued pursuant to that and any other option granted at the same time, when aggregated with the number of Ordinary Shares issued or issuable on the exercise of options granted during the previous 10 years under the ESOP or any other employees' share scheme established by the Company on or after Admission, exceeding 10 per cent. of the ordinary share capital of the Company for the time being.

The total market value (at the date of grant) of all Ordinary Shares subject to unexercised options which are qualifying options for the purposes of Schedule 5 may not exceed £3 million.

19.4.2 Grant of Options

Options may be granted under the ESOP at any time at the discretion of the Remuneration Committee. ESOP Options may not be granted after the expiry of 10 years from date on which the ESOP was adopted.

19.4.3 Participation

19.4.3.1 Eligibility

Any employee (including an executive director) is eligible to participate in the ESOP but only employees who satisfy the requirements for eligibility under Schedule 5 are eligible to be granted EMI Options. Actual participation is at the discretion of the Remuneration Committee.

19.4.3.2 Individual participation limit

Subject to the overall limit referred to in paragraph 19.4.1 above, Unapproved Options may be granted over such number of Ordinary Shares as the Remuneration Committee shall determine.

The aggregate market value (at the date of grant) of Ordinary Shares subject to all unexercised options held by any one individual and which are EMI Options or which are options meeting the requirements of

Schedule 4 ITEPA may not exceed £249,999 (or such other limit from time to time specified by the relevant legislation).

19.4.4 Terms of ESOP Options

19.4.4.1 Non-transferability

ESOP Options are personal to the Option holder and not capable of assignment except that, on death, the Option holder's personal representatives may exercise the Option within 12 months following the Option holder's death.

19.4.4.2 No consideration for grant of ESOP Options

No consideration shall be payable by an Option holder for the grant of an ESOP Option.

19.4.4.3 Performance conditions and vesting

ESOP Options will vest in accordance with a vesting schedule and may be subject to performance conditions. It is intended that ESOP Options will not normally vest until the third anniversary of the date of grant. It is envisaged that the performance conditions may include, but are not limited to, individual performance targets and share price increases.

The Remuneration Committee will have discretion to accelerate the vesting of Options and may waive or vary any performance conditions provided that any amended performance conditions will be no more difficult to satisfy than the original performance condition.

An ESOP Option may not be exercised more than 10 years after the date on which it was granted.

19.4.4.4 Exercise price

The exercise price for each Ordinary Share under ESOP Option will be the mid-market closing price of an Ordinary Share on the last dealing day immediately preceding the date of grant of the ESOP Option, or such other price determined by the Remuneration Committee, but shall not be less than the nominal value of an Ordinary Share.

19.4.4.5 Ceasing to be an employee

Option holders who cease to hold office or employment within the Group will normally forfeit subsisting ESOP Options.

However, if an Option holder so ceases as a result of death, ill health, injury or disability, retirement, redundancy, the sale out of the Group of the company or business by which the Option holder is employed, or for any reason determined by the Remuneration Committee in exceptional circumstances to constitute a "good" leaver reason, the Option holder (or his personal representatives in the case of death), may exercise any ESOP Option to the extent vested (or to such greater extent as is determined by the Remuneration Committee) at the date of cessation of employment. In these circumstances, ESOP Options may be exercised within 90 days of cessation of employment (or 12 months in the case of death). Furthermore, the Remuneration Committee may determine in such cases that a proportion of the ESOP Option that is not already vested shall vest immediately, taking into account such factors as the Committee considers relevant, e.g. the satisfaction of any performance target.

19.4.5 Change of control and other corporate events

In the event of a sale ("**Sale**") of Ordinary Shares which will result in the buyer of those Ordinary Shares and persons acting in concert together acquiring control of the Company (other than by way of an internal reorganisation where the shareholders remain substantially the same before and after the reorganisation, and other than in a case where the Remuneration Committee unanimously agree that the transaction shall not be treated as a Sale for these purposes), or in the event of a disposal by the Company or a Group Company of all or substantially all of the business and assets of the Group ESOP Options may be exercised to the extent vested (subject to the discretion of the Remuneration Committee to accelerate vesting) during such period prior to the Sale and subject to such conditions as are determined by the Remuneration Committee.

Alternatively, with the agreement of the acquiring company, ESOP Options may in certain circumstances be exchanged for options over shares in the acquiring company or in a company associated with the acquiring company.

If notice is given of a resolution for the voluntary winding up of the Company, an ESOP Option may be exercised to the extent vested within 90 days from the date of the resolution.

19.4.6 General matters

19.4.6.1 *Income tax and national insurance contributions*

The ESOP includes provision to ensure that any income tax and employee's national insurance contributions (and employer's national insurance contributions if the Remuneration Committee so determines at the date of grant of an ESOP Option), as well as any equivalent employee (and, if determined by the Remuneration Committee, employer) social security contributions outside of the UK, which are payable as a result of the exercise or release of any ESOP Options will be payable by the Option holder.

19.4.6.2 *Shares issued on exercise of ESOP Options*

Ordinary Shares issued pursuant to the exercise of an ESOP Option will rank equally with the Company's existing issued Ordinary Shares (save that they will not qualify for any dividends or other rights arising by reference to a record date prior to the date of exercise of the ESOP Option).

19.4.6.3 *Variation of share capital*

In the event of a variation of share capital or in such other circumstances as the Remuneration Committee considers appropriate, ESOP Options may be adjusted in such way as is considered appropriate.

19.4.6.4 *Amendments*

The Remuneration Committee may at any time alter or add to the ESOP or the terms of any ESOP Option

19.4.6.5 *Non-UK sub-schemes*

In the case of any employee who is or may live or become subject to taxation outside the UK, the Remuneration Committee may establish such schemes or sub-schemes based on the ESOP but subject to such modifications as the Remuneration Committee considers necessary or desirable to take account of or mitigate or to comply with relevant overseas taxation, labour, securities or exchange control laws.

19.5 The Company has entered into a warrant agreement dated 14 March 2019 between (1) the Company and (2) Cenkos pursuant to which Cenkos has been granted the right to subscribe for 695,830 Ordinary Shares at the Placing Price exercisable at any time between the first anniversary and the fifth anniversary of the date of Admission. Exercise of such right is not subject to the satisfaction of any performance or other conditions. The Company has the right to terminate the warrant agreement in its sole discretion on the first anniversary of the date of Admission.

20. TAXATION

The comments in this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatments of non-UK residents) who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this section; such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. Any shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

20.1 ***Taxation of chargeable gains***

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are neither resident nor, in the case of individuals, ordinarily resident in the UK.

Individuals

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption and after taking account of any capital losses available to the individual.

For individuals, capital gains tax will be charged at 10 per cent. where the individual's income and gains are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 20 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

Companies

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company.

20.2 ***Taxation of dividends***

Under current UK legislation, the Company will not be required to withhold tax when paying a dividend (whether in cash or in the form of a stock dividend).

A Shareholder's liability to tax on dividends will depend on the individual circumstances of the Shareholder.

20.3 ***Individuals***

An individual Shareholder who is resident for tax purposes in the UK is entitled to a tax-free annual dividend allowance of £2,000 (for the 2018/2019 tax year) ("the Nil Rate Amount").

If such an individual Shareholder receives dividends in excess of the Nil Rate Amount, the excess will be subject to income tax (for the 2017/2018 tax year) at the dividend ordinary rate of 7.5 per cent. for dividend income within the basic rate band, the dividend upper rate of 32.5 per cent. for dividend income within the higher rate band and the dividend additional rate of 38.1 per cent. for dividend income within the additional rate band. In working out the rate at which an individual pays tax, dividends are treated as the top slice of income and dividend income that is within the dividend allowance will count towards determining the marginal rate.

20.4 ***Companies***

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will generally not be subject to UK corporation tax on any dividend received provided certain conditions are met (including an anti-avoidance condition).

A UK resident corporate Shareholder (which is not a "small company" for the purposes of the UK taxation of dividends legislation in Part 9A of the Corporation Tax Act 2009) will be liable to UK corporation tax (currently at a rate of 19 per cent from 1 April 2017, and reducing to 17 per cent from 1 April 2020) unless the dividend falls within one of the exempt classes set out in Part 9A. Examples of exempt classes (as defined in Chapter 3 of Part 9A of the Corporation Tax Act 2009) include dividends paid on shares that are "ordinary shares" (that is shares that do not carry any present or future preferential right to dividends or to the Company's assets on its winding up) and which are not "redeemable", and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made). However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

20.5 ***Non-UK Residents***

Shareholders tax resident outside of the UK should generally not have any UK tax liability on dividends paid from the Company. Where a non-UK resident Shareholder carries on a trade, profession or vocation in the UK and the dividends are a receipt of that trade or, in the case of corporation tax, the Ordinary Shares are held by or for a permanent establishment through which the trade is carried on, there may be a liability to UK tax.

A Shareholder resident outside of the UK may be subject to foreign taxation on dividend income under the law of the relevant foreign jurisdiction and should consult their own tax adviser regarding their tax liability on dividends received from the Company.

20.6 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

Stamp duty and SDRT do not apply to trades made on a recognised growth market, such as AIM.

20.7 ***Summary***

The above is a summary of certain aspects of current law and practice in the UK. A Shareholder who is in any doubt as to his or her tax position and/or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

21. MANDATORY BIDS, SQUEEZE-OUT AND SELL OUT RULES

21.1 ***Mandatory bid***

The Takeover Code applies to the Company and will continue to apply following Admission. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of The Panel on Takeovers and Mergers) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

21.2 ***Squeeze-out***

Under the Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it would compulsorily acquire their Ordinary Shares. Six weeks later, it would be entitled to execute a transfer of the outstanding Ordinary Shares to it and pay the consideration to the Company, which would hold it on trust for outstanding shareholders. The consideration offered to the shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

21.3 ***Sell-out***

The Act would also give minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held (or had agreed to acquire) not less than 90 per cent. of the Ordinary Shares, any shareholder to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those Ordinary Shares.

The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on those rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period under the offer. If a shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

21.4 ***Founder Concert Party***

Under the Takeover Code, Peter Keeling and his family members (Delia Keeling, Ryan Keeling and Derry Mae Keeling) and Elizabeth Considine are presumed to be acting in concert for the purposes of the Takeover Code and, on Admission, will together hold Ordinary Shares representing an aggregate of up to 37.3 per cent. of the Enlarged Share Capital. In addition Peter Keeling and Ryan Keeling will be participants in the ESOP and will following Admission be granted ESOP Options as set out below. Further details relating to the ESOP are set out in paragraph 19 of this Part IV of this document.

Founder Concert Party's interests immediately following Admission:

The maximum interests of the Founder Concert Party in the Ordinary Shares of the Company following Admission are as follows:

	Peter Keeling		*Ryan Keeling*		*Delia Keeling*		*Derry Mae Keeling*		*Elizabeth Considine*		*Combined interest*	
	Number	*%*	*Number*	*%*	*Number*	*%*	*Number*	*%*	*Number*	*%*	*Number*	*%*
Maximum options to be granted following admission	315,789	0.4%	315,789	0.4%	0	–	0	–	0	–	631,578	
Maximum potential interest in Ordinary Shares*	8,979,863	12.8%	3,206,432	4.6%	8,861,975	12.7%	2,631	0.0%	5,512,169	7.9%	26,563,070	38.1%

* assumes that the ESOP Options, which will not be granted at Admission, are granted and exercised in full and that there are no further changes to the Company's issued share capital from Admission.

22. WORKING CAPITAL

The directors, having made due and careful enquiry, are of the opinion that following Admission, after taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Group will, from the date of Admission, be sufficient for its present requirements, that is, at least for the period of 12 months from Admission.

23. NO SIGNIFICANT CHANGE

Save as set out below, there has been no material change in the trading or financial position of the Group since 31 December 2018, being the date to which audited financial information of the Group for the 12 months ended 31 December 2018 was prepared:

23.1 On 15 February 2019, the Company issued £750,000 of unsecured convertible loan notes to four third party investors, further details of which are set out in paragraphs 13.9 and 13.11 of Part IV of this document.

23.2 On 13 March 2019, the Company received an interim dividend from Diaceutics Ireland Ltd of €1,375,000.

23.3 On 13 March 2019, Diaceutics Ireland Ltd paid an interim dividend of €1,375,000 to the Company.

24. GENERAL

24.1 The total expenses payable by the Company in connection with the Placing and Admission (including those fees and commissions referred to in paragraph 13 of this Part IV) are estimated to amount to approximately £1.7 million (excluding VAT). The net proceeds of the Placing receivable by the Company will be £15.2 million.

24.2 Cenkos which is authorised by the FCA, has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear. Cenkos is acting exclusively for the Company in connection with the Placing and Admission and not for any other persons. Cenkos will not be responsible to any persons other than the Company for providing the protections afforded to customers of the Company or for advising any such person in connection with the Placing, Admission, this document or any matter, transaction or arrangement referred to in it.

24.3 Cenkos is registered in England and Wales under number 05210733 and its registered office is at 6.7.8 Tokenhouse Yard, London, EC2R 7AS.

24.4 The historical financial information set out in Part III of this document does not comprise statutory accounts for the purposes of section 434 of the Act.

24.5 PricewaterhouseCoopers LLP, a member of the Institute of Chartered Accountants in England and Wales and registered auditors, is registered in England and Wales under number OC303525 and its registered office is at 1 Embankment Place, London, WC2N 6RH. PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion in this document of the report set out in Part III and has authorised the contents of its report for the purposes of Schedule Two of the AIM Rules in the form and context in which they appear.

24.6 Save as set out in this document, there are no patents or intellectual property rights, licences or industrial, commercial or financial contracts which are of material importance to the Group's business or profitability.

24.7 Save as set out in this document, as far as the Directors are aware, there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.

24.8 Save as set out in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

(a) received, directly or directly, from the Company within the 12 months preceding the date of this document; or

(b) entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or directly, from the Company on or after Admission any of the following:

(i) fees totalling £10,000 or more;

(ii) securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or

(iii) any other benefit with the value of £10,000 or more at the date of this document.

24.9 The following fees have been paid by the Company to professional advisers and persons in the 12 months preceding the date of this document (excluding those fees referred to in paragraph 13 of this document):

- KMPG was paid in respect of tax provisioning/computations for the financial year ended 31 December 2018; and
- Julie Goonewardene Wallin was paid in respect of board advisory fees.

24.10 The Company has entered into a contractual arrangements with: (i) Philip Hare & Associates LLP pursuant to which it will receive a fee of in excess of £10,000 after Admission in respect of EIS/VCT advice; and (ii) Tyberan Limited pursuant to which it is entitled to receive a fee in respect of advice, guidance and support provided by Carmel Mullan. in connection with the Admission process, such fee having been paid on a monthly basis prior to Admission with the final payment to be made after Admission on or around 31 March 2019.

24.11 The Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in connection with the application for Admission.

24.12 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.

24.13 Save as disclosed in this document, so far as the Directors are aware, there are no known trends, uncertainties, demands, commitments or events that have or may have had in the last 12 months preceding the publication of this document a significant effect on the financial position of the Company or which are likely to have a material effect on the Company's prospects for the next 12 months.

24.14 Information in this document which has been sourced from third parties has been accurately reproduced and, so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

24.15 The Directors are not aware of any other information that they should reasonably consider as necessary for the investors to form a full understanding of (i) the assets and liabilities, financial position, profits and losses and prospects of the Company and the securities for which Admission is being sought, (ii) the rights attached to those securities and (iii) any other matter contained in this document.

25. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Cenkos at 6.7.8 Tokenhouse Yard, London EC2R 7AS.

Dated: 15 March 2019

DEFINITIONS

Act	the Companies Act 2006
Admission	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
AIM	the AIM Market operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange governing admission to and the operation of AIM, as amended from time to time
Articles or **Articles of Association**	the articles of association of the Company, as amended from time to time
Business Day	any day other than Saturdays, Sundays or bank holidays in England and Wales
Cenkos	Cenkos Securities PLC
Company	Diaceutics PLC
CREST	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by Euroclear UK & Ireland Limited
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
Directors or **the Board**	the directors of the Company at the date of this document, whose names are set out on page 9 of this document
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules published by the FCA
EIS	the Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007 (as amended)
Enlarged Share Capital	the issued Ordinary Shares following Admission, being the Existing Ordinary Shares and the New Ordinary Shares
ESOP	the Diaceutics Employee Share Option Plan, a summary of which is set out in paragraph 19 of Part IV of this document
ESOP Options	options to subscribe for new Ordinary Shares under the ESOP
Existing Ordinary Shares	the Ordinary Shares in issue at the date of this document
Existing Share Capital	the issued ordinary share capital of the Company immediately prior to Admission and including the Ordinary Shares issued on conversion of the IPO Loan Notes
First Tranche Placing	the placing of the First Tranche Placing Shares
First Tranche Placing Shares	the 11,842,000 New Ordinary Shares proposed to be issued by the Company to certain EIS and/or VCT investors
FCA or **Financial Conduct Authority**	the Financial Conduct Authority of the UK, the statutory regulator under FSMA 2000
FSMA 2000	the Financial Services and Markets Act 2000 (as amended)

GDPR	The European General Data Protection Regulation
Group	the Company and its Subsidiaries as at the date of this document
HIPAA	Health Insurance Portability and Accountability Act of 1996
HMRC	the HM Revenue & Customs
IFRS	the International Financial Reporting Standards, as adopted by the European Union
IPO Loan Notes	the £1,103,543 of unsecured convertible loan notes issued by the Company which convert into Ordinary Shares in the Company immediately prior to Admission, further details of which are set out in paragraphs 13.9 and 13.11 of Part IV of this document
Loan Notes	the IPO Loan Notes and the Outstanding Loan Notes
Lock-in Agreements	the lock-in agreements entered into by the Locked-in Shareholders and Cenkos, details of which are set out in paragraphs 13.5 of Part IV of this document
Lock-in Period	a period of 12 months from Admission
Locked-in Shareholders	those holders holding 39,124,284 Ordinary Shares that are subject to the Lock-in Agreements
London Stock Exchange	the London Stock Exchange plc
MAR	the Market Abuse Regulation (S96/2014/EU)
New Ordinary Shares	the First Tranche Placing Shares and the Second Tranche Placing Shares
Nomad or **Cenkos**	Cenkos Securities PLC
Official List	the Official List of the UKLA department of the Financial Conduct Authority
Ordinary Shares	ordinary shares of £0.002 in the capital of the Company
Outstanding Loan Notes	the £100,000 of unsecured convertible loan notes issued by the Company on 15 February 2019 (further details of which are set out in paragraph 13.10 of Part IV of this document) whose terms have been varied as set out in paragraph 13.7 of Part IV of this document and which will remain outstanding on Admission
Placees	the subscribers for the New Ordinary Shares pursuant to the Placing
Placing	the conditional placing by Cenkos as agent of the Company of the New Ordinary Shares and as agent of the Selling Shareholders of the Sale Shares pursuant to the terms of the Placing Agreement
Placing Agreement	the conditional placing agreement dated 14 March 2019 between the Company, the Cenkos, the Directors and the Selling Shareholders, further details of which are set out in paragraph 13.1 of Part IV of this document
Placing Price	£0.76 per Ordinary Share

Placing Shares	the New Ordinary Shares and the Sale Shares to be sold at the Placing Price pursing to the Placing
Prospectus Rules	the prospectus rules contained in the FCA Handbook published and updated from time to time by the FCA acting in its capacity as the UKLA
QCA Code	the Corporate Governance 2018 published by the Quoted Companies Alliance
Registrar	Link Market Services Limited, trading as Link Asset Services
Relationship Agreement	the conditional relationship agreement dated 14 March 2019 between the Company, the Cenkos and Peter Keeling, further details of which are set out in paragraph 13.2 of Part IV of this document
Sale Shares	the 4,934,205 Existing Ordinary Shares to be sold by Selling Shareholders in connection with and pursuant to the Placing
Second Tranche Placing Shares	the 10,526,427 New Ordinary Shares proposed to be issued by the Company to certain Placees pursuant to the Placing
Selling Shareholders	those Shareholders selling Sale Shares pursuant to the Placing, further details of which are set out in paragraph 8 of Part IV of this document
Shareholder	a holder of Ordinary Shares from time to time
Soft Lock-in Agreements	the soft lock-in agreements entered into by the Soft Locked-in Shareholders and Cenkos, details of which are set out in paragraphs 13.6 of Part IV of this document
Soft Lock-in Shareholders	those holders holding 1,742,598 Ordinary Shares that are subject to the Soft Lock-in Agreement
Subsidiary	shall be construed in accordance with section 1159 of the Act (as amended) and 'Subsidiaries' shall be construed accordingly
Takeover Code	the Takeover Code on Takeovers and Mergers published by the Panel as amended
UK or **United Kingdom**	the United Kingdom of Great Britain and Northern Ireland
UKLA	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA 2000
uncertificated or **in uncertificated form**	shares recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction issued in accordance with the rules of CREST
US, USA or **United States**	the United States of America, its territories and possessions, any state in the United States, the District of Columbia and all other areas subject to its jurisdiction
US Person	has the meaning ascribed to such phrase in Rule 902 of Regulation S

US Securities Act	the US Securities Act of 1933, as amended
VCT	a Venture Capital Trust as defined in Part 6 of the Income Tax Act 2007 (as amended)
Warrants	the warrant over 695,830 Ordinary Shares to be granted to Cenkos, further details of which are set out in paragraph 13.4 of Part IV of this document

Diaceutics

Better Testing. Better Treatment.

Ireland
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Dundalk, County Louth

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