

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are resident in the United Kingdom or if not from another appropriately authorised independent financial adviser. The whole of this Document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should in particular carefully consider the section entitled "Risk Factors" set out in Part II of this Document.**

If you have sold or transferred all of your Existing Ordinary Shares on or before the Record Date please send this Document and the accompanying Application Form as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK if to do so would constitute a violation of the relevant law and/or regulations of such jurisdiction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares on or before the Record Date, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was made.

The maximum amount to be raised under the Open Offer shall not be more than £4.2 million (before expenses). None of the Placing, the Subscription nor the Open Offer constitutes an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this Document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules made by the Financial Conduct Authority of the United Kingdom ("FCA") pursuant to sections 73A(1) and (4) of FSMA and accordingly this Document has not been, and will not be, approved by the FCA, the London Stock Exchange, any securities commission or any other authority or regulatory body nor has it been approved for the purposes of section 21 of FSMA. In addition, this Document does not constitute an admission document drawn up in accordance with the AIM Rules.

The Company's Ordinary Shares are currently admitted to trading on AIM. Application will be made to the London Stock Exchange for the Placing Shares, the Subscription Shares and the Open Offer Shares which are subscribed for to be admitted to trading on AIM. The New Shares will not be admitted to trading on any other investment exchange. Subject to certain conditions being satisfied, it is expected that admission of the Placing Shares, the Subscription Shares and such number of Open Offer Shares subscribed for will become effective and that dealings will commence at 8.00 a.m. on 19 March 2021 ("Admission").

**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. 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. Neither the London Stock Exchange nor the FCA has examined or approved the contents of this Document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Shares to the Official List.**

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# Shield Therapeutics plc

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered no. 09761509)*

**Placing, Subscription and Open Offer of up to 97,279,730  
New Shares at 30 pence per share**

and

**Notice of General Meeting**

*Nominated Adviser and  
Joint Bookrunner*

**Peel Hunt LLP**

*Joint Bookrunner*

**finnCap Ltd**

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This document (and the information contained herein) does not contain or constitute an offer of securities for sale, or solicitation of an offer to purchase securities, in the United States, Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction where such an offer or solicitation would be unlawful. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or jurisdiction of the United States and may not be offered, sold, resold, or delivered, directly or indirectly, in or into the United States or to US persons unless the securities are registered under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws and regulations of any state or jurisdiction of the United States. The securities referred to herein were offered and sold to non-US persons outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the Securities Act. There was no public offer of securities in the United States.

None of the New Shares, this Document or any other document connected with the Fundraising have been or will be approved or disapproved by the US Securities and Exchange Commission or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed comment upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this Document or any other document connected with the Fundraising. Any representation to the contrary is a criminal offence.

The New Shares have not been and will not be registered under the securities laws and regulations of any jurisdiction, in particular, Australia, Canada, Japan or the Republic of South Africa, and may not be offered, sold, resold, or delivered, directly or indirectly, within Australia, Canada, Japan or the Republic of South Africa, or in any jurisdiction where it is unlawful to do so, except pursuant to an applicable exemption.

The distribution of this Document and the offer of the New Shares in certain jurisdictions may be restricted by law. Accordingly, neither this Document, nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside of the UK into whose possession this Document comes should inform themselves about and observe any such restrictions.

**Overseas Shareholders and any person (including, without limitation, nominees, custodians and trustees) who has a contractual or other legal obligation to forward this Document or an Application Form to a jurisdiction outside the UK should read paragraph 6 of Part IV of this Document.**

Qualifying non-CREST Shareholders will find an Application Form enclosed with this Document. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a bona fide market claim arising out of the sale or transfer of Ordinary Shares prior to the date on which the relevant Ordinary Shares are marked "ex" the entitlement by the London Stock Exchange. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer. The latest time for application and payment in full under the Open Offer is 11.00 a.m. on 17 March 2021 and the procedure for application and payment is set out in Part IV of this Document.

**You are recommended to read the whole of this Document but your attention is drawn, in particular, to the letter from the Chairman of the Company explaining the background to, and reasons for, the Fundraising which is set out in Part I of this Document and to the Risk Factors in Part II of this Document which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an investment in the Company.**

Notice of the General Meeting to be held at 11.00 a.m. on 18 March 2021, is set out at the end of this Document.

You will not receive a hard copy form of proxy for the Meeting in the post. Instead, you will be able to vote electronically using the link [www.signalshares.com](http://www.signalshares.com). You will need to log into your Signal Shares account, or register if you have not previously done so, to register you will need your Investor Code, this is detailed on your share certificate or available from our Registrar, Link Group. If you need help with voting online, please contact our Registrar, Link Group's portal team on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales or via email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk).

Proxy votes must be received no later than 11:00 a.m. on 16 March 2021. (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

You may request a hard copy form of proxy directly from the registrars, Link Group on Tel: 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

Shareholders who hold Ordinary Shares in CREST may also appoint a proxy using CREST.

**In light of public health advice in response to the COVID-19 outbreak, including to limit public gatherings, the General Meeting will be held virtually as a closed meeting with the minimum number of members legally required to be present. Members will not be permitted to attend in person therefore the Company strongly encourages all members to submit their proxy vote electronically appointing the chairman of the General Meeting as their proxy.**

Copies of this Document will be available free of charge to the public from the Company's website <https://www.shieldtherapeutics.com>.

Peel Hunt LLP ("**Peel Hunt**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting exclusively for the Company in connection with the Fundraising and will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this Document or any other person in respect of the Fundraising or any acquisition of New Shares. No representation or warranty, express or implied, is made by Peel Hunt as to any of the contents of this Document for which the Directors and the Company are responsible (without limiting the statutory rights of any person to whom this Document is issued). Peel Hunt has not authorised the contents of, or any part of, this Document, and no liability whatsoever is accepted by Peel Hunt for the accuracy of information or opinions contained in this Document or for the omission of any material information from this Document. Peel Hunt accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Document.

FinnCap Ltd ("**finnCap**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting exclusively for the Company in connection with the Fundraising and will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this Document or any other person in respect of the Fundraising or any acquisition of New Shares. No representation or warranty, express or implied, is made by finnCap as to any of the contents of this Document for which the Directors and the Company are responsible (without limiting the statutory rights of any person to whom this Document is issued). finnCap has not authorised the contents of, or any part of, this Document, and no liability whatsoever is accepted by finnCap for the accuracy of information or opinions contained in this Document or for the omission of any material information from this Document. finnCap accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Document.

No person has been authorised to give any information or to make any representation other than that contained in this Document in connection with the Fundraising and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, Peel Hunt, finnCap or their respective directors, officers, partners, members, employees, advisers, affiliates or agents.

The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this Document.

The distribution of this Document, the Application Form and the offer of the New Shares in certain jurisdictions may be restricted by law. Accordingly, neither this Document, the Application Form nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside of the UK into whose possession this Document comes should inform themselves about and observe any such restrictions.

No application has been made or is currently intended to be made for the New Shares to be admitted to trading or dealt in on any other exchange. The New Shares will, when issued, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares and otherwise rank *pari passu* in all respects with the Existing Ordinary Shares. It is expected that, subject to, *inter alia*, the passing of the Resolutions at the General Meeting, Admission will take place at 8.00 a.m. on or around 19 March 2021.

#### **Forward Looking Statements**

This Document contains "forward-looking statements" which include all statements (other than statements of historical facts) including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, and any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or "similar" expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

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## KEY STATISTICS

|   |  |
|---|--|
| Issue Price   | 30 pence   |
| Discount to closing middle market price of an Existing Ordinary Share on 25 February 2021 being the Business Day prior to the announcement of the Fundraising | 43.7 per cent.                                   |
| Number of Existing Ordinary Shares in issue   | 118,544,379                                      |
| Number of Placing Shares to be issued pursuant to the Placing   | 66,398,720                                       |
| Number of Subscription Shares to be issued pursuant to the Subscription   | 16,934,613                                       |
| Basis of the Open Offer   | 2 Open Offer Shares for every 17 Ordinary Shares |
| Maximum number of Open Offer Shares to be issued pursuant to the Open Offer*  | 13,946,397                                       |
| Maximum number of New Shares to be issued pursuant to the Fundraising*  | 97,279,730                                       |
| Estimated maximum gross proceeds of the Placing, the Subscription and the Open Offer*   | £29.2 million                                    |
| Maximum number of Ordinary Shares in issue immediately following the Placing, the Subscription and the Open Offer**   | 215,824,109                                      |
| Percentage of Enlarged Share Capital represented by the New Shares**  | 45.1 per cent.                                   |
| Net proceeds of the Placing and the Subscription  | Approximately £23.7 million                      |
| Maximum gross proceeds of the Open Offer*   | Approximately £4.2 million                       |
| TIDM  | STX  |
| ISIN – Ordinary Shares  | GB00BYV81293                                     |
| SEDOL – Ordinary Shares   | Regular SEDOL code for STC is: BYV8129           |
| ISIN – Open Offer Basic Entitlements  | GB00BMDK9812                                     |
| SEDOL – Open Offer Basic Entitlements   | BMDK981  |
| ISIN – Open Offer Excess Entitlements   | GB00BMDK9929                                     |
| SEDOL – Open Offer Excess Entitlements  | BMDK992  |
| LEI   | 213800G74QWY15FC3W71                             |

\* Assuming full take-up of the Open Offer

\*\* Assuming no further issue of Ordinary Shares prior to the issue of the New Shares and full take up of the Open Offer

## DIRECTORS, SECRETARY AND ADVISERS

|  |  |
|--|--|
| <b>Directors:</b>  | Hans Peter Hasler ( <i>Non-Executive Chairman</i> )<br>Tim Watts ( <i>Chief Executive Officer</i> )<br>Peter Llewellyn-Davies ( <i>Non-Executive Director</i> )<br>Rolf Hoffmann ( <i>Non-Executive Director</i> )<br>Dr. Christian Schweiger, MD. PhD ( <i>Non-Executive Director</i> ) |
| <b>Company Secretary:</b>  | Lucy Huntington-Bailey   |
| <b>Registered Office:</b>  | Northern Design Centre<br>Baltic Business Quarter<br>Gateshead Quays,<br>NE8 3DF   |
| <b>Company Website:</b>  | <a href="https://www.shieldtherapeutics.com/">https://www.shieldtherapeutics.com/</a>  |
| <b>Telephone Number:</b>   | + 44 (0) 191 511 8500  |
| <b>Nominated Adviser,<br/>Joint Bookrunner &amp;<br/>Joint Corporate Broker:</b> | <b>Peel Hunt LLP</b><br>100 Liverpool Street<br>London,<br>EC2M 2AT  |
| <b>Joint Bookrunner &amp; Joint<br/>Corporate Broker:</b>                        | <b>finnCap Ltd</b><br>1 Bartholomew Close<br>London,<br>EC1A 7BL   |
| <b>Legal Advisers to the Company:</b>  | <b>Stephenson Harwood LLP</b><br>1 Finsbury Circus<br>London,<br>EC2M 7SH  |
| <b>Legal Advisers to the Nominated<br/>Adviser and Bookrunners:</b>              | <b>Covington &amp; Burling LLP</b><br>265 Strand<br>London,<br>WC2R 1BH  |
| <b>Registrars:</b>   | <b>Link Group</b><br>10th Floor<br>Central Square<br>29 Wellington Street<br>Leeds,<br>LS1 4DL   |
| <b>Receiving Agent:</b>  | <b>Link Group</b><br>Corporate Actions<br>10th Floor<br>Central Square<br>29 Wellington Street<br>Leeds,<br>LS1 4DL  |
| <b>Public Relations:</b>   | <b>Walbrook PR Ltd</b><br>4 Lombard Street<br>London,<br>EC3V 9HD  |

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| <i>Event</i>  | <i>Date</i>  |
|---|--|
| Record Date for entitlement under the Open Offer  | 6.00p.m. on 25 February 2021                           |
| Announcement of the Fundraising   | 26 February 2021                                       |
| Posting of this Document  | 1 March 2021   |
| Ex-entitlement Date of the Open Offer   | 8.00 a.m. on 1 March 2021                              |
| Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders   | As soon as possible after<br>8.00 a.m. on 2 March 2021 |
| Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST   | 4.30 p.m. on 11 March 2021                             |
| Latest time and date for depositing Open Offer Entitlements into CREST  | 3.00 p.m. on 12 March 2021                             |
| Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)   | 3.00 p.m. on 15 March 2021                             |
| Latest time and date of receipt of proxy votes to be valid at the General Meeting   | 11.00 a.m. on 16 March 2021                            |
| Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) | 11.00 a.m. on 17 March 2021                            |
| General Meeting   | 11.00 a.m. on 18 March 2021                            |
| Publication of the results of the Open Offer and the General Meeting  | 18 March 2021  |
| Admission and commencement of dealings in the Placing Shares, the Subscription Shares and the Open Offer Shares   | 8.00 a.m. on 19 March 2021                             |
| CREST accounts to be credited with New Shares   | as soon as possible on 19 March 2021                   |
| Despatch of definitive share certificates for New Shares in certificated form   | By 26 March 2021                                       |

### Notes

1. Each of the times and dates set out in the above timetable and mentioned in this Document is subject to change by the Company (with the agreement of Peel Hunt and finnCap), in which event details of the new times and dates will be notified to London Stock Exchange plc and the Company will make an appropriate announcement to a Regulatory Information Service.
2. References to times in this Document are to London time unless otherwise stated.
3. In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part IV of this Document and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Link on (0)371 664 0321 from within the UK or +44 (0)371 664 0321 if calling from outside the UK, where relevant, quoting the allotment number of their Application Form.
4. If you have questions on how to complete the Form of Proxy, please contact Link on (0)371 664 0321 from within the UK or +44 (0)371 664 0321 if calling from outside the UK. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays).

## DEFINITIONS

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

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| <b>“Additional Resolutions”</b>                          | the resolutions numbered 3 to 5 to be proposed at the General Meeting as set out in the Notice of General Meeting   |
| <b>“Admission”</b>                                       | the admission of (i) the Placing Shares to be issued pursuant to the Placing, (ii) the Open Offer Shares to be issued pursuant to the Open Offer and (iii) the Subscription Shares, to trading on AIM becoming effective by means of the issue by London Stock Exchange of a dealing notice under Rule 6 of the AIM Rules |
| <b>“AIM”</b>   | the market of that name operated by the London Stock Exchange   |
| <b>“AIM Rules”</b>                                       | the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers (as the context may require)  |
| <b>“AIM Rules for Companies”</b>                         | the rules of AIM as set out in the publication entitled “AIM Rules for Companies” published by the London Stock Exchange from time to time  |
| <b>“AIM Rules for Nominated Advisers”</b>                | the rules of AIM as set out in the publication entitled “AIM Rules for Nominated Advisers” published by the London Stock Exchange from time to time   |
| <b>“Announcement”</b>                                    | the RIS announcement issued by the Company dated 26 February 2021 announcing the Fundraising  |
| <b>“AOP”</b>   | AOP Orphan International AG   |
| <b>“Application Form”</b>                                | the application form relating to the Open Offer and enclosed with this Document for use by Qualifying non-CREST Shareholders  |
| <b>“Articles”</b>  | the articles of association of the Company in force at the date of this Document  |
| <b>“Basic Entitlements” or “Open Offer Entitlements”</b> | the pro rata entitlement for Qualifying Shareholders to subscribe for Open Offer Shares, pursuant to the Open Offer as described in Part IV of this Document  |
| <b>“Board” or “Directors”</b>                            | the board of directors of the Company, whose names are listed on page 5 of this Document  |
| <b>“Business Day”</b>                                    | any day (excluding Saturdays and Sundays and public holidays in England and Wales) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading  |
| <b>“CCSS”</b>  | the CREST Courier and Sorting Service, established by Euroclear to facilitate, <i>inter alia</i> , the deposit and withdrawal of certificated securities  |
| <b>“certificated” or “in certificated form”</b>          | an Ordinary Share or other security recorded on a company’s share register as being held in certificated form (that is not in CREST)  |
| <b>“Circular” or “this Document”</b>                     | this circular of the Company giving (amongst other things) details of the Fundraising and incorporating the Notice of General Meeting   |
| <b>“Company” or “Shield”</b>                             | Shield Therapeutics plc, a public limited company incorporated in England and Wales under registered number 09761509  |

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| <b>“CREST”</b>                               | the relevant system (as defined in the Regulations) which enables title to units of relevant securities (as defined in the Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear is the Operator (as defined in the CREST Regulations)   |
| <b>“CREST Manual”</b>                        | the compendium of documents entitled “CREST Manual” published by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CREST CCSS Operating Manual and the CREST Glossary of Terms   |
| <b>“CREST member”</b>                        | a person who has been admitted to CREST as a system-member (as defined in the CREST Regulations)   |
| <b>“CREST participant”</b>                   | a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)  |
| <b>“CREST Regulations” or “Regulations”</b>  | the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)   |
| <b>“CREST sponsor”</b>                       | a CREST participant admitted to CREST as a CREST sponsor   |
| <b>“CREST sponsored member”</b>              | a CREST member admitted to CREST as a sponsored member   |
| <b>“EMA”</b>                                 | European Medicines Agency  |
| <b>“Enlarged Share Capital”</b>              | the entire issued share capital of the Company immediately following Admission, assuming no other Ordinary Shares are issued between the date of the Announcement and Admission and assuming all of the Open Offer Shares are issued   |
| <b>“EU”</b>                                  | the European Union   |
| <b>“Euroclear”</b>                           | Euroclear UK & Ireland Limited, the Operator of CREST (as defined in CREST Regulations)  |
| <b>“Excess Application Facility”</b>         | the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of the Basic Entitlement in accordance with the terms and conditions of the Open Offer  |
| <b>“Excess CREST Open Offer Entitlement”</b> | in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to the Basic Entitlement credited to the Qualifying CREST Shareholder’s account in CREST, pursuant to the Excess Application Facility, which is conditional on the Qualifying CREST Shareholder taking up his Basic Entitlement in full and which may be subject to scaleback in accordance with the provisions of this Document |
| <b>“Excess Entitlement(s)”</b>               | Open Offer Shares in excess of the Basic Entitlement allocated to a Qualifying Shareholder pursuant to the Open Offer as described in Part IV of this Document   |
| <b>“Excess Shares”</b>                       | the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility in addition to their Basic Entitlement   |
| <b>“Ex-entitlement Date”</b>                 | the date on which the Existing Ordinary Shares are marked ‘ex’ for entitlement under the Open Offer being 1 March 2021   |

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|---|---|
| <b>“Existing Ordinary Shares”</b>             | the Ordinary Shares in issue prior to the Fundraising, all of which are admitted to trading on AIM  |
| <b>“FDA”</b>                                  | the United States Food and Drug Administration  |
| <b>“finnCap”</b>                              | finnCap Limited, registered in England and Wales with company number 06198898 and having its registered office at 1 Bartholomew Close, London, EC1A 7BL, the Company’s bookrunner and joint broker  |
| <b>“Form of Proxy”</b>                        | the form of proxy for use by Shareholders in relation to the General Meeting  |
| <b>“FSMA”</b>                                 | the Financial Services and Markets Act 2000 (as amended)  |
| <b>“Fundraising”</b>                          | together, the Placing, the Subscription, and the Open Offer   |
| <b>“Fundraising Resolutions”</b>              | the resolutions numbered 1 and 2 to be proposed at the General Meeting as set out in the Notice of General Meeting  |
| <b>“GCP”</b>                                  | Good Clinical Practice  |
| <b>“General Meeting” or “Meeting”</b>         | the general meeting of the Shareholders of the Company to be held virtually at 11.00 a.m. on 18 March 2021, convened by the Notice of General Meeting which is set out at the end of this Document  |
| <b>“GMP”</b>                                  | Good Manufacturing Practice   |
| <b>“Group”</b>                                | the Company, its subsidiaries and subsidiary undertakings   |
| <b>“Independent Directors”</b>                | Hans Peter Hasler, Rolf Hoffmann and Peter Llewellyn-Davies, being all of the Directors who are not subscribing for Subscription Shares pursuant to the Subscription  |
| <b>“Iron Deficiency Anaemia” or “IDA”</b>     | a condition where a lack of iron in the body leads to a reduction in the number of red blood cells  |
| <b>“ISIN”</b>                                 | International Securities Identification Number  |
| <b>“Issue Price”</b>                          | 30 pence per New Share  |
| <b>“Joint Brokers” or “Joint Bookrunners”</b> | Peel Hunt and finnCap   |
| <b>“London Stock Exchange”</b>                | London Stock Exchange plc   |
| <b>“Money Laundering Regulations”</b>         | the Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017 and obligations in connection with money laundering under the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002  |
| <b>“New Shares”</b>                           | up to 97,279,730 new Ordinary Shares to be issued pursuant to the Placing, the Subscription and the Open Offer)   |
| <b>“Notice of General Meeting”</b>            | the notice of General Meeting which is set out at the end of this Document  |
| <b>“Official List”</b>                        | the Official List of the Financial Conduct Authority of the UK  |
| <b>“Open Offer”</b>                           | the conditional invitation to Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions to be set out in the Circular and, in the case of Qualifying non-CREST Shareholders only, the Application Form; |

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|---|--|
| <b>“Open Offer Shares”</b>                        | up to 13,946,397 new Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer whose allotment and issue is conditional (amongst other things) on the passing of the Fundraising Resolutions                 |
| <b>“Oral Ferrous Products” or “OFP”</b>           | oral ferrous iron supplementation products   |
| <b>“Ordinary Shares”</b>                          | ordinary shares of 1.5 pence each in the capital of the Company  |
| <b>“Overseas Shareholders”</b>                    | Shareholders with registered addresses in a Restricted Jurisdiction or any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law  |
| <b>“Peel Hunt”</b>                                | Peel Hunt LLP, a Limited Liability Partnership incorporated and registered in England with No. OC357088 whose registered office is 100 Liverpool Street, London EC2M 2AT, the Company’s nominated adviser, bookrunner and joint broker |
| <b>“Placees”</b>                                  | eligible institutional investors procured by the Joint Bookrunners and subscribing for Placing Shares in the Placing   |
| <b>“Placing”</b>                                  | the conditional placing by Peel Hunt and finnCap (on behalf of the Company) of 66,398,720 Placing Shares pursuant to the Placing and Open Offer Agreement to raise up to approximately £19.9 million before expenses                   |
| <b>“Placing and Open Offer Agreement”</b>         | the conditional placing and open offer agreement dated 26 February 2021 relating to the Placing made among the Company, Peel Hunt and finnCap  |
| <b>“Placing Shares”</b>                           | the 66,398,720 new Ordinary Shares to be issued for cash to Placees under the Placing whose allotment and issue is conditional (amongst other things) on the passing of the Fundraising Resolutions                                    |
| <b>“Qualifying CREST Shareholders”</b>            | Qualifying Shareholders holding Ordinary Shares in uncertificated form at the Record Date  |
| <b>“Qualifying non-CREST Shareholders”</b>        | Qualifying Shareholders holding Ordinary Shares in certificated form at the Record Date  |
| <b>“Qualifying Shareholders”</b>                  | Shareholders at the Record Date other than Overseas Shareholders   |
| <b>“Record Date”</b>                              | 6.00 p.m. on 25 February 2021  |
| <b>“Registrars”, “Receiving Agents” or “Link”</b> | Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL  |
| <b>“Regulatory Information Service” or “RIS”</b>  | a regulatory information service operated by the London Stock Exchange as defined in the AIM Rules for Companies   |
| <b>“Resolutions”</b>                              | the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting  |
| <b>“Restricted Jurisdiction”</b>                  | each and any of the United States, Australia, Canada, Japan or the Republic of South Africa  |
| <b>“Shareholder Loan Facilities”</b>              | the loan facilities from each of AOP and Dr. Christian Schweiger to the Company announced on 10 December 2020 and confirmed on 29 January 2021   |

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| <b>“Shareholders”</b> and each individually a <b>“Shareholder”</b> | the holders of Ordinary Shares   |
| <b>“Subscribers”</b>   | each of Tim Watts, Dr. Christian Schweiger, AOP and certain senior employees who are participating in the Subscription   |
| <b>“Subscription”</b>  | the conditional subscription by the Subscribers for Subscription Shares at the Issue Price in accordance with the Subscription Letters to raise £5.1 million before expenses                   |
| <b>“Subscription Letters”</b>                                      | the subscription letters entered into between the Subscribers and the Company on 26 February 2021 in relation to the Subscription  |
| <b>“Subscription Shares”</b>                                       | the 16,934,613 new Ordinary Shares to be issued pursuant to the Subscription whose allotment and issue is conditional (amongst other things) on the passing of the Fundraising Resolutions     |
| <b>“UK”</b> or <b>“United Kingdom”</b>                             | the United Kingdom of Great Britain and Northern Ireland   |
| <b>“uncertificated”</b> or <b>“uncertificated form”</b>            | 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 CREST |
| <b>“US”</b> or <b>“United States”</b>                              | the United States of America, its territories and possessions, any state of the United States and the District of Columbia   |
| <b>“Voting Undertakings”</b>                                       | the voting undertakings entered into dated 26 February 2021 by each of AOP, W. Health and Dr. Christian Schweiger undertaking to vote in favour of the Resolutions at the General Meeting      |
| <b>“W. Health”</b>   | W. Health L.P. of Winterbotham Place Marlborough & Queen Streets, Nassau C5 N-3026, Bahamas an investment vehicle of Inventages Whealth Management Limited                                     |

All references in this Document to “£”, “pence” or “p” are to the lawful currency of the United Kingdom and all references to “US\$” or “\$” are to the lawful currency of the United States.

All references to time in this Document are to London.

## PART I

### LETTER FROM THE CHAIRMAN OF SHIELD THERAPEUTICS PLC

#### Shield Therapeutics plc

(Incorporated and registered in England and Wales with registered no. 09761509)

*Directors:*

Hans Peter Hasler (*Non-Executive Chairman*)  
Tim Watts (*Chief Executive Officer*)  
Peter Llewellyn-Davies (*Non-Executive Director*)  
Rolf Hoffmann (*Non-Executive Director*)  
Dr. Christian Schweiger, MD. PhD (*Non-Executive Director*)

*Registered Office:*

Northern Design Centre  
Baltic Business Quarter  
Gateshead Quays  
NE8 3DF

1 March 2021

Dear Shareholder,

**Proposed Placing, Subscription and Open Offer of up to 97,279,730 New Shares to raise up to £29.2 million and Notice of General Meeting**

#### 1. Introduction

On 26 February 2021 the Company announced that it had conditionally raised £25 million (before expenses) by way of a conditional placing and a direct subscription of New Shares at a price of 30 pence per share and is providing Qualifying Shareholders with the opportunity to subscribe for an aggregate of up to 13,946,397 Open Offer Shares, also at 30 pence per share, to raise up to approximately £4.2 million (before expenses) pursuant to the Open Offer.

A total of 66,398,720 New Shares have been conditionally placed by the Joint Bookrunners with new and existing investors at the Issue Price, raising gross proceeds of up to approximately £19.9 million. The Placing, which has not been underwritten, was undertaken by way of an accelerated bookbuild, and was made available to certain eligible existing shareholders and new institutional investors. As part of the Subscription, Dr. Christian Schweiger, a major shareholder and a non-executive Director of the Company has conditionally agreed to subscribe for 1,301,280 Subscription Shares, and Tim Watts, Chief Executive Officer of the Company, has conditionally agreed to subscribe for 1,000,000 Subscription Shares. Further, AOP, also a major shareholder of the Company, has conditionally agreed to subscribe for 14,333,333 Subscription Shares. Certain employees who are existing shareholders of the Company have also conditionally agreed to subscribe for 300,000 Subscription Shares in total. All of the New Shares issued as part of the Subscription will be issued at 30p per Subscription Share. The aggregate gross proceeds of the Subscription amount to approximately £5.1 million.

The Issue Price of 30 pence per New Share equates to a 43.7 per cent. discount to the mid-market closing price of an Ordinary Shares on 25 February 2021, the last practicable date prior to the date of the Announcement.

The Fundraising is conditional, *inter alia*, on the passing of the Fundraising Resolutions at the General Meeting to be held virtually at 11.00 a.m. on 18 March 2021. The Fundraising Resolutions are contained in the Notice of General Meeting contained in Part VI of this Document.

AOP, W. Health and Dr. Christian Schweiger who hold in aggregate 61.3 per cent. of the Company's existing issued share capital have irrevocably agreed to vote in favour of the Resolutions at the General Meeting pursuant to the Voting Undertakings.

Application will be made to the London Stock Exchange for the Placing Shares, the Subscription Shares and such number of Open Offer Shares as are subscribed for to be admitted to trading on AIM. It is expected that Admission will occur at 8.00 a.m. on 19 March 2021 (or such other date as the Company, and the Joint Brokers may agree, being no later than 31 March 2021). The New Shares will, if the maximum number of Open Offer Shares are issued, represent approximately 45.1 per cent. of the Enlarged Share Capital and the New Shares when issued, will rank *pari passu* with the Existing Ordinary Shares.

The purpose of this letter is to set out the background to, and the reasons for, the Fundraising. It explains why the Directors consider the Fundraising to be in the best interests of the Company and its Shareholders as a whole. It also recommends that Shareholders vote in favour of all of the Resolutions to be proposed at the General Meeting, as the Directors intend to do themselves in respect of their own beneficial shareholdings.

Shareholder approval is being sought at the General Meeting *inter alia* for the authorities required in order to allot and issue the New Shares pursuant to the Fundraising and to disapply statutory pre-emption rights in relation to such allotments.

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

### **A. OVERVIEW**

Shield's lead product is Feraccru<sup>®</sup>/Accrufer<sup>®</sup>, a novel oral therapy for the treatment of iron deficiency. The active ingredient of Feraccru<sup>®</sup>/Accrufer<sup>®</sup> is a molecule called ferric maltol and the product is formulated as a capsule with an iron content of 30mg. Dosing is two capsules per day taken before food. Feraccru<sup>®</sup> is the brand name in Europe where the product was approved for the treatment of iron deficiency in adults in 2018. In the US the product will be known as Accrufer<sup>®</sup> and it was approved by the FDA in 2019 and has NCE status until 2024, with the same broad indication of the treatment of iron deficiency in adults. The product is protected by a range of patents extending to 2035.

Feraccru<sup>®</sup> is being marketed and sold in Europe by Norgine BV, who also have the commercialisation rights in Australia and New Zealand, and it has been licensed to Aosaikang Pharm ("ASK Pharm") for development and commercialisation in China, Taiwan, Hong Kong and Macau. Shield is now planning to launch Accrufer<sup>®</sup> in the US and the purpose of the Fundraising is to provide the finance necessary for the launch and to fund Shield to the point where the Group expects to generate positive cash flows. Based on the Group's cash flow forecasts, including the costs of the US launch of Accrufer<sup>®</sup> and the paediatric study, the Group could start to breakeven on a monthly basis within 15-18 months after launch provided sales and costs are within the range anticipated by the Directors.

### **B. Iron Deficiency**

Iron is a key component of haemoglobin (Hb), a protein found in red blood cells. Iron deficiency, which is caused by failure to absorb enough iron through diet or the loss of iron through bleeding, and consequential low Hb levels, leads to iron deficiency anaemia (IDA). Mild levels of iron deficiency can be treated by non-prescription iron supplements. More significant iron deficiency and anaemia have historically been treated initially with prescription oral iron salt products and subsequently, if necessary, with intravenous (IV) infusions of iron. Oral iron salts are mostly generic products and therefore inexpensive, but their chemical composition means that they dissociate rapidly when ingested. The iron freed up by this dissociation can cause a range of adverse effects in patients such as diarrhoea, constipation, nausea, abdominal pain and potentially more serious damage to the intestinal lining which makes them unsuitable for patients with inflammatory bowel diseases such as Crohn's disease or colitis. These adverse effects result in oral iron salts typically being poorly tolerated and ultimately in non-compliance by patients. IV infusions typically deliver from 500mg to 1,000mg of iron in one or two infusion sittings. IV infusions are required to be administered in a hospital or clinic setting where resuscitation facilities are available due to the small risk of allergic reactions. IV infusions are therefore less convenient for patients than oral administration and may require repeat infusions after the benefits of earlier infusions have dissipated.

Shield believes that Accrufer<sup>®</sup> can address both oral and IV segments of the markets. Up to 70% of patients treated with oral iron salts experience gastrointestinal side effects and might be considered oral iron intolerant. Accrufer<sup>®</sup> has been shown to be well tolerated and effective which therefore makes it a credible alternative to oral iron salt products. Compared with IV infusions, Accrufer<sup>®</sup> offers the advantage of convenient administration and has demonstrated that, taken twice daily, it can maintain Hb at normal levels.

C. **FERACCRU®/ACCRUFER® DIFFERENTIATION AND POSITIONING**

Feraccru®/Accrufer® (ferric maltol) is an oral product but is not an iron salt and has a different chemical composition from oral iron salt products. The ferric maltol molecule does not dissociate on ingestion but remains bound until it reaches the duodenum. If the body is iron deficient, the body's natural processes overcome the ferric maltol binding and iron is absorbed into the blood stream leaving maltol, which is a naturally occurring compound often used in food products as a flavour enhancer, to be harmlessly excreted naturally. If the body is no longer iron deficient, the ferric maltol molecule remains intact and is excreted. Ferric maltol is well tolerated and has been shown in clinical studies to have a side effect profile similar to placebo.

Three Phase III clinical studies have been conducted on Feraccru®/Accrufer®. The first two studies, in patients suffering from inflammatory bowel disease and chronic kidney disease, were used for the approval of the product in Europe and the US. These studies, conducted against placebo, demonstrated that Feraccru®/Accrufer® increases Hb levels by clinically relevant amounts over 12/16 weeks, maintains Hb levels over the long term and is well tolerated. The third study was a comparison against IV iron. This study showed similar results to the first two studies in terms of restoration of Hb levels, maintenance of Hb over the long term and tolerability. In the comparison against IV therapy, the restoration of Hb levels in the first 12 weeks was not as fast as that shown by the IV treatment and the study therefore did not meet this primary endpoint. However the Directors were encouraged that over the longer term, Feraccru®/Accrufer® showed that it was able to maintain Hb levels steadily and avoided anaemia in those patients on the Feraccru®/Accrufer® arm, whereas 58% of patients on the IV arm who were monitored from the week 12 visit required at least one further IV infusion.

D. **US market opportunity**

The US presents a substantial market opportunity for Accrufer® and Shield believes there is significant and well-documented unmet market need for an effective, well-tolerated oral iron therapeutic option. An estimated 10 million patients suffer from iron deficiency anaemia at any time in the United States with some 5 million of these treated annually. Patients typically come from a range of therapeutic areas including chronic kidney disease, gastrointestinal disorders, women's health, cardiology and oncology, and in the US each year there are approximately 10-11 million prescriptions for first line oral iron salts and around 2.3 million IV doses infused. Annual US IV iron sales are estimated to be around \$1.2 billion annually and can be less convenient for patients with expensive administration costs.

Market research shows that physicians believe there is an unmet need in the market with key needs being effectiveness and GI tolerability. Accrufer®'s product profile, with its good tolerability profile and efficacy data, was viewed favourably compared with existing oral and IV therapies giving potential for first line usage if allowed by insurance plans. Further, payer research has indicated that Accrufer® should have few restrictions and non-preferred formulary status at tested price points ensuring good patient access.

The COVID-19 pandemic has been changing healthcare delivery and recommendations for the care of at-risk patients. Many ID/IDA patients have an underlying condition making them susceptible to COVID-19, these including conditions such as CKD, cancer, heart failure, those taking immunosuppressant drugs and the elderly. This has led to a strong preference for home treatments and switching patients from IV to oral therapies to minimize exposure risk of vulnerable patients to the virus. Shield believes this dynamic will be helpful for the take-up of Accrufer® as long as COVID-19 presents a threat to these at-risk patients.

Furthermore, Shield believes that the first US launch of an oral hypoxia-inducible factor-prolyl hydroxylase (HIF-PH) inhibitor (Roxadustat) for CKD patients, anticipated in 2021 (subject to FDA approval), is likely to increase the need for effective and well tolerated oral iron replacement therapy. HIF-PH inhibitors are orally administered products that promote erythropoiesis, the production of red blood cells, by increasing endogenous production of erythropoietin. Since supplemental iron is still likely to be required for many patients that in time may be prescribed Roxadustat, an effective and well-tolerated oral iron product such as Accrufer® may be preferred to IV iron.

Qualitative market research with ten US payers representing around 200 million covered lives indicated that Accrufer® is expected to have few restrictions at tested price points and that an orally administered therapy with better gastrointestinal tolerability is the key unmet need perceived by payers being addressed by Accrufer®.

Net sales estimates generated by management consultants and other third parties support the potential for Accrufer® US sales to exceed \$100 million in the third year following launch and to reach \$300 million to \$400 million by years five to six.

Shield anticipates that patients taking Accrufer® will use, on average, four monthly packs in a year which is likely to be a combination of using Accrufer® to restore Hb levels and also for maintenance of Hb at normal, non-anaemic, levels. Assuming a net US pack price of \$250, which was supported by the payer market research, the average usage of four packs per year implies net sales of \$1,000 per patient per year in the US. Net sales of \$100 million in a given year would therefore require approximately 100,000 patients to be treated annually or 400,000 prescriptions which equates to 2% of the 5 million US IDA patients treated annually.

The gross margin of Accrufer® is expected to be around 90% of net sales after deducting both the cost of goods and a 5% royalty on net sales payable to Vitra Pharmaceuticals Limited, the original owner of the ferric maltol intellectual property. Shield's launch plan for the US expects annual SG&A costs in the US to be around \$40 million to \$45 million by year three. Based on the Group's cash flow forecasts, including the costs of the US launch of Accrufer® and the paediatric study, the Group could start to breakeven on a monthly basis within 15-18 months after launch provided sales and costs are within the range anticipated by the Directors. The Directors believe that the US opportunity has the potential to generate significant cash for Shield.

#### **E. *Planning for a successful US launch***

Shield has engaged four US pharmaceutical commercial executives with deep experience of the key areas necessary such as pricing and market access, marketing, medical affairs, and supply chain. Detailed planning for Accrufer®'s launch is being undertaken across all of these areas. In particular market analysis has been conducted into the current prescribers of iron therapy. The Company's US commercial operations will be run by Brian Groch who has some 30 years' commercial experience gained from working with a range of pharmaceutical and biotechnology companies.

Whilst there are around 460,000 healthcare professionals prescribing oral and IV iron, around 11,000 high prescribers have been identified who account for 30% of oral iron prescriptions. These high prescribers each average 252 iron prescriptions per annum. Further, 100 "super prescribers" have been identified, each of whom writes over 1,000 prescriptions per annum in the US. Shield plans to target these prescribers, initially with 30 sales representatives rising to 60 as sales momentum grows – this is expected to cover 80% of the target list of prescribers. The Group is also planning to conduct a significant proportion of sales and marketing interactions by using remote/e-detailing technology rather than in-person meetings. This is a trend which has been developing in recent years and has been accelerated by the coronavirus pandemic and which enables more efficient communication with prescribers and key opinion leaders than was previously possible. Launch stocks of Accrufer® have been manufactured and are ready to be shipped to the US and first sales are expected to be made in Q2 2021.

#### **F. *Feraccru® in Europe and China***

Feraccru® was initially approved in Europe in 2016 for the treatment of iron deficiency in adults suffering from inflammatory bowel disease but the label was broadened in 2018 to allow the treatment of all iron deficiency in adults. Feraccru® was licensed to Norgine BV in September 2018 for commercialisation in most of Europe, Australia and New Zealand. Shield received an £11 million upfront payment on signing and is entitled to royalties ranging from 25% to 40% based on tiers of Norgine BV's net sales. Shield is responsible for paying for the cost of manufacturing. In addition, Shield could receive sales milestones up to €50 million based on Norgine BV achieving defined annual targets. Feraccru® is currently being marketed by Norgine BV in Germany, the UK, Scandinavia and Belgium. Sales volumes in Germany and the UK in 2020 grew by 70% compared with 2019, and royalty income to Shield amounted to £0.7 million in 2020. Norgine BV are using the updated AEGIS H2H detailed study results to reconfirm pricing

and reimbursement strategy for Feraccru® in the major European markets of France, Italy and Spain.

Feraccru® is not yet approved in China. It has been licensed to ASK Pharm who will complete the development, seek marketing approval and then commercialise the product. Shield received \$11.4 million on signing the license agreement in 2020 and will receive a further \$11.4 million upon approval. When launched, Shield will be entitled to royalties of 10% and 15% based on tiers of ASK Pharm's net sales, and up to \$40 million in sales milestones. ASK Pharm will pay the cost of manufacturing the product. ASK Pharm have recently submitted the Investigational New Drug (IND) application to the Chinese regulatory authorities and anticipate that one 12-week Phase III study will be required in 120 inflammatory bowel disease patients before the product can be approved, potentially in 2023.

#### **G. Paediatric study**

When Feraccru®/Accrufer® was approved by the EMA and the FDA, both agencies imposed a post-approval commitment on Shield to evaluate the safety and tolerability of the product in infants, children and adolescents. Secondary endpoints include the change in Hb concentration and achieving Hb concentration within normal range by week 12. A liquid formulation has been developed and tested in healthy adult volunteers for equivalence with the capsule version. The Clinical Study Report from this first stage is expected by the end of February 2021. The main study is expected to start recruiting 110 subjects in summer 2021 and is expected to cost around £4.5 million and take up to 30 months. A successful outcome could lead to the product's label being expanded to include children.

#### **H. Development pipeline – PT20**

PT20 is a Phase III-ready phosphate binder in development for the treatment of hyperphosphatemia. Hyperphosphatemia is a metabolic disorder characterized by elevated serum phosphorus levels. Older generation phosphate binders have been based on metals (lanthanum, aluminium), calcium salts, and polymers and have side effects, poor tolerance and lack of effectiveness. Latest generation products like Velphoro and Auryxia are iron-based. The overall market size of the US market is around \$1 billion per annum. PT20 is a novel formulation iron-based phosphate binder which enhances phosphate binding with similar side effects compared to latest generation iron-based products. PT20 has completed one Phase II pivotal study and now requires one further Phase III study to allow an NDA to be filed. Development of PT20 has been constrained in recent years due to lack of finance. Prior to beginning a Phase III study it will be necessary to develop a formulation suitable for commercial use. The Phase III would be expected to cost around £20 million and would take 2-3 years.

### **3. Cash Requirement, Sources and Use of Proceeds**

The Group's cash flow forecasts, including the costs of the US launch of Accrufer® and the paediatric study, indicate that the Group should start to breakeven on a monthly basis within 15-18 months after launch of the drug in the US provided sales and costs are within the range anticipated by the Directors. As previously announced Shield believes that around \$30 million to \$40 million (c £21 million to £29 million) should provide the finance necessary to reach the breakeven point.

The net proceeds of the Subscription and the Placing will finance the launch costs of Accrufer®. The bulk of the net proceeds received will be converted into US dollars in order to avoid currency risk. US launch costs will include sales representatives, ongoing market research and data analysis, marketing spend and other US operational costs. The paediatric study and other non-US expenditure is expected to be partly funded out of gross margin generated by Shield in the US and Norgine BV royalty revenues.

The Shareholder Loan Facilities announced on 10 December 2020 and confirmed on 29 January 2021 which amounted to approximately £4.4 million will be cancelled on completion of the Fundraising.

### **4. Current trading and outlook**

On 15 January 2021 the Group issued a trading update for the year ended 31 December 2020 which highlighted that Feraccru® 2020 sales volumes in Europe had increased by c.70% compared with 2019, the IND application in China had been submitted, and the first stage of the paediatric study plan had

been completed other than the finalisation of the study report. Unaudited revenues in 2020 were £9.4 million, which included £8.7 million from the licence upfront payment received from ASK Pharm. Unaudited cash balances at the end of December 2020 and January 2021 were £2.9 million and £2.3 million respectively, the outflow in January 2021 impacted by the payment of a significant portion of the costs of the first stage of the paediatric study. Trading in January and February 2021 has been in line with management expectations. Although the US has been the recent commercialisation priority, during 2020 Shield continued to have discussions with potential partners in several other countries and the Company is aiming to complete a new licence transaction in 2021.

## **5. Details of the Placing and the Subscription**

### **A. Structure of the Placing**

The Directors gave careful consideration to the structure of the Fundraising and concluded that the Placing, together with the Subscription and the Open Offer, was the most suitable option available to the Company and its Shareholders at this time. The Directors considered that the accelerated bookbuilding process enabled the Placing to be carried out quickly and at a price reflecting where there was sufficient demand to raise the necessary funding. The Placing was made available to certain eligible existing institutional shareholders and certain new institutional investors to raise gross proceeds of up to approximately £19.9 million.

The Placing Shares are not being made available to the public and none of the Placing Shares are being offered or sold in any jurisdiction where it would be unlawful to do so.

The allotment and issue of the Placing Shares is conditional on, amongst other things, the approval by Shareholders of the Fundraising Resolutions.

### **B. Principal Terms of the Placing**

Peel Hunt and finnCap, as agents for the Company, have severally (and not jointly or jointly and severally) agreed to use their reasonable endeavours to procure Placees for the Placing Shares at the Issue Price by way of an accelerated bookbuild process on and subject to the terms of the Placing and Open Offer Agreement. Placees who applied to subscribe for the Placing Shares did so on the basis of the Terms and Conditions of the Placing set out in Appendix II to the Announcement. The Placing is not underwritten.

No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

### **C. The Subscription**

AOP, a major shareholder of the Company, has agreed to subscribe for 14,333,333 Subscription Shares pursuant to the Subscription. Dr. Christian Schweiger, a non-executive Director of the Company and major shareholder and Tim Watts, Chief Executive Officer of the Company, have also agreed to subscribe for 1,301,280 Subscription Shares and 1,000,000 Subscription Shares respectively. Certain of the Company's employees have also agreed to subscribe for 300,000 Subscription Shares. The aggregate gross proceeds of the Subscription will amount to approximately £5.1 million.

### **D. Proceeds of the Placing and the Subscription**

The issue of the Placing Shares and Subscription Shares pursuant to the Placing and the Subscription is expected to raise up to £25 million (before expenses) and £23.6 million after expenses.

### **E. The Open Offer**

The Open Offer is being made for up to 13,946,397 Open Offer Shares at the Issue Price on the basis of 2 Open Offer Shares for every 17 Ordinary Shares held by Qualifying Shareholders at the Record Date, to raise up to approximately £4.2 million before expenses.

Subject to the fulfilment of the conditions set out below and in Part IV of this Document, Qualifying Shareholders may subscribe for Open Offer Shares in proportion to their holding of Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares as an Excess

Entitlement, up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer.

#### *Basic Entitlement*

On, and subject to the terms and conditions of the Open Offer, the Company invites Qualifying Shareholders to apply for their Basic Entitlement of Open Offer Shares at the Issue Price. Each Qualifying Shareholder's Basic Entitlement is:

#### **2 Open Offer Shares for every 17 Ordinary Shares held at the Record Date**

Basic Entitlements will be rounded down to the nearest whole number of Ordinary Shares.

#### *Excess Application Facility*

Qualifying Shareholders are also invited to apply for additional Open Offer Shares (up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer) as an Excess Entitlement. The maximum number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for an Excess Entitlement at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST. Qualifying CREST Shareholder stock accounts will be credited as soon as possible after 8.00 a.m. on 2 March 2021 with their Basic Entitlements and Excess Entitlements.

In exercising its discretion to determine the allocation of additional Open Offer Shares to Qualifying Shareholders who apply for Open Offer Shares under the Excess Application Facility, it is the Board's intention to have regard to those Qualifying Shareholders who were not offered the opportunity to participate in the Placing.

If Qualifying CREST Shareholders wish to apply for more than their Excess Entitlements credited to them, the Qualifying CREST Shareholder should contact the Receiving Agent by telephone on the number stated on page 5 of this Document who will arrange for the Excess Entitlements to be credited to the relevant CREST account of the Qualifying CREST Shareholder.

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission. The Open Offer is not underwritten.

**Qualifying Shareholders should note that the Open Offer is not a rights issue. Invitations to apply under the Open Offer are not transferable unless to satisfy bona fide market claims. Qualifying non-CREST Shareholders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market nor will they be placed for the benefit of Qualifying Shareholders who do not apply for Open Offer Shares under the Open Offer.**

#### *Overseas Shareholders*

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in, or who are resident or located in the United States or another Restricted Jurisdiction since to do so would require compliance with the relevant securities laws of that jurisdiction. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares which appears to the Company or its agents or professional advisers to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company or its

agents or professional advisers believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of share certificates for Open Offer Shares outside the UK, or in the case of a credit of Open Offer Shares in CREST, to a CREST member whose registered address is not in the UK.

Notwithstanding the foregoing and any other provision of this Document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder to apply for Open Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the Open Offer is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Part IV of this Document together with the accompanying Application Form, in the case of Qualifying non-CREST Shareholders, contains the terms and conditions of the Open Offer.

If a Qualifying Shareholder does not wish to apply for Open Offer Shares it should not complete or return the Application Form or send a USE message through CREST.

#### *Qualifying non-CREST Shareholders*

If you are a Qualifying non-CREST Shareholder you will have received an Application Form, which accompanies this Document and which gives details of your Basic Entitlement (as shown by the number of the Open Offer Shares allocated to you). If you wish to apply for Open Offer Shares under the Open Offer, and including the Excess Application Facility, you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part IV of this Document and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post, to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to arrive as soon as possible and in any event no later than 11.00 a.m. on 17 March 2021.

#### *Qualifying CREST Shareholders*

Application will be made for the Open Offer Entitlements and Excess Entitlements of Qualifying CREST Shareholders to be credited to stock accounts in CREST. It is expected that the Open Offer Entitlements will be credited to stock accounts in CREST on 2 March 2021. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. If you are a Qualifying CREST Shareholder, no Application Form is enclosed but you will receive credits to your appropriate stock account in CREST in respect of the Basic Entitlements and Excess Entitlements to which you are entitled. You should refer to the procedure for application set out in paragraph 4.2 of Part IV of this Document. The relevant CREST instruction must have settled by no later than 11.00 a.m. on 17 March 2021.

#### **F. *Application for Admission***

Application will be made to the London Stock Exchange for the Placing Shares, the Subscription Shares and such number of Open Offer Shares as are subscribed for to be admitted to trading on AIM. Subject to, amongst other things, Shareholder approval of the Fundraising Resolutions at the General Meeting, Admission is expected to take place, and dealings in the Placing Shares, the Subscription Shares and such number of Open Offer Shares as are subscribed for are expected to commence, at 8.00 a.m. on 19 March 2021 (or such later time and/or date as may be agreed between the Company and the Joint Bookrunners, being no later than 8.00 a.m. on 31 March 2021). No temporary documents of title will be issued.

#### **G. *Conditionality***

The Placing, the Subscription and the Open Offer are conditional upon the Placing and Open Offer Agreement becoming unconditional and not having been terminated in accordance with its terms. The Placing and Open Offer Agreement is conditional, amongst other things, upon the following:

- the passing without amendment of the Fundraising Resolutions at the General Meeting;

- the Company having allotted, subject only to Admission, the Subscription Shares, the Placing Shares and such number of Open Offer Shares as are subscribed for in accordance with the Placing and Open Offer Agreement;
- the Company having complied with its obligations under the Placing and Open Offer Agreement to be performed on or prior to Admission and not being in breach of the Placing and Open Offer Agreement; and
- Admission occurring by 8.00 a.m. on 19 March 2021 or such later time and date (being not later than 8.00 a.m. on 31 March 2021) as the Joint Brokers and the Company may agree.

If the conditions set out above are not satisfied or waived (where capable of waiver), the Placing, the Subscription and the Open Offer will lapse and the New Shares will not be allotted and issued and no monies will be received by the Company from investors in respect of the New Shares.

The Placing, the Subscription and the Open Offer are conditional on each other.

#### H. **Effect of the Fundraising**

The New Shares will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

Upon Admission Qualifying Shareholders who do not take up any of their Open Offer Entitlements will experience a dilution to their interests of approximately 45.1 per cent and Qualifying Shareholders who take up all of their Open Offer Entitlements (but who do not take up any Excess Entitlements) will experience a dilution to their interests of approximately 38.6 per cent (in each case assuming all of the Open Offer Shares are issued and that the Qualifying Shareholders do not participate in the Placing or the Subscription).

### 6. **The Placing and Open Offer Agreement**

Pursuant to the terms and subject to the conditions of the Placing and Open Offer Agreement, the Joint Bookrunners, as agents for the Company, have severally (and not jointly or jointly and severally) agreed to use their reasonable endeavours to procure Placees to take up the Placing Shares, at the Issue Price. The Placing and Open Offer Agreement is conditional upon, amongst other things, the conditions set out in paragraph 5 above.

The Placing and Open Offer Agreement contains customary warranties given by the Company in favour of the Joint Bookrunners in relation to, amongst other things, the accuracy of the information in this Document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify the Joint Bookrunners (and certain of their affiliates) in relation to certain liabilities which they may incur in respect of the Placing, the Open Offer and the Subscription.

Each of the Joint Bookrunners has the right to terminate its obligations under the Placing and Open Offer Agreement in certain circumstances prior to Admission. In particular, in the event of breach of the warranties or if the Placing and Open Offer Agreement does not become unconditional, the Joint Bookrunners may terminate their obligations under the Placing, in which case the Fundraising will terminate and the New Shares will not be issued.

### 7. **Related party transaction and Directors' interests**

The Participating Directors have collectively agreed to invest £690,384 in the Subscription. The following Directors have agreed to subscribe for Subscription Shares in the Subscription.

| <i>Name of Director</i> | <i>Position</i>         | <i>Number of Subscription Shares</i> |
|-------------------------|-------------------------|--------------------------------------|
| Tim Watts               | Chief Executive Officer | 1,000,000                            |
| Dr. Christian Schweiger | Non-Executive Director  | 1,301,280                            |

As a Director is a related party of the Company pursuant to the AIM Rules, the participation by the Participating Directors in the Subscription is a related party transaction for the purposes of AIM Rule 13.

The Independent Directors consider, having consulted with the Company's nominated adviser, Peel Hunt, that the terms of the Participating Directors' participation in the Transaction are fair and reasonable insofar as Shareholders are concerned.

The subscription for 14,333,333 Subscription Shares by AOP pursuant to the Subscription constitutes a related party transaction in accordance with Rule 13 of the AIM Rules for Companies by virtue of AOP being a substantial shareholder in the Company, in that they currently have an interest in more than 10 per cent. of the Company's current issued share capital.

The Independent Directors consider, having consulted with the Company's nominated adviser, Peel Hunt, that the terms of AOP's proposed participation in the Fundraising are fair and reasonable insofar as the shareholders of the Company are concerned.

## **8. General Meeting**

The Directors do not currently have authority to allot all of the New Shares and, accordingly, the Board is seeking the approval of Shareholders, at the General Meeting, to allot the New Shares.

AOP, W. Health and Dr. Christian Schweiger who hold in aggregate 61.3% of the Company's existing issued share capital have irrevocably agreed to vote in favour of the Resolutions at the General Meeting pursuant to the Voting Undertakings.

The General Meeting of the Company, notice of which is set out at the end of this Document, is to be held virtually at 11.00 a.m. on 18 March 2021. The General Meeting is being held *inter alia* for the purpose of considering and, if thought fit, passing the Fundraising Resolutions in order to approve the authorities required to allot and issue the New Shares.

A summary and explanation of the Fundraising Resolutions is set out below. Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Resolutions contained in the Notice of General Meeting in Part VI of the Circular. The Fundraising Resolutions comprise:

**Resolution 1** – an ordinary resolution to authorise the Directors to allot relevant securities for the purposes of section 551 of the Act provided that such power be limited to the allotment of Ordinary Shares pursuant to the Fundraising.

**Resolution 2** – a special resolution to authorise the Directors to allot equity securities for cash, pursuant to the authority conferred on them by Resolution 1, and to dis-apply statutory pre-emption rights in respect of the allotment of such shares, as if section 561 of the Act did not apply to such allotment, provided that such power shall be limited to the allotment of Ordinary Shares pursuant to the Fundraising. This Resolution is conditional upon the passing of Resolution 1.

The authorities and the powers described in Resolutions 1 and 2 will (unless previously revoked or varied by the Company in general meeting) expire on the date which is three months from the passing of such Resolutions. The authority and the power described in Resolutions 1 and 2 are in addition to any like authority or power previously conferred on the Directors.

## **9. General Meeting Additional Resolutions**

The Directors believe it would also be prudent to update certain authorities granted at the Company's annual general meeting held on 18 June 2020 (the "**2020 AGM**") in light of the Fundraising. The authorities taken at the 2020 AGM were over the share capital at the time of the 2020 AGM. If the Fundraising proceeds, the share capital of the Company will be significantly in excess of the share capital at the time of the 2020 AGM. The Directors therefore propose that the Company refresh the authorities taken at the 2020 AGM such that they take account of the Enlarged Share Capital.

The Additional Resolutions in respect of these authorities are set out in the Notice of General Meeting as set out at the end of this Document. The Additional Resolutions are conditional upon Admission. A description of the Additional Resolutions is set out below.

### ***Resolution 3 – authority to allot shares***

Under the Companies Act 2006 the Directors may only allot shares (or grant certain rights over shares) with the authority of Shareholders in a general meeting (other than pursuant to an employee share scheme).

Resolution 3 in the notice of General Meeting will be proposed, as an ordinary resolution, to authorise the Directors to allot Ordinary Shares up to a maximum nominal amount of £1,079,012.63 and up to a further maximum nominal amount of £1,079,012.63 where the allotment is in connection with an offer by way of a rights issue, representing approximately 33.33 per cent, and a further 33.33 per cent, respectively of the Enlarged Share Capital. The Company does not currently hold any shares in treasury. These limits are in accordance with guidelines issued by the Investment Association and market practice.

The authority conferred by the resolution will expire at the end of this year's annual general meeting.

This authority also gives the Directors flexibility to issue shares where they believe it is in the best interests of the Company to do so.

### ***Resolutions 4 and 5 – authority to disapply pre-emption rights***

Unless they are given an appropriate authority by Shareholders, if the Directors wish to allot any shares, grant rights over any shares, in each case for cash (other than pursuant to an employee share scheme), they must first offer them to existing shareholders in proportion to their existing holdings. These are known as statutory pre-emption rights.

Resolutions 4 and 5 in the notice of General Meeting will be proposed, as special resolutions, to give the Directors power to allot shares without the application of these statutory pre-emption rights: first, in relation to offers of equity securities by way of rights issue, open offer or similar arrangements (save that, in the case of an allotment pursuant to the authority conferred by paragraph 3.2 of Resolution 3, such offer shall be by way of rights issue only); second, in relation to the allotment of equity securities for cash up to a maximum aggregate nominal amount of £161,868.08 (representing approximately five per cent, of the nominal value of the Enlarged Share Capital); and third, in relation to an acquisition or other capital investment as defined by the Pre-Emption Group's Statement of Principles, up to an additional five per cent, of the Enlarged Share Capital.

These limits are in accordance with guidelines issued by the Pre-Emption Group, Investment Association and market practice.

The Directors intend to adhere to the provisions in the Pre-Emption Group's Statement of Principles, as updated in March 2015, and not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 4:

- (i) in excess of an amount equal to 5 per cent, of the total issued ordinary share capital of the Company excluding treasury shares; or
- (ii) in excess of an amount equal to 7.5 per cent, of the total issued ordinary share capital of the Company excluding treasury shares within a rolling three-year period, without prior consultation with shareholders,

in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The power conferred by resolutions 4 and 5 will expire at the end of this year's annual general meeting.

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

Shareholders should complete and submit a Form of Proxy (whether online or by requesting a hard copy form from Link Group) in accordance with the instructions printed on it. Shareholders will not receive a hard copy form of proxy for the General Meeting in the post. Instead, Shareholders will be able to vote electronically using the link [www.signalshares.com](http://www.signalshares.com). Shareholders will need to log into their Signal Shares account, or register if they have not previously done so. To register they will need their Investor Code, detailed on their share certificate or available from the Registrar, Link Group. The Form

of Proxy (if completed in hard copy) must be received by the Company's registrars, Link Group, PXS, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, by no later than 11.00 a.m. on 16 March 2021. **In light of the social distancing measures imposed by the UK Government as a result of the current COVID-19 pandemic, any proxy you appoint other than the chairman of the General Meeting will be refused entry to the General Meeting. You should therefore appoint the chairman of the General Meeting as your proxy to ensure your vote is counted.**

CREST members can also appoint proxies by using the CREST electronic appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Link (under CREST participant RA10) by no later than 11 a.m. on 16 March 2021. The time of receipt will be taken to be the time from which Link is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Shareholders are reminded that the Fundraising is conditional, *inter alia*, on the passing of the Fundraising Resolutions to be proposed at the General Meeting. Should the Fundraising Resolutions not be passed, the Fundraising will not proceed and any associated subscription monies in respect of the New Shares will be returned to investors.

## **11. Risk Factors and Additional Information**

The attention of Shareholders is drawn to the risk factors set out in Part II and the information contained in Parts III and IV of this Document, which provide additional information on the Open Offer and the Company.

## **12. Action to be taken**

### ***In respect of the General Meeting***

**In light of the social distancing measures imposed by the UK Government as a result of the current COVID-19 pandemic, the General Meeting will be held virtually as a closed meeting with the minimum number of members legally required to be present. Members will not be permitted to attend in person therefore they should appoint the chairman of the General Meeting as their proxy.**

**You are requested to complete and sign the online Form of Proxy as per the instructions in the Notice of General Meeting in Part VI, or, if a hard copy version is requested from Link Group, complete, sign and return the Form of Proxy to the Company's Registrars, Link Group, PXS, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, so as to be received as soon as possible and, in any event, no later than 11.00 a.m. on 16 March 2021.**

Shareholders who hold their Ordinary Shares through a nominee should instruct their nominees to submit a Form of Proxy on their behalf.

### ***In respect of the Open Offer***

Qualifying non-CREST Shareholders wishing to apply for Open Offer Shares or Excess Shares under the Excess Application Facility must complete the enclosed Application Form in accordance with the instructions set out in paragraph 4 of Part IV (Terms and Conditions of the Open Offer) of this Document and on the accompanying Application Form and return it with the appropriate payment to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, so as to arrive no later than 11.00 a.m. on 17 March 2021. If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form.

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST. You should refer to the procedure for application set out in paragraph 4.2 of Part IV (Terms and Conditions of the Open Offer) of this Document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4.2 of Part IV of this Document by no later than 11.00 a.m. on 17 March 2021.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Document and the Open Offer.

### **13. Recommendation**

The Fundraising is conditional, *inter alia*, upon the passing of the Fundraising Resolutions at the General Meeting. If the Fundraising Resolutions are not passed at the General Meeting, the Fundraising will not take place and the proceeds of the Fundraising will not be received by the Company. This would materially and adversely affect the Company's business plans and severely impact its ability to launch Accrufer® in the US as currently intended. The Company also would not be able to commence the proposed stage two paediatric study which would breach commitments made to the EMA and FDA and prevent Feraccru®/Accrufer® from receiving EMA and FDA approval for use by infants, children and adolescents.

If this were to happen, in order to have sufficient working capital to continue to trade, the Company would draw down under the Shareholder Loan Facilities. Whilst these loans can provide the Company with a cash runway through to approximately the end of 2021 they will not provide sufficient funding for the Company to launch Accrufer® in the US directly or to start the paediatric study. The Directors would need to explore alternative forms of funding for its medium term operations which may not be available at all or, if available, may be on commercially unacceptable terms. The Directors would also have to explore alternative options for maximising value from Accrufer® in the United States and for the Company as a whole, having recently concluded that a Shield-led launch of Accrufer® in the US was likely to provide greater value to Shareholders compared to other options that the Company has been assessing.

The Directors consider that the Fundraising and the passing of the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of all of the Resolutions, as they intend to do in respect of their beneficial holdings of an aggregate of 4,973,000 Existing Ordinary Shares, representing approximately 4.2 per cent. of the Existing Ordinary Shares.

Yours faithfully,

**Hans Peter Hasler**  
*Non-Executive Chairman*

## PART II

### RISK FACTORS

Shareholders should be aware that an investment in the Company is highly speculative and involves a high degree of risk. Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below, which are not presented in any order of priority and may not be exhaustive.

In addition to the risk factors set out below, additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business, financial condition and results of operations.

An investment in the Company may not be suitable for all recipients of this Document. Before making a final decision, investors who are in any doubt are advised to consult their stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities in the United Kingdom.

#### **1. Risks relating to the Company's business, financial position and other development and regulatory approval of its products**

##### **1.1 The Group is significantly dependent on the commercial success of Feraccru®/Accrufer® for its short and medium term success**

The Group is dependent on one principal product for its short and medium term success: Feraccru®/Accrufer®.

The successful launch and commercialisation of Feraccru®/Accrufer® in the United States is critical for the Company to realise the product's potential value and thereby enable the Company to generate sufficient cash flows to become self-sustainable.

Any unexpected negative development with respect to Feraccru®/Accrufer® (for example, withdrawal of regulatory, marketing and selling approvals, slow adoption by the medical profession, manufacturing or supply delays or interruptions or challenges in obtaining reimbursement) may have a material adverse effect on the financial condition and prospects of the Group.

Feraccru®/Accrufer® has been out-licensed for commercialisation in a range of territories including Europe, China, Australia and New Zealand. The Company is heavily dependent upon sales of Feraccru®/Accrufer® by Norgine BV and ASK in those territories and the resultant revenues receivable by the Company. Further, regulatory approval is still required to be obtained for the product to be sold in China and this may not be obtained and the clinical trials required for such regulatory approval may not be successfully completed or may take materially longer than currently expected.

The failure of Feraccru®/Accrufer® to achieve significant sales will have a material adverse effect on the Company's financial condition and prospects.

##### **1.2 The Company and its licensing partners may fail to commercialise Feraccru®/Accrufer® successfully**

The successful commercialisation of Feraccru®/Accrufer® in the United States, Europe, China and other markets may be inhibited by the following factors:

- (a) failure to establish and maintain relationships with key customers in the relevant markets;
- (b) inability to recruit, train and retain adequate numbers of effective sales and marketing personnel with experience of the relevant market;
- (c) the inability of sales personnel to obtain access to or persuade adequate numbers of potential practitioners to prescribe Feraccru®/Accrufer®;

- (d) costs of marketing and promotion above those anticipated by the Company or its licensees;
- (e) inability to secure a suitable level of pricing and/or reimbursement approval from the relevant regulatory authorities and/or healthcare payers in the countries being targeted;
- (f) limited market acceptance or a lack of recognition of the potential advantages of Feraccru®/Accrufer® amongst prescribers over alternative therapies including generic oral iron and injectable iron;
- (g) new competitor products entering the market;
- (h) the number and relative efficacy safety or cost of competitive products;
- (i) an inability to supply a sufficient amount of Feraccru®/Accrufer® to meet market demand;
- (j) insufficient funding being available to market Feraccru®/Accrufer® adequately in the United States;
- (k) labelling being restricted/narrowed in the future by regulatory agencies;
- (l) refusals by government or other healthcare payers to fund the purchase of Feraccru®/Accrufer® by healthcare providers at a commercially viable level (or at all) or otherwise imposing restrictions on the availability of approved products on other grounds;
- (m) a lack of acceptance of Feraccru®/Accrufer® by patients, the medical community and healthcare payers; and
- (n) any change in US healthcare policies which are imposed by the new US Government.

### 1.3 **The Company has incurred losses since its inception and may continue to do so**

The Company has incurred losses since its inception and near term losses are expected to increase as a result of the launch of Feraccru®/Accrufer® in the United States. If Feraccru®/Accrufer® is not successfully commercialised in the US, Europe, China and other markets, the Company is unlikely to become profitable or produce a reasonable return, or any return, on investment.

### 1.4 **If the Company fails to generate sufficient revenues from its operations to fund its business objectives, additional financing will be required, the terms of which may not be advantageous for existing shareholders**

If sufficient revenue is not generated from the Company's operations and licensing activities, additional financing may be required which may not be available at all or, if available, may not be on acceptable terms. The Company expects to incur further significant expenses in connection with its ongoing commercialisation and research and development activities in relation to Feraccru®/Accrufer®. The Company may require more capital than is available from its existing cash balances and the net proceeds of the Fundraising. The Company may therefore need to obtain additional funding before it becomes self-sustaining. Access to adequate additional financing, whether through debt financing, an equity capital raise or a suitable out-licensing or partnering transaction may not be available to the Company on acceptable terms, or at all. If the Company is unable to raise capital, the Company could be forced to delay, reduce or cease its commercialisation efforts and/or research and development programmes. Any of these events could have a material adverse effect on the Company's development, growth, financial condition and prospects.

### 1.5 **Feraccru®/Accrufer®, along with any other products of the Company which may obtain regulatory approval, are subject to ongoing regulatory obligations**

Regulatory authorities may impose significant restrictions on the indicated uses or marketing of Feraccru®/Accrufer® or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. In addition, product manufacturers and their facilities are subject to continual review and periodic inspections by the EMA, the FDA and other regulatory authorities

for compliance with good manufacturing practices and good pharmacovigilance practices. If the Company or a regulatory agency discovers previously unknown problems with Feraccru®/Accrufer® or problems with a facility where Feraccru®/Accrufer® is manufactured, a regulatory agency may impose restrictions relative to Feraccru®/Accrufer® or the manufacturing facility, including requiring recall or withdrawal of Feraccru®/Accrufer® from the market or suspension of manufacturing which could severely limit the Company's ability to generate revenues.

#### **1.6 The Company operates in a highly regulated environment**

The Company and its licensing partners are required to adhere to stringent quality requirements including the maintenance of appropriate and adequate pharmacovigilance systems for monitoring adverse events and other quality and safety issues in territories in which its products are marketed, sold and/or manufactured. There is a risk that such a system is not deemed to be adequate or appropriate by a relevant regulatory authority and that would have a negative impact on their respective abilities to market the Company's products in such territories and could even lead to the withdrawal of the product from one or more territories. Whilst the Company has acquired, referenced and generated a wide body of positive evidence in respect of the safety profile of Feraccru®/Accrufer®, there is a risk that either its monitoring framework is not adequate or that data emerges on any of its marketed products that leads to safety concerns or issues and negatively impacts the ability of the Company to continue to market its products, potentially including a change to the label or the withdrawal of the product from one or more territories. Changes in the regulatory environment could result in delays or failures by the Company and its approved partners to manufacture or sell products.

The Company and its licensing partners and contractors must operate to relevant standards of conduct including GCP and GMP in the manufacture and distribution of its products. Whilst the Company maintains and operates suitable quality standards and practices including the audit of key suppliers and manufacturers, there is a risk that an inspection by a relevant regulatory authority may result in adverse findings that inhibit or disrupt the Group's product supply.

#### **1.7 Price approvals and reimbursement may not be available for Feraccru®/Accrufer®**

In both US and non-US markets, the ability of the Company and its licensing partners to commercialise Feraccru®/Accrufer® successfully will depend in part on the availability and extent of reimbursement by third-party payers, including government and private health insurers. If such reimbursement is not available to any degree, the Company's financial position will be adversely affected. In addition, the Company may be subject to price limits on reimbursement of Feraccru®/Accrufer®, which would negatively impact revenues and profitability. Third party payers are increasingly attempting to contain healthcare costs and these efforts may have a negative impact on the revenues the Company expects to receive in respect of Feraccru®/Accrufer®.

#### **1.8 The Company has competitors including multinational pharmaceutical companies**

In respect of Feraccru®/Accrufer®, there are a number of established companies engaged in the development and marketing of intravenous iron-based preparations addressing the Iron Deficiency Anaemia market and in particular in patients who have previously failed treatment on Oral Ferrous Products. The Company's competitors include multinational pharmaceutical companies which are well capitalised and have significantly more resources than the Company. In addition, there are a wide range of OFPs addressing the IDA market currently approved and marketed by a wide range of pharmaceutical companies.

The availability and price of the Company's competitors' products could limit the demand, and impact the price the Company is able to charge for its products. The Company will not achieve its business goals if acceptance of Feraccru®/Accrufer® by patients, the medical community and healthcare payers is inhibited by price competition or the reluctance of physicians to switch from existing drug products and treatments, in particular intravenous iron, to the Company's products or if physicians switch to other new drug products or choose to reserve its products for use in limited circumstances.

The Company's competitors may succeed in developing a drug that is more effective than Feraccru<sup>®</sup>/Accrufer<sup>®</sup> that may reduce or eliminate the market for Feraccru<sup>®</sup>/Accrufer<sup>®</sup>.

**1.9 The development of pharmaceutical products is inherently uncertain and has high failure rates, even in late-stage product development programmes**

One of the Company's lead products, PT20, is in clinical development. Clinical studies are typically expensive, complex and time-consuming, and have uncertain outcomes. There is a high failure rate in the development of pharmaceutical products and there is a substantial risk of adverse, undesirable, unintended or inconclusive results from testing or clinical trials, which may substantially delay, or halt entirely, or make uneconomic, any further development of PT20 or any other products which may be developed by the Company and may prevent or limit the commercial use of such products. Due to these inherent risks involved in developing pharmaceutical products, there is a risk PT20 or any other products which may be developed by the Company will not ultimately be successfully developed or launched.

In addition, later phase 3 clinical trials of PT20 may, if undertaken, fail to show the desired safety and efficacy despite it having progressed through early phase clinical trials. Conditions in which clinical studies are conducted differ and results achieved in one set of conditions could be different from the results achieved in different conditions or with different subject populations. Successful completion of one stage of development of a pharmaceutical product does not ensure that subsequent stages of development will be successful.

**1.10 The Company relies on third party contractors**

The Company's business strategy utilises the expertise and resources of third parties in a number of areas including manufacturing and the conducting of clinical studies and the protection of the Group's intellectual property rights in various geographical locations. This strategy creates risks for the Company by placing critical aspects of the Company's business in the hands of third parties whom the Company may not be able to manage or control adequately and who may not always act in the best interests of the Company.

The Group is also currently reliant on two contract manufacturers for the manufacture of Feraccru<sup>®</sup>/Accrufer<sup>®</sup>. There may be disruptions to the Company's supply chains, including delays due to the inability of the Company's manufacturers to supply products on a timely basis. Regulatory requirements for pharmaceutical products tend to make the substitution of suppliers and contractors costly and time-consuming. Alternative suppliers may not be able to manufacture products effectively or obtain the necessary manufacturing licences from applicable regulatory authorities.

**2. Risks relating to the Company's Intellectual Property**

**2.1 The inability of the Company to obtain, maintain or enforce adequate intellectual property rights may result in additional competition from other third party products**

Third parties may have blocking intellectual property rights which could prevent the sale of Feraccru<sup>®</sup>/Accrufer<sup>®</sup> by the Company or its licensing partners or require that compensation be paid to such third parties. The extent of the Company's success will, to a significant degree depend on its ability to establish, maintain, defend and enforce adequate intellectual property rights and to operate without infringing the proprietary or intellectual property rights of third parties.

The Company has been granted, or has in-licensed rights under, a number of key patent families for Feraccru<sup>®</sup>/Accrufer<sup>®</sup> and PT20 (or other proprietary rights), and patent applications are pending in multiple jurisdictions. The strength of patents in the pharmaceutical field involves complex legal and scientific questions and can be uncertain. Patents or other rights might not be granted under any pending or future applications filed or inlicensed by the Company and any claims allowed might not be sufficiently broad to protect the Group's technologies and products from competition. Competitors may also successfully design around key patents held by the Group, thereby avoiding a claim of infringement. Patents or other registerable rights might also be revoked for other reasons after grant. Competitors may have filed applications or been granted patents or obtained additional patents and proprietary rights that relate to and could be

infringed by the Company's products. Any such failure to sufficiently protect the Company's proprietary intellectual property, resulting in additional competition from other third party products could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

## **2.2 The Company may incur substantial costs as a result of third party challenges/ claims**

Third parties may challenge the validity, enforceability or scope of any granted patents. The Company's defence of its proprietary rights could involve substantial costs (even if successful) and could result in declarations of invalidity or significantly narrow the scope of those rights, limiting their value.

An adverse outcome with respect to third party rights such as claims of infringement of patents or third-party proprietary rights by the Company could subject the Company to significant liabilities or require the Company to obtain a licence for the continued use of the affected rights, which may not be available on acceptable terms or at all, or require the Company and its licensing partners to cease commercialisation and development efforts, or the sale of the relevant products, in whole or in part in the relevant jurisdictions. The Company could be subject to claims for compensation by third parties claiming an ownership interest in the intellectual property rights relating to a commercially successful product such as Feraccru®/Accrufer®. This may include claims from employee inventors in territories which permit such claims even where the Company owns the intellectual property rights in question. Any such failure to defend the Company's proprietary intellectual property could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

## **3. Risks relating to managing growth, employee matters and other risks relating to the Company's business**

### **3.1 Growth will place significant demands on the Company's management and resources**

The Company expects to experience growth in the number of its employees and the scope of its operations in connection with the US launch of Feraccru®/Accrufer®.

The Company is in the process of establishing its own US commercial team to promote Feraccru®/Accrufer® expansion of the Group's business through direct sales and marketing into the United States and this will place a significant strain on its management and operations.

### **3.2 The Company needs to attract and retain key personnel to conduct and grow its operations effectively**

The Company's ability to compete in the highly competitive pharmaceutical industry depends upon its ability to attract and retain highly qualified employees. Many of the other pharmaceutical companies and academic institutions that it competes against for qualified personnel have greater financial and other resources and different risk profiles and a longer history in the industry than the Company does.

The Company might not be able to attract or retain these key persons on conditions that are economically acceptable. The inability of the Company to attract and retain these key persons could have a material adverse effect on its business, earnings, financial situation and prospects and its relationships with its suppliers and key commercialisation partners.

### **3.3 The Company's employees, contractors, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards**

The Company is exposed to the risk of employees, independent contractors, principal investigators, consultants, commercial partners or vendors engaging in fraud or other misconduct. Misconduct could include intentional failures to comply with the rules and regulations of the FDA, EMA or other regulations, to provide accurate information to the FDA or EMA or other regulatory authorities or to comply with manufacturing standards the Company has established.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, bribery and other

abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programmes and other business arrangements. Misconduct could also involve the improper use of information obtained in the course of clinical studies, which could result in regulatory sanctions and serious harm to the Company's reputation. It is not always possible to identify and deter misconduct, and the precautions the Company and its licensing partners take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company or its licensing partners, and the Company or its licensing partners are not successful in defending or asserting their rights, those actions could have a significant impact on the Company's business.

#### **3.4 The COVID-19 pandemic may disrupt the Company's business operations**

To date, the Company has not been materially adversely affected by the COVID-19 pandemic. However, it may be that employees or contractors need to self-isolate or become ill in the future. The ongoing nature and uncertainty of the pandemic in many countries and the measures and restrictions in place (travel bans and quarantining by employees in particular) continue to have the ability to impact the Company's business continuity, workforce, supply-chain, relationships with third parties and, consequently, future revenues.

### **4. Risks Relating to the Placing**

#### **4.1 The value of the Ordinary Shares may fluctuate significantly and investors could lose all or part of their investment**

The share price of quoted companies can be highly volatile, for smaller pharmaceutical companies in particular, which may prevent Shareholders from being able to sell their Ordinary Shares at or above the price they paid for them. The market price for Ordinary Shares could fluctuate significantly for various reasons many of which are outside the Company's control. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

The Company may decide to offer additional Ordinary Shares or convertible equity securities in the future to raise financing and for other purposes including in connection with share incentive and share option plans. Future issues or the availability for issue of substantial amounts of the Ordinary Shares could dilute the holdings of Shareholders, adversely affect the prevailing market price of the Ordinary Shares and impair the Company's ability to raise capital through future issues of Ordinary Shares.

#### **4.2 The Company does not currently anticipate paying dividends and, accordingly, Shareholders must rely on capital appreciation for any return on investment**

The Company currently intends to retain all of its future earnings, if any, to finance the growth and development of its business.

Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. The Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. The Company's direct and indirect subsidiaries may be precluded from paying dividends by various factors, such as their own financial condition restrictions in existing or future financing documents to which they are party or applicable law. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends. Any return to Shareholders will therefore be limited to the capital appreciation of their investment (if any) for the foreseeable future.

**4.3 W. Health will retain a significant interest in the Company following the Fundraising and its interests may differ from those of the other Shareholders**

Following the Fundraising, W. Health will hold over 26 per cent. of the Company's Enlarged Share Capital assuming that W. Health does not participate in the Open Offer and that the maximum number of Open Offer Shares are issued. As a result, W. Health will possess sufficient voting power to maintain significant influence over all matters requiring the approval of Shareholders, including the election of directors and approval of significant corporate transactions. The interests of W. Health may not always be aligned with those of other Shareholders. Although W. Health is party to a relationship agreement with the Company in order to govern certain aspects of its conduct in relation to the Company, that agreement may not be sufficient to safeguard the interests of other Shareholders.

**4.4 Securities traded on AIM**

**The Ordinary Shares are traded on AIM rather than on the Official List**

An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment especially since the market in the Ordinary Shares on AIM may have limited liquidity.

The price at which investors may dispose of Ordinary Shares may be influenced by a number of factors some of which may pertain to the Company and others which are extraneous. Investors may realise less than the original amount invested.

**4.5 The Fundraising will dilute ownership of the Ordinary Shares**

The proportionate ownership and voting interest in the Company of Shareholders who are not Placees will be reduced as a result of the Placing. In addition, to the extent that Qualifying Shareholders do not take up the offer of Open Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their shareholdings represent of the Enlarged Share Capital will be reduced accordingly.

## PART III

### QUESTIONS AND ANSWERS ON THE FUNDRAISING

*The questions and answers set out in this Part III are intended to be in general terms only and, as such, you should read Part IV of this Document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.*

*This Part III deals with general questions relating to the Placing and the Open Offer and more specific questions relating principally to Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part IV of this Document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part IV of this Document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.*

**The contents of this Document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this Document is intended to endorse or recommend a particular course of action.**

#### **1. What is a placing and an open offer?**

A placing and an open offer are ways for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for specifically identified investors also to acquire a certain number of shares at the same price (a placing). The fixed price is normally at a discount to the market price of the existing ordinary shares on the Business Day prior to the Announcement.

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire, in aggregate, up to 13,946,397 Open Offer Shares at a price of 30 pence per New Share. If you hold Existing Ordinary Shares on the Record Date or have a bona fide market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address in, or located in, the United States or another Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

**The Open Offer is being made on the basis of 2 Open Offer Shares for every 17 Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.**

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Basic Entitlements. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlements in full, to apply for additional Open Offer Shares through the Excess Application Facility.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements and Excess Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), and the Basic Entitlements and Excess Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a bona fide market claim.**

## **2. Am I eligible to participate in the Placing?**

Unless you are a Placee, you will not be eligible to participate in the Placing.

## **3. I hold my Existing Ordinary Shares in certificated form. How do I know if I am able to apply to acquire Open Offer Shares under the Open Offer?**

If you have received an Application Form and, subject to certain exceptions, are not a holder with a registered address in or resident or located in the United States or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares on or before 8.00 a.m. on 1 March 2021 (the Ex-entitlement Date for the Open Offer).

## **4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address in and are not resident or located in the United States or another Restricted Jurisdiction, you should have been sent an Application Form with this Document.

That Application Form shows:

- how many Existing Ordinary Shares you held at close of business on the Record Date;
- how many Open Offer Shares are comprised in your Basic Entitlement; and
- how much you need to pay if you want to take up your right to subscribe for your Basic Entitlement to the Open Offer Shares.

If you have a registered address or are resident or located in the United States or, subject to certain exceptions, one of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this Document. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four Business Days for delivery if sent by first class post from within the United Kingdom. Please also see questions 5 and 11 for further help in completing the Application Form.

## **5. I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?**

### **5.1 If you want to take up all of your Basic Entitlement?**

If you want to take up all of the Open Offer Shares to which you are entitled pursuant to your Basic Entitlement, all you need to do is send the completed Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 4 of your Application Form), payable to 'LMS re: Shield Therapeutics – 2021 OO A/C' in the reply paid envelope provided or, by post, to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL to arrive by no later than 11.00 a.m. on 17 March 2021. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this Document and in the Application Form.

### **5.2 If you want to take up some but not all of your Basic Entitlement?**

If you want to take up some but not all of your Basic Entitlement, you should write the number of Open Offer Shares you want to take up in Box 5 of your Application Form; for example, if you are entitled to take up 1,000 Open Offer Shares but you only want to take up 500 shares, then you should write '500' in Box 5 and Box 7. To work out how much you need to pay for the Open Offer

Shares, you need to multiply the number of Open Offer Shares you want (in this example '500') by 30 pence, which is the price of each Open Offer Share (giving you an amount of £150 in this example). You should write this amount in Box 8, and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to 'LMS re: Shield Therapeutics – 2021 OO A/C' and crossed "A/C payee only", in the reply-paid envelope provided, by post, to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, to arrive by no later than 11.00 a.m. on 17 March 2021, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted the name of the account holder and has either added the building society or bank branch stamp or has provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Full instructions are set out in Part IV of this Document and in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you validly take up. Your definitive share certificate for such Open Offer Shares is expected to be despatched to you by no later than 26 March 2021.

### 5.3 ***If you want to apply for more than your Basic Entitlement?***

Provided that you have agreed to take up your Basic Entitlement in full, you can apply for further Excess Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up in Box 5 which must be the number of Open Offer Shares shown in Box 2. You should then write the number of Excess Shares you wish to apply for under the Excess Application Facility in Box 6 and then complete Box 7 by adding together the numbers you have entered in Boxes 5 and 6. To work out how much you need to pay for the Open Offer Shares you are applying for, you need to multiply the number of Open Offer Shares shown in Box 7 by the Issue Price, which is the price of each Open Offer Share. You should write this amount in Box 8. You should then return your Application Form together with your cheque or banker's draft for that amount payable to 'LMS re: Shield Therapeutics – 2021 OO A/C ' and crossed "A/C payee only", in the reply-paid envelope provided, by post, to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, to arrive by no later than 11.00 a.m. on 17 March 2021, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope.

Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHIAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies and must bear the appropriate sort code in the top right-hand corner and

must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted the name of the account holder and has either added the building society or bank branch stamp or has provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACs or electronic transfer will not be accepted.

You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back at the discretion of the Company. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event, Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allotted to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

#### **5.4 *If you do not want to take up your Open Offer Entitlement***

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. The Open Offer Shares you could have taken up will not be issued by the Company to you or for your benefit. You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you are not a Placee and you do not take up any of your Open Offer Entitlement, then following the Fundraising, your interest in the Company will be diluted, although you should note that even if a Qualifying Shareholder subscribes for his full entitlement to the Open Offer Shares, his proportionate interest in the Company will be diluted by the issue of New Shares pursuant to the Placing and the Subscription.

#### **6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part IV of this Document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to apply for under their Open Offer Entitlement and should contact their CREST member should they not receive this information.

For technical reasons Qualifying CREST Shareholders who choose to take up their Open Offer Entitlements in full, or, in respect of pooled accounts, the Open Offer Entitlements of an underlying beneficial holder in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares up to a maximum amount equal to ten times their total number of existing Ordinary Shares held in such Qualifying CREST Shareholder's name as at the Record Date. If, however, a Qualifying CREST Shareholder wishes to apply for more than ten times the total number of existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date, the Qualifying CREST Shareholder should contact Link by telephone on the helpline number stated above who will arrange for additional Excess Shares to be credited to the relevant CREST account of the Qualifying CREST Shareholder concerned up to the maximum of Open Offer Shares available under the Open Offer. Any such applications will be granted at the absolute discretion of the Company.

**7. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 25 February 2021 and who have converted them to certificated form;
- Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 7.00 a.m. on 25 February 2021 but were not registered as the holders of those shares at 6.00 p.m. on 25 February 2021; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Link on 371 664 0321 from within the UK or +44 (0)371 664 0321 if calling from outside the UK. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays). Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

**8. If I buy Existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?**

If you buy or have bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer in respect of those Existing Ordinary Shares. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

**9. What if I change my mind?**

If you are a Qualifying non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for, except in the very limited circumstances which are set out in paragraph 4 of Part IV of this Document.

**10. What if the number of Open Offer Shares to which I am entitled is not a whole number?**

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number your entitlement will be rounded down to the nearest whole number.

**11. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 4 of the Application Form?**

If you want to spend more than the amount set out in Box 4 you should divide the amount you want to spend by 30 pence (being the price in pence of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £500 you should divide £500 by 30 pence, which comes to 1,666.67. You should round that down to 1,666 to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example 1,666) in Box 7. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example 1,666) by 30 pence and then fill in that amount (in this example being £499.80), in Box 8 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, applications made under the Excess Application Facility will be scaled back at the discretion of the Company.

If you want to spend less than the amount set out in Box 4, you should divide the amount you want to spend by 30 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by 30 pence. You should round that down to the nearest whole number (in this example, 333), to give you the number of shares you want to take up. Write that number (in this example, 333) in Box 5. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 333) by 30 pence and then fill in that amount (in this example being £99.90) in Box 8 and on your cheque or banker's draft accordingly.

**12. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold Existing Ordinary Shares directly and you sold some or all of your Existing Ordinary Shares before 7.00 a.m. on 25 February 2021, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sold any of your Existing Ordinary Shares on or after 7.00 a.m. on 25 February 2021, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

**13. I hold my Existing Ordinary Shares in certificated form. How do I pay?**

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a bank or building society account in the UK in the reply-paid envelope enclosed (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. Cheques should be drawn on a sole or joint personal account of the Qualifying Shareholder who is applying for the Open Offer Shares. The funds should be made payable to 'LMS re: Shield Therapeutics – 2021 OO A/C'. In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACs or electronic transfer will not be accepted. Third party cheques may not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has confirmed the name of the account holder (which must be the same name as appears on page 1 of the Application Form) by inserting the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds.

**14. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your Open Offer Entitlement, your proportionate ownership and voting interest in the Company will be reduced (in addition to the reduction caused by the Placing and the Subscription).

**15. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form and monies by post in the enclosed reply paid envelope (from within the United Kingdom) by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. You should allow at least four Business Days for delivery if using first class post or the reply-paid envelope within the United Kingdom. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**16. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?**

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 17 March 2021. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

**17. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?**

It is expected that the Receiving Agent will post all Open Offer Share certificates by 26 March 2021.

**18. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 2 on page 1 of the Application Form) is incorrect?**

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares before 7.00 a.m. on 25 February 2021 but were not registered as the holder of those shares on the Record Date for the Open Offer (6.00 p.m. on 25 February 2021), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 7.00 a.m. on 25 February 2021.

**19. Will I be taxed if I take up my entitlements?**

This information is intended to be only a general guide to certain UK tax considerations and Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly recommended to consult their own professional advisers. No UK stamp duty will be payable on the issue by the Company of New Shares. Stamp duty and stamp duty reserve tax (“SDRT”) is not chargeable on transfers of securities admitted to trading on certain recognised growth markets, which currently includes AIM, provided they are not listed on a recognised stock exchange. Accordingly, transfers of New Shares after issue should be exempt from stamp duty and SDRT.

**20. What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are resident or located in the United States or another Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part IV of this Document.

**21. How do I transfer my entitlements into the CREST system?**

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (Box 13 on page 4 of the Application Form), and ensure they are delivered to CCSS in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this. If you have transferred your rights into the CREST system, you should refer to paragraph 4.2 of Part IV of this Document for details on how to apply and pay for the Open Offer Shares.

**22. Do I need to comply with the Money Laundering Regulations (as set out in paragraph 5 of Part IV of this Document)?**

If you are a Qualifying non-CREST Shareholder, you may not need to follow these procedures if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution. Qualifying non-CREST Shareholders and Qualifying CREST Shareholders should refer to paragraph 5 of Part IV of this Document for a fuller description of the requirements of the Money Laundering Regulations.

## PART IV

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in Part I of this Document, the Company is proposing to issue 66,398,720 Placing Shares pursuant to the Placing, 16,934,613 Subscription Shares pursuant to the Subscription and up to a further 13,946,397 Open Offer Shares pursuant to the Open Offer.

Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at 30 pence per share, being the same price per share as in the Placing and Subscription. The Placing Shares are not subject to clawback and do not form part of the Open Offer. The Open Offer has not been underwritten.

The Issue Price of 30 pence per New Share equates to a 43.7 per cent. discount to the mid-market closing price of an Ordinary Share on 25 February 2021, the last practicable date prior to the date of the Announcement. This document and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

#### 2. The Open Offer

Subject to the terms and conditions set out below and in the Application Form, the Company invites Qualifying Shareholders to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

##### **2 Open Offer Shares for every 17 Ordinary Shares**

held by them and registered in their names at 6.00 p.m. on 25 February 2021, the Record Date, and so in proportion to any other number of Existing Ordinary Shares then held.

A Qualifying Shareholder who holds Existing Ordinary Shares in certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating entitlements under the Open Offer.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders and entitlements to apply for Open Offer Shares will be rounded down to the nearest whole number of Open Offer Shares and will be aggregated and made available under the Excess Application Facility.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Basic Entitlement, which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 2 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements credited to their stock account in CREST. The action to be taken in relation to the Open Offer depends on whether you have received an Application Form in respect of your Open Offer Entitlement under the Open Offer or have your Open Offer Entitlement credited to your stock account in CREST.

Qualifying Shareholders are also invited to apply for additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available under the Open Offer. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for Excess Entitlements at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

The Open Offer is primarily aimed at those Qualifying Shareholders who were not given the opportunity to participate in the Placing.

If you have received an Application Form with this Document please refer to paragraph 4.1 of this Part IV.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Basic Entitlements and Excess Entitlements to your CREST stock account, please refer to paragraph 4.2 of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

For technical reasons Qualifying CREST Shareholders who choose to take up their Open Offer Entitlements in full, or, in respect of pooled accounts, the Open Offer Entitlements of an underlying beneficial holder in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares up to a maximum amount equal to ten times their total number of existing Ordinary Shares held in such Qualifying CREST Shareholder's name as at the Record Date. If, however, a Qualifying CREST Shareholder wishes to apply for more than ten times the total number of existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date, the Qualifying CREST Shareholder should contact Link by telephone on the helpline number stated above who will arrange for additional Excess Shares to be credited to the relevant CREST account of the Qualifying CREST Shareholder concerned up to the maximum of Open Offer Shares available under the Open Offer. Any such applications will be granted at the absolute discretion of the Company in consultation with the Joint Bookrunners.

**The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements (in respect of Qualifying CREST Shareholders) may be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. Any Open Offer Shares which are not applied for by Qualifying Shareholders under their Open Offer Entitlements may be made available under the Excess Application Facility (with the proceeds being retained for the benefit of the Company).**

The Existing Ordinary Shares are admitted to AIM. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that admission of such number of Open Offer Shares as are subscribed for will become effective on 19 March 2021 and that dealings in the Open Offer Shares will commence at 8.00 a.m. on that date.

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

Application will be made for the Open Offer Entitlements and Excess Entitlements to be enabled for settlement in CREST. The conditions to such admission having already been met, the Open Offer Entitlements are expected to be admitted to CREST with effect from 19 March 2021. The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued. Further details of the rights attaching to the Existing Ordinary Shares are set out in the Articles which are available on the Company's website (<https://www.shieldtherapeutics.com>).

### **3. Conditions of the Open Offer**

The Open Offer is conditional upon the Placing and Open Offer Agreement becoming unconditional in all respects. The Placing and Open Offer Agreement is conditional, *inter alia*, on:

- (i) the passing of the Fundraising Resolutions at the General Meeting;
- (ii) the Placing and Open Offer Agreement not being terminated prior to Admission and becoming and otherwise having become unconditional in all respects;
- (ii) Admission becoming effective on or before 8.00 a.m. on 19 March 2021 (or such later date and/or time as the Company, Peel Hunt and finnCap may agree, being no later than 8.00 a.m. on 31 March 2021).

If these and the other conditions to the Open Offer are not satisfied or waived (where capable of waiver), the Open Offer will lapse and will not proceed and any applications made by Qualifying Shareholders will be rejected. In these circumstances, application monies received by the Receiving Agent in respect of Open Offer Shares will be returned (at the applicant's sole risk), without payment of

interest, if uncertificated, within CREST by not later than four Business Days following the Open Offer lapsing or if certificated within ten Business Days, as a cheque by first class post to the address set out on the Application Form. Lapsing of the Open Offer cannot occur after dealings in the Open Offer Shares have begun.

No temporary documents of title will be issued in respect of Open Offer Shares.

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

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

If you are in any doubt as to the action you should take, or the contents of this Document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether at the relevant time they have an Application Form in respect of their entitlement under the Open Offer or they have Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

If a Qualifying CREST Shareholder is a CREST sponsored member they should refer to their CREST sponsor if they wish to apply for all or some of their entitlement under the Open Offer, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should take no action and not complete or return the Application Form.

#### **4.1 If you have an Application Form in respect of your Open Offer Entitlement**

##### **4.1.1 General**

Subject as provided in paragraph 6 of this Part IV in relation to Overseas Shareholders, Qualifying non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date. It also shows the number of Open Offer Shares for which you may apply pursuant to your Basic Entitlement (on an initial pro rata basis) as shown by the total number of Open Offer Shares allocated to you. You may apply for less than your initial pro rata entitlement should you wish to do so. You may also apply for additional Open Offer Shares by completing Boxes 6, 7 and 8 on the Application Form relating to your Excess Entitlement.

Qualifying non-CREST Shareholders may also hold such an Application Form by virtue of a bona fide market claim. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 13,946,397, applications for Open Offer Shares will be scaled back at the discretion of the Directors. The instructions and other terms set out in the Application Form are part of the terms of the Open Offer in relation to Qualifying non-CREST Shareholders.

##### **4.1.2 Market claims**

Applications for the Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying non-CREST Shareholder named in it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, being 1 March 2021. Application Forms may be split up to 3.00 p.m. on 15 March 2021. Should a transaction be identified by the CREST Claims Processing Unit as "cum", the Open Offer

Entitlement will generate an appropriate market claim and the relevant Open Offer Entitlements will thereafter be transferred accordingly. The Excess Entitlements will not transfer with the Open Offer Entitlement(s) claim.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 8.00 a.m. on 1 March 2021, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the transferee pursuant to the rules of the London Stock Exchange. Qualifying non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 11 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the United States, Australia, Canada, Japan, the Republic of South Africa or any other Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2 below.

#### 4.1.3 *Application procedures*

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, so as to arrive no later than 11.00 a.m. on 17 March 2021. A reply-paid envelope is enclosed for use by Qualifying non-CREST Shareholders in connection with the Open Offer. Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer.

If any Application Form is sent by first class post or using the reply-paid envelope within the United Kingdom, Qualifying non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Receiving Agent (having consulted with Peel Hunt and finnCap), on the Company’s behalf, may elect to accept Application Forms and remittances after 11.00 a.m. on 17 March 2021 in respect of those bearing a post mark of before that date and time. The Receiving Agent (having consulted with Peel Hunt and finnCap) may also (on behalf of the Company) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Receiving Agent, on behalf of the Company, also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 17 March 2021 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares applied for, and undertaking to lodge the relevant Application Form in due course but, in any event, within two Business Days.

#### 4.1.4 *Payments*

All payments must be in pounds sterling and cheques or banker’s drafts should be written in black ink and made payable to ‘LMS re Shield Therapeutics – 2021 OO A/C’ and crossed “A/C payee only”. Cheques or banker’s drafts must be drawn on an account at a branch of a bank or building society in the UK which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies and must bear the appropriate sort code in

the top right hand corner. Eurocheques will not be accepted. Cheques should be drawn on the personal account to which you have sole or joint title to funds. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the bank or building society has confirmed the name of the account holder (which should match the name detailed on page 1 of the Application Form) by inserting the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company and/or the Receiving Agent (on the Company's behalf) may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that the Open Offer does not become unconditional the Open Offer will lapse and application monies will be returned to relevant applicants (at the applicants' risk) without interest. Qualifying CREST Shareholders will receive the refund not later than four Business Days following the date that the results of the Open Offer are announced. Qualifying non-CREST Shareholders will receive the refund either as a cheque by first class post to the address set out on the Application Form or payment will be returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, not later than ten Business Days following the date that the results of the Open Offer are announced. The interest earned on monies held in the separate bank account will be retained for the benefit of the Company. None of the Receiving Agent, Peel Hunt, finnCap or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying non-CREST Shareholders.

#### 4.1.5 *Effect of application*

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

- (i) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this Document and subject to the Articles;
- (ii) agree with the Company, Peel Hunt and finnCap that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iii) confirm to the Company, Peel Hunt and finnCap that in making such application you are not relying on any information or representation in relation to the Company other than that contained in this Document and agree that no person responsible solely or jointly for this Document or any part of it or involved in the preparation of it shall have any liability for any such other information and further agree that having had the opportunity to read this Document, you will be deemed to have had notice of all the information concerning the Company contained therein;
- (iv) represent and warrant to the Company, Peel Hunt and finnCap that you are the Qualifying non-CREST Shareholder originally entitled to the Open Offer Entitlement or that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a bona fide market claim;
- (v) represent and warrant to the Company, Peel Hunt and finnCap that you have the right, power and authority, and have taken all action necessary, to meet your obligations under any contracts resulting therefrom and that you are not a person

otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

- (vi) represent and warrant to the Company, Peel Hunt and finnCap that you are not, nor are you applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of the United States of America, any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and you are not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States of America, any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company (having consulted with Peel Hunt and finnCap) has been provided to the Company that you, or the person you are applying on behalf of, is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion and having consulted with Peel Hunt and finnCap) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (vii) represent and warrant to the Company, Peel Hunt and finnCap that you are not and nor are you applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (Depository Receipts) or Section 96 (Clearance Services) of the Finance Act 1986;
- (viii) confirm that in making the application you are not relying and have not relied on the Company, Peel Hunt, finnCap or any person affiliated with the Company, Peel Hunt or finnCap in connection with any investigation of the accuracy of any information contained in this Document or your investment decision;
- (ix) acknowledges that no person is authorised in connection with the Open Offer to give any information or make any representation other than as contained in this Document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, finnCap, Peel Hunt or the Receiving Agent; and
- (x) agrees that finnCap, Peel Hunt and the Receiving Agent are acting for the Company in connection with the Open Offer and for no one else and that they will not treat you as their client by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Open Offer Shares or concerning the suitability of the Open Offer Shares for you or be responsible to you for providing the protections afforded to their clients nor for providing advice in relation to the Open Offer.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to completion of the Application Form by Qualifying non-CREST Shareholders under the Open Offer should be addressed to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, telephone (0)371 664 0321 or, if telephoning from outside the UK, on +44 (0)371 664 0321. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays). Calls from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. The helpline cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

#### 4.1.6 *Incorrect or incomplete applications*

If an Application Form includes a payment for an incorrect sum, the Company reserves the right:

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

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL or you can contact the Receiving Agent on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Qualifying non-CREST Shareholders who do not wish to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

A Qualifying non-CREST Shareholder who is also a CREST member may elect to receive the Open Offer Shares to which he is entitled in uncertificated form in CREST.

#### 4.2 ***If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

##### 4.2.1 *General*

Subject as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive credits to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply under the Open Offer. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlements will therefore also be rounded down. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility.

The CREST stock account to be credited will be the account under the participant ID and member account ID which holds the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be enabled for settlement in CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 12 March 2021 or such later time as the Company (with Peel Hunt and finnCap's consent) may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited (or due to be credited) to his stock account in CREST. In these circumstances the expected timetable as set out in this Document will be adjusted as appropriate and the provisions of this Document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Link on (0)371 664 0321 or, if telephoning from outside the UK, on +44 (0)371 664 0321. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays). Calls may be recorded and monitored randomly for security and training purposes. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

#### 4.2.2 *Market claims*

Each of the Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction.

Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement will thereafter be transferred accordingly. The Receiving Agent will separately arrange to credit the related Excess CREST Open Offer Entitlement shortly thereafter. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

#### 4.2.3 *USE instructions*

CREST members who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“**USE**”) instruction to Euroclear which, on its settlement, will have the following effect:

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

#### 4.2.4 *Content of USE instructions in respect of the Basic Entitlement*

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

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Basic Entitlement. This is GB00BMDK9812;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent. This is **7RA33**;
- (vi) the member account ID of the Receiving Agent. This is **21160SHI**;

- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 17 March 2021; and
- (ix) the corporate action number for the Open Offer. This will be available on viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 17 March 2021.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 17 March 2021 in order to be valid is 11.00 a.m. on that day.

#### 4.2.5 *Content of USE instruction in respect of Excess Entitlements*

If, Qualifying CREST Shareholders wish to apply for more than their Excess Entitlements credited to them, the Qualifying CREST Shareholder should contact the Receiving Agent by telephone on the number stated on page 7 of this Document who will arrange for the Excess Entitlements to be credited to the relevant CREST account of the Qualifying CREST Shareholder.

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

- (i) the number of Excess Entitlements for which application is being made;
- (ii) the ISIN of the Excess Entitlements. This is GB00BMDK9929;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is **7RA33**;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is **21160SHI**;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Excess Entitlements referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 17 March 2021; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 17 March 2021.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 17 March 2021 in order to be valid is 11.00 a.m. on that day.

#### 4.2.6 *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as set out in an Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a bona fide market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form. After depositing the Open Offer Entitlements into their CREST account, CREST holders should contact the Registrar to request a credit for their Excess Entitlements.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 17 March 2021.

In particular, having regard to normal processing times in CREST and, on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 12 March 2021, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 11 March 2021, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 17 March 2021.

#### 4.2.7 *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 17 March 2021 will constitute a valid application under the Open Offer.

#### 4.2.8 *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 17 March 2021. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 4.2.9 *Incorrect or incomplete applications*

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

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question;
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction(s) refunding any unutilised sum to the CREST member in question.

#### 4.2.10 *Effect of a valid application*

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

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, satisfy the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this Document and subject to the Articles;
- (iii) agree with the Company, Peel Hunt and finnCap that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) represent and warrant to the Company, Peel Hunt and finnCap that he or she is not and nor is he or she applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (Depository Receipts) or Section 96 (Clearance Services) of the Finance Act 1986;
- (v) confirm that in making such application he or she is not relying on any information in relation to the Company other than that contained in this Document and agrees that no person responsible solely or jointly for this Document or any part of it or involved in the preparation thereof shall have any liability for any such other information and further agree that having had the opportunity to read this Document, he will be deemed to have had notice of all the information concerning the Company contained therein;
- (vi) represent and warrant to the Company, Peel Hunt and finnCap that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a bona fide market claim;
- (vii) represent and warrant to the Company, Peel Hunt and finnCap that he or she has the right, power and authority, and has taken all action necessary, to meet his or her obligations under any contracts resulting therefrom and that he or she is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis; and
- (viii) represent and warrant to the Company, Peel Hunt and finnCap that he or she is not, nor is he or she applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or

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

- (ix) acknowledge that no person is authorised in connection with the Open Offer to give any information or make any representation other than as contained in this Document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, finnCap, Peel Hunt or the Receiving Agent.

4.2.11 *The Company's discretion as to rejection and validity of applications. The Company (having consulted with Peel Hunt and finnCap) may in their discretion:*

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

4.2.12 *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 19 March 2021 or such later time and date as the Company, Peel Hunt and finnCap may agree, being not later than 8.00 a.m. on 31 March 2021, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without

interest, as soon as practicable thereafter but not later than four Business Days following the date that the Open Offer lapses. The interest earned on such monies, if any, will be retained for the benefit of the Company. None of the Receiving Agent, Peel Hunt, finnCap or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying CREST Shareholders.

## **5. Money Laundering Regulations**

### **5.1 Holders of Application Forms**

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent, and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment, and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of the Open Offer Shares as referred to in the Application Form (for the purposes of this paragraph 5.1 (the “relevant shares”)) shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, and the verification of identity requirements have not been satisfied (which the Receiving Agent shall in its absolute discretion determine), the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the application as invalid or may confirm the allotment of the relevant shares to the applicant but (notwithstanding any other term of the Open Offer) the relevant shares will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application (which the Receiving Agent shall in its absolute discretion determine).

If the application is treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the applicant, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchasers or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering Regulations being satisfied. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied. Neither the Company nor the Receiving Agent will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of any such discretion or as a result of any sale of relevant shares. Submission of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by application of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering (Directive (EU) 2015/849));
- (ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the name of such applicant.

Third party cheques may not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has inserted details of the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the draft or cheque and have added either their branch stamp or have provided a supporting letter confirming the source of funds.

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (A) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank inserting details of the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the cheque or draft and adding either their branch stamp or providing a supporting letter confirming the source of funds; or
- (B) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the financial action task force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the gulf co-operation council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority. In order to confirm the acceptability of any written assurance referred to in this paragraph B or any other case, the applicant should contact the Receiving Agent;
- (C) if (an) Application Form(s) is/are in respect of relevant shares is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

## 5.2 ***Open Offer Entitlements in CREST***

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## **6. Overseas Shareholders**

### **6.1 General**

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this Document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form or credit of Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this Document and/or an Application Form or the crediting of Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this Document and/or any Application Forms are sent for information only.

It is the responsibility of any person receiving a copy of this Document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any Open Offer Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving an Application Form and/or receiving credits of Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Open Offer Entitlements into any jurisdiction when to do so would or might contravene local securities laws or regulations, including the United States and the other Restricted Jurisdictions.

If an Application Form or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the agent or nominee of such person, he or she must not seek to take up the Open Offer Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer the Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6.1. The Company, Peel Hunt, finnCap and the Receiving Agent reserve the right to reject an Application Form or transfer of Open Offer Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring Open Offer Shares for resale in any such jurisdiction.

The Company, Peel Hunt, finnCap and the Receiving Agent reserve the right in their absolute discretion to treat as invalid any application for Open Offer Shares under the Open Offer if it appears to the Company, Peel Hunt, finnCap and the Receiving Agent and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company, Peel Hunt, finnCap and the Receiving Agent have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this Document, as appropriate. All payments under the Open Offer must be made in pounds sterling.

None of the Company, Peel Hunt, finnCap, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Notwithstanding any other provision of this Document or the relevant Application Form, the Company, Peel Hunt and finnCap reserve the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion (having consulted with Peel Hunt and finnCap), is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

## 6.2 ***United States***

The Open Offer Shares and the Open Offer Entitlements have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and, accordingly, subject to certain exceptions, may not be offered, sold, taken up, delivered or transferred in or into the United States. Subject to certain exceptions, Qualifying Shareholders with registered addresses in, or who are resident or located in, the United States, may not participate in the Open Offer. Neither this Document nor the Application Form constitutes or will constitute or form any part of an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Entitlements or Open Offer Shares in the United States. An Application Form will not be sent to any Shareholder located in or having a registered address in the United States. Unless otherwise agreed by the Company in its sole discretion, Application Forms sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration outside the United States. No Open Offer Entitlements will be credited to a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Unless otherwise agreed by the Company at its discretion, any person completing an Application Form or applying for Open Offer Shares will be required to represent that such person (i) is not resident or located in the United States or any other Restricted Jurisdiction; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares; (iii) is not exercising for the account of any person who is located in the United States, unless (a) the instruction to exercise was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) it has investment discretion over such account or (B) it is an investment manager or investment company that it is acquiring the Open Offer Shares in an “offshore transaction” within the meaning of Regulation S (as promulgated under the Securities Act); and (iv) is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into or within the United States or any of the other Restricted Jurisdictions.

## 6.3 ***Restricted Jurisdictions***

Due to restrictions under the securities laws of the Restricted Jurisdictions, and subject to certain exceptions, persons who have registered addresses in, or who are located, resident or ordinarily resident in, or citizens of, any Restricted Jurisdictions will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements. The Open Offer Shares have not been, and will not be, registered under the relevant laws of any Restricted Jurisdictions or any state, province or territory of them and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdictions or to, or for the account or benefit of, any person with a registered address in, or who is located, resident or ordinarily resident in, or a citizen of, any Restricted Jurisdictions except pursuant to an applicable exemption. Subject to certain exceptions, no offer of Open Offer Shares is being made by virtue of this Document and/or the Application Form into any Restricted Jurisdictions.

## 6.4 ***Jurisdictions other than the Restricted Jurisdictions***

Application Forms will be sent to Qualifying non-CREST Shareholders and Open Offer Entitlement(s) will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or any other Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Document and, if relevant, the Application Form.

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

## 6.5 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company and/or finnCap and/or Peel Hunt in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

## 7. **Taxation**

If you are in any doubt about your tax position or are subject to a tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

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

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to AIM, subject to the fulfilment of the conditions of the Open Offer. It is expected that admission to trading on AIM of the Open Offer Shares as are subscribed for will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 19 March 2021. In the case of Qualifying Shareholders wishing to hold Open Offer Shares in certificated form, definitive certificates in respect of the Open Offer Shares will be issued free of stamp duty and are expected to be despatched by post by 26 March 2021. No temporary documents of title will be issued and, pending such despatch, transfers will be certified against the share register. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 17 March 2021 (the latest time and date for applications under the Open Offer). If the conditions to the Open Offer described in this Document are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will credit the appropriate stock accounts of such persons with such persons' entitlement to Open Offer Shares with effect from Admission (expected to be 19 March 2021). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this Document, the Company (with the consent of Peel Hunt and finnCap) reserves the right to send you an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST Shareholders are referred to the Application Form. The completion and results of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as possible after the results are known, expected to be on or about 18 March 2021.

## 9. **Governing law**

The terms and conditions of the Open Offer as set out in this Part IV and each Application Form shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Document and an Application Form. By taking up their entitlements under the Open Offer in accordance with the instructions set out in this Document and (where applicable) an Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## **10. Other information**

Your attention is drawn to the letter from your Chairman which is set out in Part I of this Document which contains, *inter alia*, information on the reasons for the Placing, Open Offer and the Subscription and to the Risk Factors in Part II.

## **11. Dilution**

The share capital of the Company in issue at the date of this Document will be increased by approximately 82 per cent, as a result of the Placing, the Subscription and the Open Offer (assuming full take up). Qualifying Shareholders who do not take up any of their Basic Entitlement will suffer a reduction of approximately 45.1 per cent, in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission. Qualifying Shareholders who take up all or part of their Open Offer Entitlement will still suffer dilution upon Admission due to completion of the Placing and the Subscription.

## **12. Times and Dates**

The Company shall, in agreement with finnCap and Peel Hunt and after consultation with its legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Document and in such circumstances shall notify the FCA and make an announcement on an RIS and, if appropriate, to Shareholders but Qualifying Shareholders may not receive any further written communication.

## PART V

### ADDITIONAL INFORMATION

#### 1. Directors' and others' interests

##### *Interests in Ordinary Shares*

As at 26 February 2021 (being the latest practicable date prior to the publication of this Document) and, subject to and immediately following Admission, the interests of the Directors, their immediate families and persons connected with the Directors (within the meaning of section 252-255 of the Act) (all of which are beneficial unless otherwise stated) in the issued share capital of the Company are as follows:

| <i>Name</i>                      | <i>At the date of this Circular</i>       |   | <i>On Admission</i>              |  |
|----------------------------------|---|---|----------------------------------|--|
|                                  | <i>Number of Existing Ordinary Shares</i> | <i>Percentage of Existing Ordinary Shares</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of Enlarged Share capital*</i> |
| Hans Peter Hasler                | 100,000                                   | 0.1%  | 100,000                          | 0.05%  |
| Tim Watts                        | 748,700                                   | 0.6%  | 1,748,700                        | 0.8%   |
| Peter Llewellyn-Davies           | 10,000                                    | 0.01%   | 10,000                           | <0.01%                                       |
| Rolf Hoffmann                    | Nil                                       | Nil   | Nil                              | —  |
| Dr. Christian Schweiger, MD. PhD | 4,114,300                                 | 3.5%  | 5,415,580                        | 2.5%   |

\* Assuming full take up of all Open Offer Shares available under the Open Offer, no further exercise of options under the Shield Therapeutics pic share option schemes and that the Directors only participate in the Subscription as described in this Document and do not take up their entitlements under the Open Offer.

Save as disclosed in this paragraph 1, none of the Directors (or persons connected with the Directors within the meaning of sections 252-255 of the Act) has any beneficial or non-beneficial interest in any securities of the Company or its subsidiaries.

#### 2. Placing and Open Offer Agreement

On 26 February 2021, the Company entered into a Placing and Open Offer Agreement with Peel Hunt and finnCap (the “**Joint Bookrunners**”), under which the Joint Bookrunners severally (not jointly or jointly and severally) agreed to use their reasonable endeavours, as agents for the Company, to procure Places for the Placing Shares at the Issue Price on the terms of the Placing and Open Offer Agreement. The Placing and Open Offer Agreement contains warranties from the Company in favour of each Joint Bookrunner in relation to, *inter alia*, the accuracy of the information in this and other documents and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify each Joint Bookrunner in relation to certain liabilities it may incur in respect of the Placing and Open Offer. Each Joint Bookrunner has the right to terminate the Placing and Open Offer Agreement in certain circumstances, in particular in the event of a breach of the warranties. The Placing and Open Offer Agreement is conditional, *inter alia*, upon the passing of the Fundraising Resolutions at the General Meeting and it not being terminated prior to Admission and being otherwise unconditional in all respects and Admission taking place no later than 8.00 a.m. on 19 March 2021 (or such later time and/or date as the Company and the Joint Bookrunners may agree, not being later than 8.00 a.m. on 31 March 2021).

#### 3. Consent

Peel Hunt has given, and has not withdrawn, its written consent to the issue of this Document with the inclusion of its name and references to it in the form and in the context in which it appears.

finnCap has given, and has not withdrawn, its written consent to the issue of this Document with the inclusion of its name and references to it in the form and in the context in which it appears.

#### 4. Availability of this Document

Copies of this Document will be available on the Company's website at <https://www.shieldtherapeutics.com>.

## PART VI

### NOTICE OF GENERAL MEETING

#### Shield Therapeutics plc

*(Incorporated and registered in England and Wales under number 09761509)*

**(the “Company”)**

Notice is hereby given that a general meeting of the Company will be held virtually on 18 March 2021 at 11 a.m. (London time) for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 3 will be proposed as ordinary resolutions and resolutions 2, 4 and 5 will be proposed as special resolutions.

In this Notice, words and defined terms shall have the same meaning as words and defined terms in the Circular to which this Notice is attached.

#### RESOLUTIONS

##### Ordinary Resolution

1. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act (in addition to all existing authorities conferred upon the Directors pursuant to section 551 of the Act which shall continue in full force and effect) to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “**Relevant Securities**”) up to an aggregate nominal amount of £1,459,195.95, in connection with the Fundraising, provided that such authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date which is three months after the date of passing of this resolution, but the Directors may before such expiry, revocation or variation make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry, revocation or variation and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.

##### Special Resolution

2. THAT, subject to the passing of Resolution 1 above (and in addition to all existing unexercised powers of the Directors under sections 570 and 571 of the Act, which shall continue in full force and effect), the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by Resolution 1 above as if section 561 of the Act did not apply to any such allotment, provided that such power shall:
  - a) be limited to the allotment of equity securities in connection with the Fundraising; and
  - b) expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date which is three months after the date of passing of this resolution.

##### Ordinary Resolution

3. THAT, subject to Admission, the Directors be and hereby are generally and unconditionally authorised pursuant to section 551 of the Act, in substitution for all existing authorities other than those granted by Resolutions 1 and 2 above (but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities), to exercise all the powers of the Company to allot:
  - 3.1 shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“**Relevant Securities**”), up to a maximum aggregate nominal amount of £1,079,012.63; and further

- 3.2 Relevant Securities comprising equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £1,079,012.63 in connection with an offer by way of a rights issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares and to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions, limits, restrictions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or any legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or stock exchange or any other matter;

for a period expiring (unless previously revoked, varied or renewed) at the end of the next annual general meeting of the Company or, if sooner, on 18 June 2022, but in each case such that the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after this authority expires and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if this authority had not expired.

### **Special Resolution**

4. THAT, subject to the passing of Resolution 3 above and Admission, and in substitution for all existing authorities other than those granted by Resolutions 1 and 2 above (but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities), the Directors be empowered pursuant to section 570 and section 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 3 as if section 561(1) of the Act did not apply to such allotment, provided that this power shall expire at the end of the next annual general meeting of the Company or, if sooner, on 18 June 2022. This power shall be limited to the allotment of equity securities:

- 4.1 in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement save that, in the case of an allotment pursuant to the authority conferred by paragraph 3.2 of Resolution 3 such offer shall be by way of rights issue only) in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares and to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary but subject to such exclusions, limits, restrictions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or any legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or stock exchange or any other matter; and

- 4.2 otherwise than pursuant to paragraph 4.1 up to an aggregate nominal amount of £161,868.08,

but such that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after this power expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by Resolution 3" were omitted.

### **Special Resolution**

5. THAT, subject to the passing of Resolution 3 above and Admission, and in addition to the authority conferred by Resolution 4 above but otherwise in substitution for all existing authorities other than those granted by Resolutions 1 and 2 above (but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities) the Directors be empowered pursuant to section 570 and section 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the

authority conferred by Resolution 3 as if section 561(1) of the Act did not apply to any such allotment, such power to be:

- 5.1 limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £161,868.08; and
- 5.2 used only for the purposes of financing (or refinancing, if the power is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, provided that this power shall expire (unless previously revoked, varied or renewed) at the end of the next annual general meeting of the Company or, if sooner, on 18 June 2022, but such that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after this power expires, and the Directors may allot equity securities to be allotted after this power expires, and the Directors may allot equity securities pursuant to any such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of securities by virtue of section 560(3) of the Act as if, in the first paragraph of this resolution, the words "pursuant to the authority conferred by Resolution 3" were omitted.

1 March 2021

By order of the Board

**Lucy Huntington-Bailey**

*Company Secretary*

Shield Therapeutics plc  
Northern Design Centre Studio 6  
3<sup>rd</sup> Floor, Baltic Business Quarter, Gateshead Quays, England, NE8 3DF  
Registered in England and Wales No. 09761509

#### *Notes*

1. The following notes explain your general rights as a shareholder and your rights to attend and vote at the General Meeting or to appoint someone else to vote at the General Meeting on your behalf. In light of the Stay-at-Home Measures which prohibit all non-essential travel and larger public gatherings, the General Meeting will be held as a closed meeting. Any changes to the arrangements for the holding of the General Meeting will be communicated to shareholders in advance through the Company's website at <https://www.shieldtherapeutics.com>.
2. Voting on the business of the meeting will be conducted by way of poll, to reflect the proxy voting instructions received. Shareholders are urged to register their vote in advance by appointing the chair of the meeting as their proxy and giving voting instructions, using the methods, and by the deadline, set out in this Notice. Forms of Proxy should be submitted as soon as possible and in any event so as to be received no later than 11.00 a.m. on 16 March 2021. If you appoint someone other than the chair of the meeting as your proxy, they will not be able to vote. We therefore urge all shareholders to appoint the chair of the meeting as their proxy, with voting instructions, to ensure their vote is counted. The results of voting on the Resolutions will be posted on the Company's website as soon as practicable after the General Meeting.
3. References in these Notes to 'attend' should however be construed in light of the COVID-19 restrictions, as summarised above, which will restrict physical attendance at the General Meeting in this case. **Shareholders and other named proxies will not be allowed to attend the GM.**

#### **Entitlement to Attend and Vote**

4. To be entitled to attend and vote at the Meeting (and for the purposes of the determination by the Company of the votes that may be cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), only those members registered in the Company's register of members at close of business on 16 March 2021 (or, if the Meeting is adjourned, close of business on the date which is two business days before the adjourned Meeting) shall be entitled to attend and vote at the Meeting. Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting. **Shareholders and other named proxies will not be allowed to attend the GM.**

### Website Giving Information Regarding the Meeting

5. Information regarding the Meeting, including the information required by Section 311A of the Act, is available from <https://www.shieldtherapeutics.com>.

### Appointment of Proxies

6. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You can appoint a proxy only using the procedures set out in these notes and the notes to the proxy form. **Shareholders and other named proxies will not be allowed to attend the GM.**
7. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
8. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please indicate on your proxy submission how many shares it relates to.
9. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

### Appointment of Proxy Using Hard Copy Proxy Form

10. A hard copy Form of Proxy has not been sent to you but you can request one directly from the registrars, Link Group's general helpline team on Tel: 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales, or via email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk) or via postal address at Link Group, PXS, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. For the purposes of determining the time for delivery of proxies, no account has been taken of any part of a day that is not a working day.

### Appointment of a Proxy Online

11. You may submit your proxy electronically using the Share Portal service at [www.signalshares.com](http://www.signalshares.com). Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 48 hours (excluding non-working days) before the time of the meeting applies. Shareholders will need to use the unique personal identification Investor Code ("IVC") printed on your share certificate. If you need help with voting online, please contact our Registrar, Link Group's portal team on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales, or via email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk).

### Appointment of Proxies Through Crest

12. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by 11 a.m. on 16 March 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

### **Appointment of Proxy by Joint Members**

13. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding, the first-named being the most senior.

### **Changing Proxy Instructions**

14. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link as per the communication methods shown in note 9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of Proxy Appointments**

15. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link, at the address shown in note 9. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed, or a duly certified copy of such power or authority, must be included with the revocation notice. The revocation notice must be received by Group no later than 48 hours before the Meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### **Corporate Representatives**

16. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

### **Issued Shares and Total Voting Rights**

17. As at 26 February 2021, being the last practicable date prior to the publication of this Notice, the Company's issued share capital comprised 118,544,379 Ordinary Shares of 1.5 pence each. Each Ordinary Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company on 26 February 2021 is 118,544,379. The website referred to in note 2 will include information on the number of shares and voting rights.

### **Questions at the Meeting**

18. Under Section 319A of the Act, the Company must answer any question you ask relating to the business being dealt with at the Meeting unless:
  - answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

### **Website Publication of Audit Concerns**

19. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

A copy of this notice of meeting, is available on the Company's website at <https://www.shieldtherapeutics.com>.



