

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take you should seek your own personal financial advice from your stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares please forward this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or otherwise transferred only some of your Ordinary Shares you should retain this document and consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Existing Ordinary Shares are admitted to trading on AIM. Subject to the Resolutions being passed at the General Meeting, application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. It is expected that admission to AIM will become effective and dealings in the VCT/EIS Shares will commence at 8.00 a.m. on 12 March 2019, dealings in the Placing Shares (other than the VCT/EIS Shares) will commence at 8.00 a.m. on 13 March 2019 and dealings in the Initial Consideration Shares will commence not before 8.00 a.m. on 14 March 2019.

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# DeepMatter Group plc

*(Incorporated and registered in England and Wales with registered number 05845469)*

## ACQUISITION OF INFOCHEM GMBH

## PLACING OF 159,185,680 ORDINARY SHARES AT 2.5 PENCE PER SHARE AND

## WAIVER OF RULE 9 OF THE CITY CODE

AND

## NOTICE OF GENERAL MEETING

## Stockdale Securities Limited

*Nominated Adviser and Broker*

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Stockdale, 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 Placing and will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this Circular or any other person in respect of the Placing or any acquisition of shares in the Company. No representation or warranty, express or implied, is made by Stockdale as to any of the contents of this Circular for which the Directors and the Company are responsible (without limiting the statutory rights of any person to whom this Circular is issued). Stockdale has not authorised the contents of, or any part of, this Circular, and no liability whatsoever is accepted by Stockdale for the accuracy of information or opinions contained in this Circular or for the omission of any material information. Stockdale 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.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. This document provides you with information about the Proposals but does not invite you to participate in them.

This document should be read as a whole. Your attention is drawn to the letter from the Independent Directors of the Company which is set out on pages 7 to 13 of this document and in which they recommend that Shareholders vote in favour of the Whitewash Resolution to be considered at the General Meeting of the Company to be held at 9.30 a.m. on 11 March 2019 at the offices of Stockdale Securities Limited, 100 Wood Street, London EC2V 7AN and in which the Directors recommend that Shareholders vote in favour of the other resolutions. Whether or not you intend to attend the General Meeting, you are encouraged to complete and return the enclosed Form of Proxy in accordance with the instructions printed on the form.

Application will be made for the Placing Shares and the Initial Consideration Shares to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Issue of the VCT/EIS Shares is conditional, *inter alia*, on their admission to trading on AIM taking place on or before 12 March 2019, the issue of the Placing Shares (other than the VCT/EIS Shares) is conditional, *inter alia*, on their admission to trading on AIM taking place on or before 13 March 2019 and the issue of the Initial Consideration Shares is conditional, *inter alia*, on their admission to trading on AIM taking place not before 14 March 2019 (or such later dates as the Company and Stockdale may agree). The New Shares will, on Admission, rank in full for all dividends or other distributions thereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with the Existing Ordinary Shares.

The Notice of General Meeting to be held at the offices of Stockdale Securities Limited, 100 Wood Street, London EC2V 7AN at 9.30 a.m. on 11 March 2019 is set out at the end of this document. The Form of Proxy for use at the General Meeting which accompanies this document should be returned, together with the power of attorney or other authority (if any) under which the Form of Proxy is signed or a certified copy of such power or authority, to Neville Registrars by hand or by post so as to be received not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

This document does not constitute a prospectus and a copy has not been delivered to the Registrar of Companies in England and Wales for registration. Copies of this document will be available for collection, free of charge, for a period of one month from the date of this document, at the Company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) and at the Company's website.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction. In particular, this document should not be distributed, forwarded to or transmitted in or into the United States, Canada, Japan, the Republic of South Africa, New Zealand or Australia.

None of the New Shares to be admitted, as described in this document, have been registered under the securities laws of any other territory other than those pertaining to the United Kingdom.

This Circular may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. This Circular does not constitute an offer to sell, or a solicitation of an offer to buy, the Placing Shares or any securities in the United States, any other Restricted Jurisdiction, or in any jurisdiction in which such offer or solicitation is unlawful. The Placing Shares are being offered or sold only outside of the United States pursuant to Regulation S of the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or any jurisdiction of the United States or for the benefit or account of US Persons (as defined in Regulation S of the Securities Act) except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities laws of any Restricted Jurisdiction or any relevant state or other jurisdiction of the United States. The Placing Shares mentioned herein have not been, and will not be, registered under the Securities Act, or registered or qualified under the applicable securities laws of any state or other jurisdiction of the United States or qualified for distribution under any applicable securities laws in any other Restricted Jurisdiction. The Placing Shares will not be offered to the public in the United States and will be offered and sold only outside the United States to non-US Persons in "offshore transactions" in accordance with and in reliance on the exemption from registration provided by Regulation S of the Securities Act.

None of the Placing Shares, the Form of Proxy or this Circular nor any other document connected with the Placing have been or will be approved or disapproved by the United States 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 upon or endorsed the merits of the offering of the Placing Shares, the Form of Proxy or the accuracy or adequacy of this Circular or any other document connected with the Placing. Any representation to the contrary is a criminal offence. In addition, offers, sales or transfers of the Placing Shares in or into the United States for a period of time following completion of the Placing by a person (whether or not participating in the Placing) may violate the registration requirements of the Securities Act.

Cautionary note regarding forward-looking statements: this Circular contains statements about the Company that are or may be "forward-looking statements". All statements, other than statements of historical facts, included in this Circular may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", "would", "could", "continue" or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: management's strategic vision, aims and objectives; the conduct of clinical trials; the filing dates for product licence application; the Company's ability to find partners for the development and commercialisation of its products; the effect of competition; trends in results of operations; margins; the overall pharmaceutical market; and exchange rates. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the Disclosure and Transparency Rules and/or the Prospectus Rules), the Company does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this Circular are based on information available to the Directors at the date of this Circular, unless some other time is specified in relation to them, and the posting or receipt of this Circular shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

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## KEY STATISTICS

Placing Price	2.5p
Number of Existing Ordinary Shares	550,748,266
Number of Placing Shares to be issued	159,185,680
Number of Initial Consideration Shares to be issued	25,600,000
Total number of New Shares to be issued pursuant to the Placing and the Acquisition	184,785,680
Enlarged Issued Share Capital	735,528,946
Number of Placing Shares as a percentage of the Enlarged Issued Share Capital	21.6 per cent.
Number of Consideration Shares as a percentage of the Enlarged Issued Share Capital	9.3 per cent.
Gross proceeds of the Placing	£3.98 million
Estimated net proceeds of the Placing	£3.83 million
Number of Deferred Consideration Shares to be issued	42,800,000

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2019

Announcement of the Proposals and posting of Circular and Form of Proxy	22 February
Latest time and date for receipt of Forms of Proxy for the General Meeting	<b>9.30 a.m. on 7 March</b>
General Meeting	<b>9.30 a.m. on 11 March</b>
Admission and commencement of dealings in the VCT/EIS Shares on AIM	8.00 a.m. on 12 March
CREST accounts credited with VCT/EIS Shares in uncertificated form	8.00 a.m. on 12 March
Admission and commencement of dealings in the Placing Shares (other than the VCT/EIS Shares) on AIM	8.00 a.m. on 13 March
CREST accounts credited with Placing Shares (other than the VCT/EIS Shares) in uncertificated form	8.00 a.m. on 13 March
Admission and commencement of dealings in the Initial Consideration Shares on AIM	not before 8.00 a.m. on 14 March
Completion of the Acquisition	not before 14 March
Despatch of definitive share certificates in respect of Placing Shares and Initial Consideration Shares to be issued in certificated form	by 20 March
Expected date of issue of Deferred Consideration Shares	not before 1 August 2020

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates changes, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service. References to times in this document are to London time.

If you have any questions on how to complete the Form of Proxy, please contact Neville Registrars, Neville House, Steelpark Road, Halesowen B62 8HD, Telephone 0121 585 1131. Please note that calls to Neville Registrars may be monitored or recorded and Neville Registrars is not able to advise on the merits of the matters set out in this document or provide any personal, legal, financial or taxation advice.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	James Ede-Golightly, <i>Non-Executive Chairman</i> Mark Warne, <i>Chief Executive Officer</i> Michael Bretherton, <i>Finance Director</i> Lee Cronin*, <i>Founding Scientific Non-Executive Director</i> David Cleevely*, <i>Independent Non-Executive Director</i> Laurence Ede*, <i>Independent Non-Executive Director</i>  *Independent Directors
<b>Proposed Director</b>	Bettina Goerner, Non-Executive Director
<b>Registered Office</b>	The Walbrook Building 25 Walbrook London EC4N 8AF
<b>Company Secretary</b>	Michael Bretherton
<b>Nominated Adviser and Broker</b>	Stockdale Securities Limited 100 Wood Street London EC2V 7AN
<b>Auditors to the Company</b>	Nexia Smith & Williamson Portwall Place Portwall Lane Bristol BS1 6NA
<b>Solicitors to the Company</b>	Bristows LLP 100 Victoria Embankment London EC4Y 0DH
<b>Registrar</b>	Neville Registrars Neville House Steelpark Road Halesowen B62 8HD

## PART 1

### LETTER FROM THE INDEPENDENT DIRECTORS OF THE COMPANY

# DeepMatter Group plc

(Registered in England and Wales with company number 05845469)

*Directors:*

James Ede-Golightly, *Non-Executive Chairman*  
Mark Warne, *Chief Executive*  
Michael Bretherton, *Finance Director*  
Lee Cronin\*, *Founding Scientific Non-Executive Director*  
David Cleevely\*, *Independent Non-Executive Director*  
Laurence Ede\*, *Independent Non-Executive Director*

\* Independent Directors

*Registered Office:*

The Walbrook Building  
25 Walbrook  
London  
EC4N 8AF

22 February 2019

*To Shareholders, and for information purposes, to Optionholders*

Dear Shareholder

### **Acquisition, Placing and Rule 9 Waiver and Notice of General Meeting**

#### **Introduction**

On 20 December 2018, the Company announced that, subject to certain conditions, it was planning to undertake a fundraising to raise a minimum of £3.0 million (before expenses) by way of a placing at a price of 2.5 pence per share with certain new and existing investors.

In addition, the Company announced that it had entered into the Acquisition Agreement to conditionally acquire the entire issued share capital of InfoChem in consideration of approximately €2.0 million to be satisfied by the payment in cash of €0.36 million and the issue of the Consideration Shares (comprising 25,600,000 Initial Consideration Shares and 42,800,000 Deferred Consideration Shares). Further details on the Acquisition Agreement can be found in Part 3 of this document. InfoChem specialises in chemoinformatics. Further details on InfoChem are set out below. The Acquisition is conditional upon, *inter alia*, the Rule 9 Waiver being granted and the Placing becoming effective.

The New Shares will, when issued, represent approximately 25.1 per cent. of the Enlarged Issued Share Capital.

The Independent Directors, who have been so advised by Stockdale, the Company's nominated adviser, consider that the terms of the Proposals are fair and reasonable and in the best interests of Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Stockdale has taken into account the commercial assessments of the Independent Directors.

The Placing is conditional upon, *inter alia*:

- the passing of the Resolutions at the General Meeting; and
- admission of the VCT/EIS Shares becoming effective by no later than 8.00 a.m. on 12 March 2019, and admission of the Placing Shares becoming effective by no later than 8.00 a.m. on 13 March 2019 or such later date (being not later than 8.00 a.m. on 29 March 2019) as the Company and Stockdale may agree.

Each of IP2IPO Portfolio LP, IP Venture Fund II LP, EIF LP and ORA intends to participate in the Placing as to £1,000,000, £428,571, £1,428,571 and £150,000 respectively. The funds to be invested by EIF LP will be managed by Top Technology Ventures Limited and, therefore EIF LP is considered to be acting in concert with IP Group and is part of the IP Group Concert Party which also comprises IP2IPO Limited, IP2IPO Portfolio LP, IP Venture Fund II LP, Mark Warne, Chief Executive Officer of the Company and a former partner in the Life Sciences division of IP Group, Alan Aubrey (CEO of IP Group and a shareholder in the Company) and Michael Townend (CIO of IP Group and a shareholder in the Company). None of the members of the IP Group Concert Party who are Shareholders are entitled to vote on the Whitewash Resolution.

In addition, as a result of ORA's participation in the Placing, none of the members of the ORA Concert Party, which comprises ORA, Richard Griffiths, James Ede-Golightly and Michael Bretherton, is entitled to vote on the Whitewash Resolution.

Immediately following admission to trading on AIM of the Placing Shares, the IP Group Concert Party will own, in aggregate, 270,218,404 Ordinary Shares, representing approximately 38.06 per cent. of the Enlarged Issued Share Capital. However, following admission to trading on AIM of the Initial Consideration Shares, the IP Group Concert Party will own, in aggregate, 270,218,404 Ordinary Shares representing approximately 36.74 per cent. of the Enlarged Issued Share Capital. In the absence of a waiver from the provisions of Rule 9 of the Code being granted by the Panel, the IP Group Concert Party would be obliged to make a general offer for the Company. The Panel has agreed, subject to the Whitewash Resolution being passed on a poll of Independent Shareholders, to waive this obligation. Immediately following Admission, the ORA Concert Party will own, in aggregate, 172,146,184 Ordinary Shares, representing approximately 23.40 per cent. of the Enlarged Issued Share Capital.

IP Group's participation in the Placing is considered to be a related party transaction in accordance with Rule 13 of the AIM Rules. Accordingly, the Independent Directors, having consulted with Stockdale, the Company's nominated adviser, consider that the terms of IP Group's participation in the Placing through IP2IPO Portfolio LP and IP Venture Fund II LP are fair and reasonable insofar as Shareholders are concerned.

Certain Directors have subscribed for Placing Shares as follows:

<i>Name of Director</i>	<i>Number of Placing Shares subscribed for</i>
James Ede-Golightly	600,000
Mark Warne	1,000,000
Michael Bretherton	400,000
Lee Cronin	800,000
Laurence Ede	400,000

Further details on the Placing and the Acquisition can be found in Parts 2 and 3 of this document respectively.

The purpose of this document is to explain the background to and reasons for the Acquisition and the Placing, to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Independent Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document, as they and their immediate families and connected persons (within the meaning of section 252 of the Act) have irrevocably undertaken to do in respect of their aggregate holdings of 71,667,598 Ordinary Shares, representing approximately 13.0 per cent. of the Company's issued share capital.

### **Background to and Reasons for the Acquisition and the Placing**

The Company's long-term strategy is to integrate chemistry with technology, thereby enabling a greater use of artificial intelligence and reaching a point where chemicals can be autonomously synthesised through robotics.

In the near term, this involves the provision of an integrated software, hardware and artificial intelligence enabled platform, DigitalGlassware™, to scientists across research and process development sectors.

The DigitalGlassware™ platform allows chemistry experiments to be accurately and systematically recorded, coded and entered into a shared data cloud. The platform is designed to enable scientists to work together

effectively, sharing the details of their experiments from anywhere and in real-time, reducing duplication, improving productivity and making new discoveries faster.

Problems with reproducibility and reliability of data in chemistry have been publicised in prominent industry publications and several peer-reviewed journals<sup>1</sup>. The way that laboratory work is documented has changed little in 200 years, meaning chemists often have difficulty replicating other researchers' or even their own work, with recent studies suggesting that as much as 50 per cent. of scientific literature is not reproducible, which translates into wasteful spending of nearly \$28 billion dollars annually in the US alone<sup>2</sup>, demonstrating the size of the issue DigitalGlassware™ helps to address.

### **DigitalGlassware™ platform addresses the need to digitize chemistry**

DigitalGlassware™ comprises small pieces of IoT-connected sensory equipment which are used in conjunction with laboratory apparatus; and an easy-to-use software interface. The sensors automatically collect a wide range of data generated from chemical experiments, which are then stored and processed by the software, via the cloud. The user can record with certainty and analyse many different data points across an entire chemical experiment, from the planning stage through to implementation and to analysis. At any time, the user can access data from previous experiments using DigitalGlassware™ in order to compare and contrast. This information, provided to scientists and their managers, has the potential to impact productivity and discovery on a day-to-day basis.

A key differentiator of DigitalGlassware™ is that the outcomes of all experiments – whether successful or unsuccessful – are recorded to the same level of detail with real-time sensors from within the chemical reaction. This is something not seen with traditional methods of chemistry notation where generally not all data are recorded with the same level of integrity (especially if the experiment fails), meaning that currently significant swathes of valuable data are not being recorded for future analysis.

The Directors believe that in due course aggregated volumes of big data with inherent chemistry context collected by its DigitalGlassware™ platform, when subjected to artificial intelligence and machine learning technologies, will provide commercially exploitable scientific insights not previously available.

Ultimately, using structured data collected from DigitalGlassware™, along with other intellectual property and robotics technology, the Company's vision is to enable a commercially viable autonomous synthesis engine, the Chemputer™.

### **Successful implementation of the Company's Pioneer Programme**

The Company has chosen to begin deployment of its DigitalGlassware™ technology to users working in the pharmaceutical research, fine chemicals, contract research and scientific publications markets.

The Directors consider that these markets are traditionally early adopters of innovative technology. The Directors also believe that there is value in seeking wide user deployment in the academic research and university teaching environments, where typically the highest level of research is published and shared, providing both marketing and use of DigitalGlassware™ by the scientists of the future.

Earlier this year, the Company initiated its pioneer programme, entering into a selected number of trial agreements with target users across a range of companies and institutions, allowing observation of technology performance in different operating environments and locations. As at the date of this document, the Company had entered into agreements with two international life science reagent and chemicals manufacturers, a world-renowned US-headquartered research centre, universities and a contract research organisation, meaning the platform is currently deployed and in-use across three continents.

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<sup>1</sup> <https://www.chemistryworld.com/news/taking-on-chemistrys-reproducibility-problem/3006991..article>  
<https://pubs.acs.org/doi/pdf/10.1021/acs.jchemed.7b00907>  
<https://www.nature.com/news/1-500-scientists-lift-the-lid-on-reproducibility-1.19970>  
<https://www.labnews.co.uk/features/great-reproducibility-problem-22-08-2017/>

<sup>2</sup> Freedman, L. P., Cockburn, I. M. & Simcoe, T. S. The Economics of Reproducibility in Preclinical Research. PLOS Biol. 13, e1002165 (2015).  
Freedman, L. P. & Gibson, M. C. The impact of preclinical irreproducibility on drug development. Clin. Pharmacol. Ther. 97, 16–18 (2015).

The pioneers have begun using the technology to structure, code and analyse the experiments they wish to perform, in addition to experiments and tests suggested by the Company. The experiments and tests are contributing towards context rich data, capable of being interrogated with machine learning algorithms and artificial intelligence, as well as the evaluation of DigitalGlassware™'s performance and exploring its operating potential. These observations are contributing towards technology optimisation, prior to planned wider dissemination to target users. The pioneer partners are also helping the Company understand how it can help improve the outcomes of chemical processes, including precision and reproducibility and potentially helping to discover new synthetic routes and chemical entities.

### **Acquisition of InfoChem GmbH**

InfoChem, which was founded in 1989, is based in Munich, Germany, is owned by Springer-Verlag GmbH and has 25 employees. It has extensive scientific expertise and a long tradition in developing successful software solutions for handling retrieval, structures and reactions. Its established base of users is in the same industries as those being targeted by the Company. The Directors anticipate that the integration of InfoChem will assist in the accelerated development of the DigitalGlassware™ platform and the shared customer base will provide an additional sales channel.

InfoChem generated turnover of €1.99 million for the financial year ended 31 December 2018. In the Directors' opinion, the Acquisition will accelerate the Company's strategy by providing cost effective access to established data sources and chemical information software tools, assisting in the accelerated development of the DigitalGlassware™ platform, as well as providing specialist staff, recurring revenues and an additional sales channel.

### **Current Trading and Prospects**

The Directors believe the Company's DigitalGlassware™ platform brings code, structure and order into the chemistry lab environment and enables recordable, shareable, reproducible chemistry whilst also championing speed, simplicity and unhindered discovery. The Enlarged Group will be strengthened both technically, operationally and financially as it focuses on building credibility, awareness and understanding of the DigitalGlassware™ platform before rolling it out in full to the broader scientific community.

### **Directorate change**

The Board is pleased to announce the appointment, with effect from Completion, of Bettina Goerner as a Non-Executive Director of the Company. Bettina Goerner is Managing Director Database Research Group at Springer Nature, based in Heidelberg, Germany. She oversees central product management and development for the databases and corporate product lines. This spans a portfolio of content relevant to academic institutions and corporations with R&D activity in areas like drug discovery and material sciences.

Springer Nature was created as a result of the merger of Nature Publishing Group, Palgrave Macmillan, Macmillan Education and Springer Science+Business Media in May 2015.

Bettina graduated in Molecular Biology (MSc) from the International Max Planck Research School after a research stay at the Harvard Institute of Medicine. She first ventured into the corporate world with assignments at McKinsey & Company and INSEAD Business School, before joining Springer in 2008. She was responsible for Springer's open access activities from 2009 to 2013 before moving to her current position.

### **The Placing**

Details of the Placing are set out in Part 2 of this document.

### **The Acquisition, Consideration Shares and the Acquisition Agreement**

Details of the Acquisition, Consideration Shares and the Acquisition Agreement are set out in Part 3 of this document.

## **New Shares**

The New Shares, being the new Ordinary Shares to be issued pursuant to the Placing and the Acquisition, will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission.

Application will be made for the New Shares to be admitted to trading on AIM. On the assumption that, *inter alia*, the Whitewash Resolution is approved by Independent Shareholders, it is expected that Admission will become effective and that dealings in the VCT/EIS Shares will commence at 8.00 am on 12 March 2019, dealings in the Placing Shares (other than the VCT/EIS Shares) will commence at 8.00 a.m. on 13 March 2019 and dealings in the Initial Consideration Shares will commence not before 8.00 a.m. on 14 March 2019. It is expected that the VCT/EIS Shares will be delivered into CREST on 12 March 2019, the Placing Shares (other than the VCT/EIS Shares) will be delivered into CREST on 13 March 2019 and that the Initial Consideration Shares will be delivered into CREST not before 14 March 2019 or, as applicable, that share certificates for any of the New Shares will be despatched by 20 March 2019.

## **Use of Proceeds**

On the back of the successful pioneer programme, the Company is now gearing up for deployment of its DigitalGlassware™ platform to a broader user community. The net proceeds of the Placing will be used to further finance ongoing DigitalGlassware™ technology development, including integration of cheminformatics capabilities, user and partner support, marketing, data science, manufacture and for working capital requirements of the Enlarged Group.

## **EIS and VCT Status**

The Company has received advance assurance from HMRC that the Placing Shares will be “eligible shares” for the purposes of investment by VCTs and that the Company is authorised to issue EIS Compliance Certificates in respect of Placing Shares issued following receipt of a completed Form EIS1. However, none of the Company, the Directors or any of the Company’s advisers give any warranty or undertaking that any tax reliefs will continue to be available and not withdrawn at a later date.

## **The City Code on Takeovers and Mergers**

The proposed issue of the New Shares gives rise to certain considerations under the City Code. Brief details of the Panel, the City Code and the protections they afford are described below.

The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the United Kingdom (and to certain categories of private limited companies). The Company is a listed public company and its Shareholders are entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by him and any interest in shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the City Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate does not carry less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of a company which is subject to the City Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

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

**Immediately following admission to trading on AIM of the Placing Shares, in each case following the passing of the Resolutions and assuming no other person has exercised any option or any other right to subscribe for or acquire shares in the Company, the IP Group Concert Party will have acquired interests in shares carrying approximately 38.06 per cent. of the voting rights of the Company which, without a waiver of the obligations under Rule 9 of the City Code, would oblige the IP Group Concert Party to make a Rule 9 Offer. However, following admission to trading on AIM of the Initial Consideration Shares, the IP Group Concert Party will own, in aggregate, 270,218,404 Ordinary Shares representing approximately 36.74 per cent. of the Enlarged Issued Share Capital.**

**Following Admission, if any member of the IP Group Concert Party acquires any further interest in Ordinary Shares that increases its proportion of voting rights in the Company, the IP Group Concert Party may be required to make a mandatory offer for the Company in accordance with Rule 9 of the City Code.**

A table setting out the details of each member of the IP Group Concert Party and their individual interests as at the date of this document and immediately following Admission is set out in paragraph 3.2 of Part 4 of this document.

Following Admission, members of the IP Group Concert Party will not be restricted from making a subsequent offer in the future for the Company in the event that the Waiver is approved by Independent Shareholders.

### **Dispensation from General Offer**

Under Note 1 on the Notes on the Dispensations from Rule 9 of the City Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the City Code (a “**Rule 9 Offer**”) if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him (the “**Independent Shareholders**”) pass an ordinary resolution on a poll at a general meeting (a “**Whitewash Resolution**”) approving such a waiver.

The Panel has agreed to such a waiver, subject to the Whitewash Resolution being passed.

**Accordingly, by voting in favour of the Whitewash Resolution to be proposed at the General Meeting, the Placing, the Acquisition and the issue of the Consideration Shares can be effected without the requirement for the IP Group Concert Party to make a Rule 9 Offer for the Company.**

### **Risk Factors**

Shareholders and investors should consider fully the risk factors associated with the Proposals, the business of the Enlarged Group and trading on AIM. Your attention is drawn to the section entitled “Risk Factors” set out in Part 5 of this document.

### **Further Information**

#### **Share issuance authorities**

The Directors currently have existing authorities under sections 551, 570 and 573 of the Act which were obtained at the Company’s Annual General Meeting held on 16 May 2018 which are insufficient to enable the Company to allot and issue the full amount of the New Shares and so the Company is seeking Shareholders’ consent to increase the Directors’ general authority to allot securities and disapply pre-emption rights pursuant to section 551 of the Act and sections 570, 571 and 573 of the Act respectively.

## **General Meeting**

A notice convening the General Meeting to be held at the offices of Stockdale Securities Limited, 100 Wood Street, London EC2V 7AN at 9.30 a.m. on 11 March 2019 is set out at the end of this document.

The Whitewash Resolution to be proposed at the General Meeting is an ordinary resolution for Independent Shareholders to approve, on a poll, the grant of a waiver by the Panel of any requirement under Rule 9 of the City Code for the IP Group Concert Party to make a general offer for the entire issued and to be issued share capital of the Company.

Resolution 2 is also an ordinary resolution to authorise the directors to allot ordinary shares up to an aggregate amount of £6,482.50 (such amount to be in addition to their existing authorities) and Resolution 3 is a special resolution to disapply statutory pre-emption rights that would otherwise apply to such issue. Resolution 3 requires approval by no less than 75 per cent. of the votes cast by Shareholders voting in person or on a poll.

The Whitewash Resolution will require a simple majority of those voting on a poll in favour of the Whitewash Resolution. As described above, only Independent Shareholders will vote on the Whitewash Resolution.

The attention of Shareholders is also drawn to the irrevocable undertakings received by the Company from certain Independent Shareholders, including the Independent Directors, as set out below.

## **Action to be Taken**

A Form of Proxy for use at the General Meeting accompanies this document. Whether or not Independent Shareholders intend to be present at the meeting, they are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Neville Registrars at Neville House, Steelpark Road, Halesowen B62 8HD, as soon as possible, but in any event so as to be received by no later than 9.30 a.m. on 7 March 2019. The completion and return of a Form of Proxy will not preclude Independent Shareholders from attending the General Meeting and voting in person should they so wish.

**The Independent Directors, who have been so advised by Stockdale, consider that the terms of the Proposals are fair and reasonable and in the best interests of Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Stockdale has taken into account the commercial assessments of the Independent Directors.**

## **Recommendation**

The Independent Directors believe that the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Independent Directors, recommend that Shareholders vote in favour of the Whitewash Resolution, as they have irrevocably undertaken to do in respect of their own shareholdings, amounting, in aggregate, to 71,667,598 Ordinary Shares, representing approximately 13.0 per cent. of the Company's issued share capital.

## **Irrevocable Undertakings**

In addition to the irrevocable undertakings received from each of the Independent Directors, the Company has received further irrevocable undertakings from Robert Quested and Oxford University to vote in favour of the Whitewash Resolution in respect of 59,549,708 Ordinary Shares, in aggregate, representing approximately 10.8 per cent. of the Company's issued share capital.

In total, the Company has therefore received irrevocable undertakings to vote in favour of the Whitewash Resolution (the "**Rule 9 Waiver**") in respect of, in aggregate, 131,617,306 Ordinary Shares, representing approximately 57.1 per cent. of the Company's issued share capital held by Independent Shareholders and irrevocable undertakings to vote in favour of the other resolutions in respect of, in aggregate, 354,376,996 Ordinary Shares, representing approximately 64.3 per cent. of the Company's issued share capital.

Yours sincerely

**Laurence Ede**

*For and on behalf of the Independent Directors*

## PART 2

### DETAILS OF THE PLACING

#### 1. The Placing

The Company has conditionally raised approximately £3.98 million, before expenses, by way of the conditional placing of 159,185,680 Placing Shares at the Placing Price with certain new and existing investors. The Placing Price represents a discount of 12.3 per cent. to the closing mid-market price of 2.85 pence per share on 19 December 2018, being the last dealing day prior to the announcement of the Proposals. The Placing is conditional upon, *inter alia*, (i) the passing of the Whitewash Resolution; and (ii) Admission. The Placing is not underwritten.

Assuming the issue of all of the Placing Shares, the Placing Shares will represent approximately 28.9 per cent. of the Existing Ordinary Shares and will, when issued, represent approximately 21.6 per cent. of the Enlarged Issued Share Capital.

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.

#### 2. Prospectus Rules and Financial Promotion Order (“FPO”)

The Placing falls within an exemption in Section 86 of FSMA. As such, this Circular does not constitute a prospectus.

This Circular relies on the exemption set out in paragraph 43 of the FPO (non-real time communications by or on behalf of a body corporate to members of that body corporate) and it has been drawn up in accordance with the FCA’s Handbook and its Conduct of Business Sourcebook.

#### 3. Restricted Jurisdictions

The Placing Shares have not been and will not be registered under the relevant laws of any of the Restricted Jurisdictions or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly in or into any of the Restricted Jurisdictions or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdictions except pursuant to an applicable exemption.

#### 4. Taxation

Shareholders who are in any doubt as to their tax position should consult their independent professional adviser without delay.

##### ***United Kingdom Taxation***

The comments below are intended as a general guide only to the position under current UK taxation legislation and HMRC practice as at the date of this Circular, both of which are subject to change at any time. They are intended to apply only to Shareholders who are resident and, in the case of individuals, resident and domiciled, in the UK for UK tax purposes who hold Ordinary Shares as investments and who are the beneficial owners of Ordinary Shares and who have not acquired their Ordinary Shares by virtue of any employment. They do not constitute tax advice and are only a general guide. They do not apply to certain classes of Shareholders, for example but not limited to, dealers in securities, insurance companies and collective investment schemes. Shareholders who are in any doubt as to their tax position or who are resident in or subject to tax in a jurisdiction other than the United Kingdom should obtain the advice of an independent professional adviser.

## **Capital Gains**

### *Shares acquired pursuant to the Placing*

The issue of Placing Shares under the Placing will not constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. Accordingly, any Placing Shares acquired pursuant to the Placing are likely to be treated as acquired as part of a separate acquisition of shares.

### *Disposal of the Placing Shares*

The disposal by a Shareholder of Placing Shares issued to him under the Placing may, depending on the Qualifying Shareholder's circumstances, render him liable to UK tax on chargeable gains. The amount of capital gains tax, if any, payable by a Shareholder (on any disposal of Ordinary Shares) who is an individual will depend on his or her own personal tax position. No tax will be payable on any gain realised if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (£11,700 for individuals for 2018/2019). Subject to any available exemption or relief, any gains in excess of this amount will broadly be taxed at a rate of 10 per cent. for a taxpayer paying tax at the basic rate and 20 per cent. for a taxpayer paying tax at a rate above the basic rate of income tax. Where the gains of a basic rate taxpayer subject to capital gains tax exceed the unused part of his or her basic rate band, that excess is subject to tax at the 20 per cent. rate.

Individuals who are temporarily non-UK resident may, in certain circumstances, be subject to tax in respect of gains realised whilst they are not resident in the UK.

Subject to the availability of any exemptions, reliefs and/or available losses, a disposal of Placing Shares by a corporate Shareholder subject to UK corporation tax will generally be subject to UK corporation tax on any chargeable gain arising.

## **Stamp duty and Stamp Duty Reserve Tax**

No liability to stamp duty or stamp duty reserve tax should arise on the allotment of the Placing Shares under the Placing. Provided the stamp duty and stamp duty reserve tax exemptions for shares traded on a recognised growth market remain in place and the relevant criteria are met, including that the Company's shares are traded on AIM but are not listed on a recognised stock exchange and included in an official list, any transfer or agreement to transfer Ordinary Shares should not be subject to stamp duty or stamp duty reserve tax.

## **Dividends**

Under current UK tax law, the Company will not be required to withhold tax at source from dividend payments it may make.

### *Individuals*

For the 2018/2019 tax year, a nil rate of income tax applies to the first £2,000 of dividend income received per annum. Dividends falling within this allowance will not be subject to income tax. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed (based on the current rates for the tax year 2018/2019) at 7.5 per cent., (to the extent the dividend income falls within the individual's 'basic rate' income tax band), 32.5 per cent. (to the extent the dividend income falls within the individual's 'higher rate' income tax band) and 38.1 per cent. (for individuals subject to the additional rate of income tax). In calculating into which income tax rate band any dividend income over the nil rate band falls, savings and dividend income are treated as the highest part of an individual's income (and, where an individual has both savings and dividend income, the dividend income is treated as the 'top slice'). Dividend income that is within the nil rate band counts towards an individual's basic or higher rate tax band limits and may therefore affect the rate of tax that is due on the individual's other taxable income.

### *Companies*

Shareholders who are subject to UK corporation tax should generally, and subject to the UK's dividend exemption regime and certain anti-avoidance provisions, qualify for exemption from UK corporation tax in respect of any dividend received from the Company but will not be entitled to claim relief in respect of any underlying tax.

*Tax Exempt Shareholders*

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive.

**THE ABOVE DESCRIPTION OF TAXATION IS GENERAL IN CHARACTER. IF YOU ARE IN ANY DOUBT AS TO YOUR TAX POSITION OR YOU ARE SUBJECT TO TAX IN A JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATE INDEPENDENT PROFESSIONAL ADVISER WITHOUT DELAY.**

## PART 3

### DETAILS OF THE ACQUISITION AGREEMENT

#### 1. Consideration Shares

The Company has entered into the Acquisition Agreement to conditionally acquire the entire issued share capital of InfoChem. 68,400,000 Consideration Shares (comprising 25,600,000 Initial Consideration Shares and 42,800,000 Deferred Consideration Shares) are being issued to the Seller in accordance with the Acquisition Agreement. The issue of the Consideration Shares is conditional, *inter alia*, upon completion of the Placing and Admission. Details of the Acquisition Agreement are set out in paragraph 2 below.

#### 2. Summary of the Acquisition Agreement

A summary of the principal terms of the Acquisition Agreement is set out below.

##### 2.1 Conditions to Completion

Completion of the Acquisition in escrow is conditional on:

- (a) Delivery of certain completion documents including evidence of the entry by the Seller into a service agreement whereby the Seller agrees to purchase the services of the Company for the period from Completion up to 31 December 2021 and the parties entering into a transitional services agreement under which the Seller agrees to provide certain central services for up to 6 months after Completion;
- (b) The passing by the requisite majority of Independent Shareholders of the Whitewash Resolution;
- (c) The Placing having raised an agreed amount;
- (d) There having been no material adverse change in the Company; and
- (e) The Seller procuring that, from the date of the Acquisition Agreement, InfoChem will conduct its business in the ordinary course, and will not do (or agree to do) anything outside the ordinary course without the consent of the Company in accordance with the terms of the Acquisition Agreement.
- (f) The conditions set out in paragraph 2.1(a) to (c) above can be waived in whole or in part by the Seller giving written notice to the Company. The conditions set out in paragraph 2.1(d) and (e) above can be waived in whole or in part by written agreement between the Seller and the Company; and

Completion of the Acquisition is conditional on:

- (g) There having been no material adverse change in the Company; and
- (h) Admission of the Initial Consideration Shares to trading on AIM becoming effective.

The condition set out in paragraph 2.1(g) above can be waived in whole or in part by the Company.

##### 2.2 Consideration

Pursuant to the Acquisition Agreement, the Seller agrees to sell and the Company agrees to purchase the entire issued and to be issued share capital of InfoChem for approximately €2.0 million to be satisfied by the payment of cash and the allotment and issue of the Consideration Shares, which shall rank *pari passu* in all respects with the Existing Ordinary Shares after completion of the Acquisition Agreement.

The consideration shall be paid in part by the payment of €0.36 million in cash and the balance shall be paid by the issue by the Company of: (i) 25,600,000 Initial Consideration Shares to the Seller on Completion, and (ii) 42,800,000 Deferred Consideration Shares to the Seller on the 'Deferred Consideration Date' being a date no earlier than the date falling 18 months after Completion (once the period for warranty claims has expired and provided that no such claims have been made). The Initial Consideration Shares and the Deferred Consideration Shares are subject to orderly marketing restrictions, including an 18-month lock-in period (with customary qualifications in the case of a general offer being made for the Company).

### 2.3 **Claims under the Acquisition Agreement**

The Seller gives certain warranties under the Acquisition Agreement to the Company. The Company will benefit from: (i) warranties in relation to the business and operations of InfoChem; and (ii) a tax indemnity.

The liability of the Seller under the Acquisition Agreement is subject to limitations, including, *inter alia*, the liability for breach of warranty shall not arise unless an individual claim exceeds €5,000 and the amount of all claims exceeds €25,000; the liability of the Seller shall not exceed €2.0 million for all claims and €650,000 for general warranty claims and the time limit for bringing warranty claims is 18 months.

In the event of a claim arising under the Acquisition Agreement, the Company will have the following protection: if a claim is settled prior to the Deferred Consideration Date, the Company shall have the right to cancel the Seller's right to the number of Deferred Consideration Shares as are necessary to satisfy the claim in full.

### 2.4 **Restrictive Covenants**

For 24 months after Completion, the Seller and its affiliates within the Data Research Group division agree, *inter alia*, not to: (i) seek the custom of existing customers of InfoChem; or (ii) entice any person who is employed or engaged indirectly by InfoChem; or (iii) divert any supplier of goods or services to InfoChem. For 18 months after Completion, the Seller and its affiliates within the Data Research Group division agree, *inter alia*, not to: (i) compete with the business of InfoChem in any geographic area in which the business is carried on.

### 2.5 **Working Capital**

Under the Acquisition Agreement, the Company has committed not to make a capital transfer out of InfoChem in 2019.

## PART 4

### INFORMATION ON MEMBERS OF THE CONCERT PARTIES AND ADDITIONAL DISCLOSURES REQUIRED UNDER THE CITY CODE

Each of IP2IPO Portfolio LP, IP Venture Fund II L.P, EIF LP and ORA intends to participate in the Placing as to £1,000,000, £428,571, £1,428,571 and £150,000 respectively. The funds to be invested by EIF LP will be managed by Top Technology Ventures Limited and, therefore EIF LP is deemed to be acting in concert with IP Group and is part of the IP Group Concert Party which also comprises IP2IPO Portfolio LP, IP Venture Fund II LP and Mark Warne, Chief Executive Officer of the Company, Alan Aubrey (CEO of IP Group and a shareholder in the Company) and Michael Townend (CIO of IP Group and a shareholder in the Company).

In addition, ORA is deemed to be acting in concert with, and is part of, the ORA Concert Party, which comprises ORA, Richard Griffiths, James Ede-Golightly and Michael Bretherton.

Since the IP Group Concert Party will own, immediately following admission to trading on AIM of the Placing Shares, in aggregate, 270,218,404 Ordinary Shares, representing approximately 38.06 per cent. of the Enlarged Issued Share Capital, in the absence of a waiver from the provision of Rule 9 of the City Code being granted by the Panel and the IP Group Concert Party would be obliged to make a general offer for the Company. However, following admission to trading on AIM of the Initial Consideration Shares, the IP Group Concert Party will own, in aggregate, 270,218,404 Ordinary Shares representing approximately 36.74 per cent. of the Enlarged Issued Share Capital. The Panel has agreed, subject to the Whitewash Resolution being passed on a poll of Independent Shareholders, to waive this obligation.

Immediately following admission to trading on AIM of the Placing Shares, assuming IP2IPO Portfolio LP subscribes for 40,000,000 Placing Shares in the Placing, IP Venture Fund II L.P subscribes for 17,142,840 Placing Shares in the Placing, and EIF LP subscribes for 57,142,840 Placing Shares in the Placing, the IP Group Concert Party will own, in aggregate, 270,218,404 Ordinary Shares, representing approximately 38.06 per cent. of the Enlarged Issued Share Capital. However, following admission to trading on AIM of the Initial Consideration Shares, the IP Group Concert Party will own, in aggregate, 270,218,404 Ordinary Shares representing approximately 36.74 per cent. of the Enlarged Issued Share Capital.

Immediately following Admission, assuming each of ORA, James Ede-Golightly and Michael Bretherton subscribe for, in aggregate, 7,000,000 Placing Shares in the Placing, the ORA Concert Party will own, in aggregate, 172,146,184 Ordinary Shares, representing approximately 23.40 per cent. of the Enlarged Issued Share Capital.

#### 1. Information on ORA, Richard Griffiths, James Ede-Golightly and Michael Bretherton

The following persons are shareholders in the Company:

*Name*

ORA Limited – *registered office: Floor 1 Liberation Station, The Esplanade, St Helier, Jersey, JE2 3AS.*

Richard Griffiths – *Chairman of ORA*

James Ede-Golightly – *Non-Executive Chairman of the Company and Founder of ORA*

Michael Bretherton – *Finance Director of the Company and Director of ORA*

Each of ORA, Richard Griffiths, James Ede-Golightly and Michael Bretherton carry an economic and voting interest in the Company through their respective shareholdings (see table on page 32 of this document). ORA and Richard Griffiths will be participating in the Placing. None of these persons will be a party to the Acquisition Agreement.

#### 2. Information on IP Group

##### 2.1 Background Information

- (a) IP Group was incorporated in England and Wales with registered number 04204490 on 24 April 2001 under the Companies Act 1985 as a private company limited by shares with the name De Facto 929 Limited. The Company changed its name to IP2IPO Limited on 22 May 2001 and subsequently to IP2IPO Group Limited on 31 July 2001. On 29 September 2003, the Company was re-registered as a public limited company under the Companies Act 1985 and changed its name to IP2IPO Group plc. On 25 April 2006, the Company changed its name to IP Group plc.

- (b) IP Group was established in 2001 to commercialise scientific innovation developed in the UK's leading research institutions. IP Group's business model is to form, or assist in the formation of, spin-out companies based on that innovation, to take a significant minority equity stake in these spin-out companies and then to grow the value of that equity over time by taking an active role in the development of such spin-out companies. IP Group's strategy has been to build significant minority equity stakes across a diversified portfolio of companies within its four main sectors with a view to achieving strong equity returns over the medium to long term. IP Group is listed on the Official List of the UKLA (LSE: IPO) with a market capitalisation of approximately £1.13 billion.
- (c) IP2IPO Portfolio LP is a limited partnership registered at Companies House on 21 February 2017. IP2IPO Portfolio LP has 1 general partner appointed, IP2IPO portfolio (GP) Limited, and two limited partners, IP2IPO Limited and IP2IPO Carry Partner Limited. IP2IPO portfolio (GP) Limited is controlled by Top Technology Ventures Limited, which in turn is controlled by IP Group. IP2IPO Limited and IP2IPO Carry Partner Limited are both controlled by IP Group.
- (d) IP Group set up IP Venture Fund II LP, a £30 million venture capital fund in partnership with the European Investment Fund ("**EIF**"), one of the leading venture capital investors in Europe, in May 2013. IP Venture Fund II LP invests alongside IP Group in new spin-out companies from IP Group's university partnerships and other collaborations with EIF, effectively investing alongside IP Group on a 4 to 1 ratio. IP Venture Fund II has 1 general partner appointed, IP Venture Fund II (GP) LLP, and one limited partner, IP2IPO Limited. Top Technology Ventures Limited, which is controlled by IP Group, has significant control over IP Venture Fund II (GP) LLP in which it has ownership of voting rights of more than 25 per cent., but not more than 50 per cent., a right to surplus assets of 75 per cent. or more and a right to appoint and remove members. IP2IPO Limited is controlled by IP Group.
- (e) IP Venture II (DMG)L.P's investment in DeepMatter Group plc (i) is supported by InnovFin Equity and (ii) is co-financed by Scottish Enterprise. Scottish Enterprise is Scotland's main economic development agency and aims to deliver a significant, lasting effect on the Scottish economy. The role of Scottish Enterprise is to help identify and exploit the best opportunities for economic growth. It supports ambitious Scottish companies to compete within the global marketplace and help build Scotland's globally competitive sectors. Scottish Enterprise also works with a range of partners in the public and private sectors to attract new investment to Scotland and to help create a world-class business environment.

## 2.2 **The directors of IP Group**

The directors of IP Group are as follows:

### *Executive Directors:*

Alan John Aubrey – *Chief Executive Officer*

Michael Charles Nettleton Townend – *Chief Investment Officer*

Gregory Simon Smith – *Chief Financial Officer*

David Graham Baynes – *Chief Operating Officer*

### *Non-Executive Directors:*

Sir Douglas Flint – *Non-executive Chairman*

Jonathan Brooks – *Non-executive Director*

Dr Elaine Sullivan – *Non-executive Director*

Prof. David Begg – *Senior Independent Director*

Heejae Chae – *Non-executive Director*

### *Incorporation and registered office*

IP Group is incorporated and registered in England and Wales (registered number 04204490). Its registered and principal office is at The Walbrook Building, 25 Walbrook, London EC4N 8AF.

## 2.3 **Share capital**

The issued share capital of IP Group comprises 1,059,144,595 ordinary shares of 2 pence each.

## 2.4 **Material contracts**

There are no contracts (not being in the ordinary course of business) entered into by members of IP Group and the Company within the last two years which are or may be material to the Rule 9 Waiver

and this Circular or which contain any provision under which any member of IP Group has any obligation or entitlement which is or may be material to the Rule 9 Waiver and this Circular as at the date of this document.

## 2.5 **Financial information on IP Group**

This information is being provided as part of the required disclosures under the City Code and is not information required under the AIM Rules for Companies.

The information listed below relating to IP Group is hereby incorporated by reference into this document:

<i>Information</i>	<i>Source of Information</i>	<i>Website where the Information is published</i>	<i>Page numbers</i>
Audited, consolidated accounts for the year ended 31 December 2017	IP Group Annual Report and Accounts 2017	<a href="https://www.ipgroupplc.com/investor-relations/reports-and-presentations/2017">https://www.ipgroupplc.com/investor-relations/reports-and-presentations/2017</a>	108-182
Audited, consolidated accounts for the year ended 31 December 2016	IP Group Annual Report and Accounts 2016	<a href="https://www.ipgroupplc.com/investor-relations/reports-and-presentations/2016">https://www.ipgroupplc.com/investor-relations/reports-and-presentations/2016</a>	96-146

The Company will provide within two business days, without charge, to each person to whom a copy of this document has been delivered, upon their written or verbal request, a copy of this document and any documents incorporated by reference in this document. Hard or electronic copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for hard or electronic copies of any such document should be directed to: the Company Secretary at Top Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF or by telephoning +44 (0)20 7444 0050.

## 3. **Disclosure of interests and dealings in shares**

### 3.1 **Definitions**

For the purposes of this Part 4:

- (a) References to persons “acting in concert” comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert with each other. Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:
- (i) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
  - (ii) a company with any of its directors (together with their close relatives and related trusts);
  - (iii) a company with any of its pension funds and the pensions funds of any company covered in (i);
  - (iv) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;

- (v) a connected adviser with its client and, if its client is acting in concert with an offeror or with the offeree company, with that offeror or with that offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader); and
- (vi) directors of a company which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (b) an “**arrangement**” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) a “**connected adviser**” means an organisation which is advising the Company or an associate of the Company in relation to the Proposals and any corporate broker to any such party;
- (d) “**connected person**” means in relation to any person a person whose interest in shares is one in which the first mentioned person is also taken to be interested pursuant to part 22 of the Act;
- (e) “**control**” means a holding, or aggregate holdings, of shares in the capital of a company carrying 30 per cent. or more of the voting rights of such company, irrespective of whether the holding or holdings give de facto control;
- (f) “**dealing or dealt**” include:
  - (i) acquiring or disposing of relevant securities, the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights allocated to relevant securities or general control of relevant securities;
  - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option in respect of any relevant securities;
  - (iii) subscribing or agreeing to subscribe for relevant securities (whether in respect of new or existing securities);
  - (iv) exercising or converting any relevant securities carrying conversion or subscription rights;
  - (v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying of, a derivative referenced directly or indirectly, to relevant securities;
  - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
  - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (g) “**derivative**” includes any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;
- (h) “**disclosure date**” means 21 February 2019, being the latest practicable date prior to the publication of this document;
- (i) “**disclosure period**” means the period of 12 months ending on the disclosure date;
- (j) an “**exempt fund manager**” means a person who manages investment accounts on a discretionary basis and is recognised by the Panel as an exempt fund manager for the purposes of the City Code;
- (k) an “**exempt principal trader**” means a person who is recognised by the Panel as an exempt principal trader for the purposes of the City Code;
- (l) being “**interested**” in relevant securities includes where a person (otherwise than through a short position):
  - (i) owns relevant securities; or
  - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control over them; or

- (iii) by virtue of an agreement to purchase, option or derivative, has the right or option to acquire relevant securities or to call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (iv) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (m) “**relevant securities**” means securities which comprise equity share capital (or derivatives referenced thereto) and securities convertible into rights to subscribe for and options (including traded options) in respect of any such securities; and
- (n) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

### 3.2 **Members of the IP Group Concert Party**

The members of the IP Group Concert Party are currently interested in, in aggregate, approximately 28.13 per cent. of the Company’s issued share capital. Details of the members of the IP Group Concert Party, their interests in the Company and their maximum potential controlling position, at the date of this document and immediately following admission to trading on AIM of the Placing Shares are as follows:

#### **The IP Group Concert Party and their interests**

<i>Concert Party Member</i>	<i>Relationship to Concert Party</i>	<i>Relationship to the Company</i>	<i>Type of company</i>	<i>Number of Existing Ordinary Shares and % of issued share capital in the Company (as at date of this document)</i>	<i>Number of Ordinary Shares and % of enlarged issued share capital (immediately after admission of the Placing Shares)</i>
IP Group Plc*	–	Parent company of IP2IPO Portfolio LP and IP Venture Fund II LP	Public Limited Company	193,483/ 0.04%	193,483/ 0.03%
IP2IPO Portfolio LP*	–	Substantial Shareholder	Limited Partnership	118,766,618/ 21.56%	158,766,618/ 22.36%
IP Venture Fund II LP*	–	Significant Shareholder	Limited Partnership	33,750,396/ 6.13%	50,893,236/ 7.17%
Mark Warne	Partner in the Life Sciences Division of IP Group until 29 June 2018	Chief Executive Officer	n/a	541,475/ 0.10%	1,541,475/ 0.22%
Alan Aubrey	Chief Executive Officer of IP Group	Shareholder	n/a	747,808/ 0.14%	747,808/ 0.10%
Michael Townsend	Chief Investment Officer of IP Group	Shareholder	n/a	932,944/ 0.17%	932,944/ 0.13%
EIF LP	–	–	Limited Partnership	0/ 0%	57,142,840/ 8.05%

\*Their registered office is at The Walbrook Building, 25 Walbrook, London EC4N 8AF.

Note: the aggregate % holding of the IP Group Concert Party will be 36.74 per cent. of the Enlarged Issued Share Capital.

IP2IPO Nominees Limited transferred legal title to its shareholding in the Company to Mark Warne, Chief Executive Officer of the Company, and another person unconnected to this transaction on 12 September 2018.

### 3.3 **Market dealings in relevant securities of the Company by the IP Group Concert Party**

There have been no dealings during the disclosure period in relevant securities of the Company by IP Group and/or funds managed by IP Group.

### 3.4 Save as disclosed in paragraph 3.2 above:

- (a) no member of the IP Group Concert Party had any interest in or right to subscribe for, nor had any short position in relation to, any relevant securities of the Company, nor had it dealt in any such relevant securities during the disclosure period;
- (b) none of the directors of any member of the IP Group Concert Party (including any members of such director's respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to any relevant securities of the Company, nor had any such person dealt in such securities during the disclosure period;
- (c) no person acting in concert with any member of the IP Group Concert Party had an interest in or a right to subscribe for, or had any short position in relation to, any relevant securities of the Company, nor had any such person dealt in any such securities during the disclosure period;
- (d) there were no arrangements which existed between any member of the IP Group Concert Party or any person acting in concert with any member of the IP Group Concert Party, and any other person, of the kind referred to in Note 11 on the definition of acting in concert in the City Code; and
- (e) neither IP Group nor any person acting in concert with any member of the IP Group Concert Party had borrowed or lent any relevant securities of the Company, save for any borrowed shares which have either been on-lent or sold.

## 4. **Market Quotations**

The following table shows the closing middle market quotations of Existing Ordinary Shares, as derived from the Daily Official List of the London Stock Exchange on the first business day of each of the six months immediately before the date of this document and on 22 February 2019 (being the latest practicable date prior to the posting of this document):

<i>Date</i>	<i>Price per Ordinary Share (p)</i>
3 September 2018	3.50
1 October 2018	3.15
1 November 2018	3.15
3 December 2018	2.85
2 January 2019	2.7
1 February 2019	3.8
21 February 2019	4.65

## 5. **Irrevocable undertakings**

Certain members of the IP Group Concert Party have entered into undertakings with the Company dated 19 December 2018 pursuant to which the relevant individual or entity has agreed, *inter alia*, (i) to give an irrevocable undertaking to vote in favour of any of the resolutions which they are notified are required to effect the Placing but not to vote in favour of the Whitewash Resolution since it relates to the approval of the Rule 9 Waiver in respect of their own shareholdings, amounting in aggregate to 152,517,014 Ordinary Shares (representing approximately 27.68 per cent. of the Company's issued share capital); and (ii) to give a conditional undertaking to subscribe for such number of Placing Shares which amount to £1,428,571 in aggregate.

Certain members of the ORA Concert Party have entered into undertakings with the Company dated 19 December 2018, pursuant to which the relevant individual or entity has agreed, *inter alia*, (i) to give an irrevocable undertaking to vote in favour of any of the resolutions which they are notified are required to effect the Placing but not to vote in favour of the Whitewash Resolution since it relates to the approval of

the Rule 9 Waiver in respect of their own shareholdings, amounting in aggregate to 70,242,676 Ordinary Shares (representing approximately 12.75 per cent. of the Company's issued share capital); and (ii) to give a conditional undertaking to subscribe for such number of Placing Shares which amount to £150,000 in aggregate.

## **6. The IP Group Concert Party's intentions regarding the Company's business**

The IP Group Concert Party has informed the Board that it currently intends to allow the Company to continue with its proposed strategy, as detailed in Part 1 of this document.

The IP Group Concert Party does not intend to make any changes in relation to:

- the strategic plans of the Enlarged Group and therefore does not expect there to be any repercussions on employment or on the locations of the Enlarged Group's places of business, including on the location of the Enlarged Group's headquarters and headquarters functions;
- the future business of the Enlarged Group including the research and development functions of the Enlarged Group;
- the continued employment of the Enlarged Group's employees and management and therefore does not expect there to be any material change in the conditions of employment of employees and management;
- the employer's contributions to the Enlarged Group's pension scheme[s], including the accrual of benefits for existing members and the admission of new members, or any of the Enlarged Group's management or employees;
- the fixed assets of the Enlarged Group; or
- the existing trading facilities of the Enlarged Group's relevant securities.

## **7. Additional disclosures required by the City Code**

7.1 At the close of business on the disclosure date, save as disclosed in Part 6 of this document:

- (a) none of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or a right to subscribe for, or had any short position in relation to, any relevant securities of the Company;
- (b) no person acting in concert with the Company had any interest in, or right to subscribe for, or had any short position in relation to any relevant securities of the Company;
- (c) neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to any relevant securities of IP Group, nor has any such person dealt in any such securities during the disclosure period;
- (d) the Company has not redeemed or purchased any of its relevant securities during the disclosure period;
- (e) no person who has an arrangement with the Company or with any person acting in concert with the Company had any interest in or right to subscribe for, or had any short position in relation to, any relevant securities of the Company;
- (f) neither the Company nor any person acting in concert with the Company had borrowed or lent any relevant securities of the Company, save for any borrowed shares which have either been on-lent or sold.

## **8. Other Arrangements, agreements or understandings**

Save as described in this document, no member of the IP Group Concert Party has entered into agreements, arrangements or understandings (including any compensation arrangement) with any of the Company's Directors, recent Directors, Shareholders, recent Shareholders or any other person interested or recently interested in Existing Ordinary Shares which are connected with or dependent upon the outcome of the Placing. No member of the IP Group Concert Party has entered into any agreement, arrangement or understanding to transfer any interest acquired in the Company as a result of the Placing.

## PART 5

### RISK FACTORS

#### A. CONDITIONS OF THE PLACING AND THE ACQUISITION

The Placing is subject to certain conditions including the need for Shareholder approval in connection with the Whitewash Resolution, the nonfulfillment of which would mean that the Placing and the Acquisition could not be implemented and that the Company would have to bear the abortive costs of making the Proposals.

#### B. RISKS RELATING TO THE BUSINESS OF THE GROUP AND THE MARKETS IN WHICH IT OPERATES

##### 1. Planned growth may not be achieved

The Group's operating results could fluctuate as a result of a number of factors, many of which are beyond its control. These factors include, amongst others:

- (a) the growth rate of the markets (i.e. pharmaceutical companies and other organisations undertaking pharmaceutical research, fine chemicals, contract research and scientific publications markets) into which the Group sells its platform/products;
- (b) general economic conditions that impact the market purchasing power of the pharmaceutical and research industries;
- (c) unanticipated delays or problems in the introduction of its platform/products. If the Group does not realise sufficient levels of profitability, it may require additional financing or need to materially adapt its future growth strategy; and/or
- (d) specific local regulatory regimes may delay and/or otherwise negatively impact the Group's ability to execute its growth strategy.

##### 2. Market acceptance of current and new products

Whilst the Directors believe that a viable market for the Group's platform/products supporting digitisation of Chemistry for pharmaceutical and other organisational research, there can be no assurance that its technology will prove to be an attractive addition or alternative to traditional tools and competing technologies currently in use. The development of a market for the Group's products is affected by many factors, some of which are beyond the Group's control, including:

- (a) the emergence of newer, more competitive technologies and products;
- (b) the cost of the Group's platform/products themselves;
- (c) regulatory requirements;
- (d) customer perceptions of the accuracy and reliability of its platform/products;
- (e) customer perceptions of the risk of purchasing platform/products from or partnering with the Group, which is a relatively small supplier in this market;
- (f) customer reluctance to buy a new platform/product; and
- (g) customer reliance on competitors' proprietary systems.

##### 3. Early Stage Operations

The Group is at an early stage of development. It is difficult to predict if and when material revenues will arise and the Group faces risks frequently encountered by developing companies. The Group's success will depend on its ability to develop products and services which address specific market needs and develop suitable licensing, royalty and contract manufacture models and capture value from business opportunities.

##### 4. Technology & Development

There is a risk that technology development is delayed or specific programme targets cannot be met. The Group manages the development of its technology through separate development programmes. Each

programme has a specific set of milestones (either internal or external), together with measurable goals and a timeline. Performance against each of these is monitored regularly, depending on the programme requirements. This enables the Group to identify issues at an early stage and take appropriate mitigating actions.

## **5. Market competition**

The Group's competitors and potential competitors within the core business of supporting pharmaceutical research, fine chemicals and contract research.

- (a) other chemical discovery companies specialising in digitising chemistry and other companies, which may be larger, have a stronger track record, and have substantially greater resources than those of the Group; and
- (b) other companies developing technologies for digitizing chemistry which may have substantially greater resources than those of the Group. Competitors and potential competitors may develop technologies and products (and those technologies and products may be patented) that are less costly and/or more effective than the technology or products of the Group or which may make those of the Group obsolete or uncompetitive.

## **6. Retention of key personnel**

Retention of key employees by the Group remains critical to its success. The loss of key employees would be likely to weaken the Group's scientific, technical and management capabilities, resulting in delays in the development of its products and impacting negatively on its business. Although the Group has entered into employment arrangements with each of its key personnel with the aim of securing their services, the retention of such services cannot be guaranteed.

Scientific companies such as the Group are highly dependent on employees who have an in-depth and long-term understanding of technologies, products, programmes, collaborative relationships and strategic goals. The loss of these key employees and the Group's inability to recruit new employees to replace them could have a negative impact on the business and prospects of the Group.

Competition for experienced scientific and technical personnel may be intense and there may be a limited number of persons with appropriate knowledge of, and experience within, such industries. The process to identify such personnel, the training required and the investment in order that they can make a valuable contribution may be significant and lengthy.

## **7. Dependence on information technology systems**

The Group is dependent on information technology systems to support product delivery and a wide variety of key business processes as well as internal and external communications. Although the Group believes that the information technology systems it currently uses are reliable and meet the requirements of its operations, it cannot be certain that these systems will not require upgrades or repair, even in the near future, or that they will not be subject to technical or other failure, including damage caused by viruses or hackers. Significant disruption of these systems can, despite all safety measures, cause a loss of data and/or disruption of business processes such as product delivery, sales or accounting. Further, while the Group does have disaster recovery plans and business continuity plans in place for both their in-house IT systems and those hosted by approved suppliers, in the event of, among other things, natural disasters such as flooding, such natural disasters could still cause mechanical failure in, or physical destruction of, the Group's information technology systems. Any disruptions in the Group's information technology systems could have a material adverse effect on the Group's business, financial condition and results of operations as well as the Group's prospects.

## **8. The Group may not be able to secure adequate insurance at an acceptable cost**

The Group's business exposes it to potential product liability, professional indemnity and other risks which are inherent in the sale of products and services to the pharmaceutical industry and to healthcare providers for use on patients. No assurance can be given that product liability, or any future necessary insurance cover will be available to the Group at an acceptable cost, if at all, or that, if there is any claim, the level of the

insurance the Group carries now or in the future will be adequate or that a product liability, professional indemnity or other claim would not materially and adversely affect the Group's business.

#### **9. Success may depend on its collaborators and third party organisations**

The Group's success may be dependent on its collaborators and third party organisations. The Group's collaborators may have substantial responsibility for some of the development and commercialisation of the Group's products. Certain of the Group's collaborators also have significant discretion over the resources they devote to these efforts. The Group's success, therefore, will depend on the ability and efforts of these outside parties in performing their responsibilities.

#### **10. Protection of intellectual property which is significant to the Group's competitive position**

The Group's success depends in part on its ability to obtain and maintain protection for its inventions and proprietary information, so that it can stop others from making, using or selling its inventions or proprietary rights. The Group owns a portfolio of patents and patent applications and is the authorised licensee of other patents.

There is a significant delay between the time of filing a patent application and the time its contents are made public, and others may have filed patent applications for subject matter covered by the Group's pending patent applications without the Group being aware of these applications. The Group's patent applications may not have priority over patent applications of others and their pending patent applications may not result in issued patents. Even if the Group and its collaborators obtain patents, they may not be valid or enforceable against others. Moreover, even if the Group receives patent protection for some or all of its products, those patents may not give the Group an advantage over competitors with similar products.

The technologies of the Group are based on software, including algorithms for data manipulation and analysis. Patents related to software-based systems are considered to be less of a barrier to competitors than patents related to hardware devices or molecules.

Copyright in the software incorporated into the Group's products is a further form of intellectual property protection for the Group's products, but can be hard to enforce if a competitor obtains access to the source code.

To develop and maintain its competitive position, the Group also relies on unpatented trade secrets and improvements, unpatented know-how and continuing technological innovation, which it protects with security measures it considers to be reasonable, including confidentiality agreements with collaborators, consultants and employees. The Group may not have adequate remedies if these agreements are breached and the Group's competitors may independently develop any of this proprietary information.

If the Group fails to obtain adequate protection for its intellectual property, the Group's competitors may be able to take advantage of the Group's research and development efforts. The Group's success will depend, in large part, on its ability to obtain and maintain patent or other proprietary protection for, in general, its technologies and, in particular, its products and processes. The Group may not be able to obtain patent protection for its technologies and products. Legal standards relating to patents covering software and algorithms, and the scope of claims made under these patents are still developing. There is no consistent policy regarding the breadth of claims allowed in such patents across jurisdictions. The Group's patent position is therefore never certain and involves complex legal and factual issues and applications.

#### **11. Disputes relating to intellectual property**

The Group may have to initiate litigation to enforce its patent and licence rights. If the Group's competitors file patent applications that claim technology also claimed by the Group, the Group may have to participate in interference or opposition proceedings to determine the priority of invention. An adverse outcome could subject the Group to significant liabilities and require the Group either to cease selling the related products or services to pay licence fees.

## **12. The Group may accidentally infringe the intellectual property of others**

Third parties may allege that the Group is employing their proprietary technology or products without authorisation, which could result in a judgment and award of damages against the Group. Further, parties making claims against the Group may be able to obtain injunctive or other equitable relief, which could prevent the Group from further developing and commercialising future products without obtaining relevant licences.

## **13. Reliance on licences granted to it by third parties**

The products being developed by the Group may rely on licences granted to the Group which will need to be readily capable of enforcement through normal legal process. The contractual rights in favour of the Group contained in the licences may not be fully recognised by the courts of law or authorities of all countries or may be difficult, time consuming or expensive to enforce. These licences will need to be granted for a sufficiently long time and not be terminated. There is no guarantee that the Group will be able, in the future, to maintain its licences on such terms or at all and even if maintained there is no guarantee that they will survive challenge, legal or otherwise.

## **14. Impact of regulatory environment**

Given the regulatory environment in which the Group operates, any change in that environment could negatively impact the Group's growth strategy, revenues, profitability and consequently cash available for investment and new product development. Specifically any change in the regulatory requirement for the development of pharmaceuticals could negatively impact the existing business. Any change in the regulatory environment for medical devices could negatively impact the cost, feasibility and timing of new product launches in some or all jurisdictions as well as any claims made about those products.

## **15. Potential requirement for additional finance**

The expenditure required to fund the Group's growth strategy may be more than expected. Revenues and grant income in respect of existing and new products may be less than expected with a consequently negative impact on profitability and cash available for investment and new product development and potentially result in the Group requiring additional funding in the longer term (being not less than 12 months from the date of this document).

## **16. Financial Risks**

The Group's activities expose it to a number of financial risks including credit risk, interest rate risk and liquidity risk. The Group is not currently exposed to significant exchange rate risks. At present the Group does not use financial derivatives in the normal course of business. The Group's and the Company's financial instruments comprise cash and cash equivalents, trade and other receivables, equity investments and trade and other payables. The main purpose of these financial instruments is the funding of the Group's activities.

## **17. Credit Risk**

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The Group's credit risk is primarily attributable to its cash and cash equivalents. The Group seeks to reduce the credit risk associated with cash by only holding cash with institutions that have good credit ratings.

## **18. Interest Rate Risk**

The Group has no external financing facility, therefore its interest rate risk is limited to the level of interest received on its cash surpluses. Interest rate risk on cash, cash equivalents and short term deposits is partially mitigated by using an element of fixed-rate accounts and short term deposits.

## **19. Liquidity Risk**

The Group seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Group had cash, cash equivalents and short-term deposit

balances of £3.27 million as at 31 December 2017 (2016: £4.79 million). In order to minimise risk to the Company's capital, funds are invested across a number of financial institutions with sound credit ratings. Cash forecasts are updated regularly to ensure that there is sufficient cash available for foreseeable requirements. The Directors are satisfied that the current cash balances and the present running cost base of the Group ensures that the going concern assumption remains valid.

## **C. GENERAL RISKS**

### **1. Economic cycles**

Any significant downturn in economic markets would be likely to impact adversely on funding for centres that use the Group's products for research purposes and centres that use the Group's products in a clinical setting, which in turn result in reduced demand for the products and could thereby materially and adversely affect the Group's business and financial position.

### **2. Credit and payment terms**

Growth strategies may expose the Group to greater credit risk related to distributors, agents and channel partners. The Group's growth may require the adoption of less restrictive credit and payment terms particularly in markets where extended acceptance and payment terms are more typical. Some geographic regions in which the Group's strategy anticipates growth may pose different or enhanced credit risks than those historically experienced by the Group.

The credit terms required by large pharmaceutical companies and the time to pay sales invoices may continue to be between 90 and 100 days. In turn the payment terms required by the Group's suppliers, many of which are sole traders may continue to be 30 days. The difference in credit terms offered by customers and the credit terms paid to suppliers may have an impact on the Group's working capital requirements.

### **3. Litigation or other proceedings**

The Group could incur substantial costs in litigation or other proceedings relating to patent rights, even if it is resolved in the Group's favour. Some of the Group's competitors may be able to sustain the costs of complex litigation more effectively for longer periods of time than the Group can because of their substantially greater resources. In addition, uncertainties relating to any patent, pending patent or other intellectual property litigation could have a material adverse effect on the Group's ability to bring a product to market, enter into collaborations in respect of the disputed or other product, or to raise additional funds.

### **4. Additional funding may be required in the longer term**

The Group may require additional funding in the longer term (being not less than 12 months from the date of this document).

The Group's financing requirements depend on numerous factors including the rate of market acceptance of its technologies and its ability to attract customers. The Group may be unable to obtain adequate funding on acceptable terms, if at all. Although not presently anticipated by the Directors, the Group may, in the future, need to raise further equity funds to finance working capital requirements through future stages of development. Any additional share issue may have a dilutive effect on Shareholders, particularly if they are unable or choose not to subscribe. Further, there can be no guarantee or assurance that any additional equity funding will be forthcoming when required nor as to the terms and price on which such funds would be available.

### **5. Dividends**

The Company has not paid dividends in the past and the Directors do not expect that dividends will be paid by the Group in the foreseeable future. The declaration and payment by the Group of any dividends in the future and the amount of any future dividends will depend upon the results of operations, financial condition, cash requirements, future prospects, profits available for distribution and other factors considered by the Directors to be relevant at the time. Before the Group can pay dividends, it will need to have profits available for distribution determined in accordance with the Companies Act.

## **6. Tax**

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties in a number of jurisdictions and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

## **7. Investment in publicly quoted securities**

Investment in securities traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose securities are listed on the "Official List" and traded on the London Stock Exchange's main market for listed securities. An investment in the Ordinary Shares traded on AIM may be difficult to realise. AIM has been in existence since 1995 and is a market designed for small and growing companies, but its future success and liquidity as a market for Ordinary Shares cannot be guaranteed.

## **8. Brexit**

On 29 March 2019, the UK is expected to leave the European Union (EU). However, as negotiations between the UK and the EU are still ongoing it is unclear what the effect may be on the Company in several areas. The extent of the impact would depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. In addition, the macroeconomic effect of Brexit on the Company's business is unknown. As such, it is not possible to state the impact that Brexit would have on the Company. It could also potentially make it more difficult for the Company to operate its business in the EU as a result of any increase in tariffs and/or more burdensome regulations being imposed on UK companies. This could restrict the Company's future prospects and adversely impact its financial condition.

## PART 6

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Directors whose names appear on page 6 of this document, accept responsibility for the information contained in this document (including any expressions of opinion), other than that relating to IP Group and ORA, and persons connected with them, for which each party accepts responsibility as set out below, and the recommendation relating to the Whitewash Resolution, for which the Independent Directors accept responsibility. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The directors of IP Group (whose names are set out in paragraph 2.2 of Part 4 of this document) (the “**IP Group Directors**”) accept responsibility for the information contained in this document (including any expressions of opinion) relating to IP Group and its subsidiaries. To the best of the knowledge and belief of the IP Group Directors, having taken all reasonable care to ensure that such is the case, the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Movements in Shareholdings

- 2.1 The table below sets out the following information:
- (a) Notifiable registered shareholdings (being interests on the register above 3 per cent. of the Company’s issued share capital, shareholdings of Shareholders with resulting notifiable interests immediately following Admission and the interests of the Directors, in each case as at the disclosure date as defined in paragraph 3.1 of Part 4 of this document;
  - (b) Details of the Initial Consideration Shares being issued to and received by the seller in connection with the Acquisition;
  - (c) Subscriptions by these individuals and entities in the Placing, including certain members of the IP Group Concert Party, certain members of the ORA Concert Party and the Directors; and
  - (d) The resulting aggregate shareholdings immediately following the Placing and the Acquisition;

The table should be read in conjunction with the explanatory notes below it, which provide additional relevant information and to which your attention is drawn.

<i>Shareholder</i>	<i>Number of Existing Ordinary Shares</i>	<i>% of issued share capital in the Company</i>	<i>Initial Consideration Shares</i>	<i>Placing Shares</i>	<i>Enlarged number of Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital</i>
<b>Significant Shareholders</b>						
IP2IPO Portfolio LP	118,766,618	21.56%	–	40,000,000	158,766,618	21.59%
IP Venture Fund II LP	33,750,396	6.13%	–	17,142,840	50,893,236	6.92%
EIF LP	–	–	–	57,142,840	57,142,840	7.77%
Richard Griffiths and associates (excluding ORA) <sup>1</sup>	88,789,435	16.12%	–	–	88,789,435	12.07%
ORA Limited <sup>2</sup>	70,242,676	12.75%	–	6,000,000	76,242,676	10.37%
Prof. Lee Cronin	55,173,019	10.02%	–	800,000	55,973,019	7.61%
G U Holdings	39,373,994	7.15%	–	–	39,373,994	5.35%
Robert Quested	42,285,279	7.68%	–	–	42,285,279	5.75%
Oxford University	17,264,429	3.13%	–	–	17,264,429	2.34%
Springer-Verlag GmbH	–	–	25,600,000	–	25,600,000	3.48%

<i>Shareholder</i>	<i>Number of Existing Ordinary Shares</i>	<i>% of issued share capital in the Company</i>	<i>Initial Consideration Shares</i>	<i>Placing Shares</i>	<i>Enlarged number of Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital</i>
<b>Directors</b>						
Prof. Lee Cronin	55,173,019	10.02%		800,000	55,973,019	7.61%
David Cleevely	15,692,993	2.85%	–	–	15,692,993	2.13%
Michael Bretherton (excluding ORA)	4,033,824	0.73%	–	400,000	4,433,824	0.60%
James Ede-Golightly (excluding ORA)	2,080,249	0.38%	–	600,000	2,680,249	0.36%
Laurence Ede	801,586	0.15%	–	400,000	1,201,586	0.16%
Mark Warne	541,475	0.10%	–	1,000,000	1,541,475	0.21%

<sup>1</sup> Held by Blake Holdings Limited (56,062,411 Existing Ordinary Shares, representing 10.18 per cent. of the Existing Ordinary Shares), Serendipity Capital Limited (700,000 Existing Ordinary Shares, representing 0.13 per cent. of the Existing Ordinary Shares) and in his own name, Richard Griffiths (32,027,024 Existing Ordinary Shares, representing 5.82 per cent. of the Existing Ordinary Shares).

<sup>2</sup> Richard Griffiths has a direct interest in ORA Limited over 3,058,149 shares, representing 81.23 per cent. of its issued share capital. Michael Bretherton has a direct interest in ORA Limited over 188,233 shares, representing 5.00 per cent. of its issued share capital. James Ede-Golightly has a direct interest in ORA Limited over 186,917 shares, representing 4.97 per cent. of its issued share capital.

## 2.2 Irrevocable Undertakings

The table below outlines the number of Ordinary Shares in the current issued share capital of the Company in respect of which the Company has gained irrevocable undertakings to vote in favour of the Whitewash Resolution.

<i>Name of Shareholder</i>	<i>Number of Ordinary Shares in respect of which undertaking is given</i>	<i>% issued share capital in the Company</i>
Prof. Lee Cronin	55,173,019	10.02%
Robert Quested	42,285,279	7.68%
Oxford University	17,264,429	3.13%
David Cleevely	15,692,993	2.85%
Laurence Ede	801,586	0.15%

## 3. Options

Options over 1,876,667 ordinary shares have been granted to employees of the Company under the Company's EMI share option share scheme (the "**Share Option Plan 2017**"). All employees who have entered into option agreements with the Company are 'Qualifying Employees' for the purposes of the Company's Share Option Plan 2017. All options that have been granted to employees are over ordinary shares of 0.01p each in the Company at an exercise price of 2.13p. Provided the option holder remains an employee, their options vest in equal monthly instalments over a period of 35 months. All options were granted on 1 December 2017 and lapse after 10 years.

On Completion, options (EMI and unapproved) over a total number of 25,000,000 ordinary shares will be granted to Mark Warne under the Share Option Plan 2017. All options that will be granted are over ordinary shares of 0.01p each in the Company at the prevailing share price on the date of grant. Provided Mark Warne remains an employee, his options vest over 36 months starting from the commencement of his employment. All unexercised options lapse after 10 years from the date of grant.

## 4. Directors' service contracts

4.1 Mark Warne entered into a service agreement with the Company on 2 July 2018 under the terms of which he is appointed to act as Chief Executive Officer of the Company. Mr Warne is entitled to a salary of £150,000 per annum. The contract is for an indefinite term and is terminable on 6 months' prior written notice by either party.

- 4.2 Michael Bretherton entered into a letter of appointment with the Company (under prior name Oxford Advanced Surfaces Group plc) on 9 June 2015 under the terms of which he was appointed to act as a non-executive director of the Company. Mr Bretherton is entitled to salary of £12,000 per annum. The contract was for an initial term of 3 years and continues on the same terms. The letter of appointment is terminable on 1 month's prior written notice by either party.
- 4.3 David Cleevely entered into a letter of appointment with the Company (under prior name Cronin Group plc) on 8 November 2017 under the terms of which he is appointed to act as a non-executive director of the Company. Mr Cleevely is entitled to a director's fee of £12,000 per annum. The contract is for an initial term of 2 years and is terminable on 1 month's prior written notice by either party.
- 4.4 Lee Cronin entered into a letter of appointment with the Company (under prior name OXACO Group plc) on 15 September 2015 under the terms of which he was appointed to act as a non-executive director of the Company. Mr Cronin is entitled to a director's fee of £12,000 per annum. The contract was for an initial term of 3 years and continues on the same terms. The letter of appointment is terminable on 1 month's prior written notice by either party.
- 4.5 James Ede-Golightly entered into a letter of appointment with the Company (under prior name Oxford Advanced Surfaces Group plc) on 21 July 2014 under the terms of which he was appointed to act as a non-executive director of the Company. Mr Ede-Golightly is entitled to a director's fee of £20,000 per annum. The contract was for an initial term of 3 years and continues on the same terms. The letter of appointment is terminable on 1 month's prior written notice by either party.
- 4.6 Laurence Ede entered into a letter of appointment with the Company (under prior name Cronin Group plc) on 24 April 2017 under the terms of which he is appointed to act as a non-executive director of the Company. Mr Ede is entitled to a director's fee of £24,000 per annum. The contract is for an initial term of 3 years and is terminable on 1 month's prior written notice by either party.
- 4.7 Bettina Goerner will be appointed as a non-executive director of the Company upon Completion as the Seller has the right to appoint a director of the Company for at least 2 years following completion (or, if applicable, for so long as it holds 10 per cent. or more of the Company's issued share capital). No remuneration or fees are payable to Ms Goerner or any replacement appointee.
- 4.8 Save as set out above, there are no Directors' service contracts, letters of appointment or contracts in the nature of services with the Company other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.

## **5. Material Contracts**

There are no contracts (not being in the ordinary course of business) entered into by the Company in the last two years which are or may be material or which contain any provision under which the Company has any obligation or entitlement which is or may be material as at the date of this document save as follows:

### **5.1 Acquisition Agreement**

Please refer to paragraph 2 of Part 3 of this document for further details of the Acquisition Agreement.

### **5.2 Transitional Services Agreement and Services Agreement**

On Completion, the Company is entering into:

- (a) a transitional services agreement under which the Seller agrees to provide certain transitional operational services, such as human resources and payroll support, to the Company for a period of up to 6 months from Completion; and
- (b) a services agreement under which the Seller/members of the Seller's group agreed to continue to purchase a range of services from InfoChem for a period until 31 December 2019.

### **5.3 Openiolabs Limited Acquisition**

On 2 November 2017, (i) the Company; and (ii) the Sellers (as defined in the Openiolabs SPA) entered into a share purchase agreement pursuant to which the Company purchased the entire issued share capital of Openiolabs Limited ("**Openiolabs**") (the "**Openiolabs SPA**"). In consideration for the

acquisition, the Company issued to the Sellers and the Other Selling Shareholders (as defined in the Openiolabs SPA) 25,000,000 Ordinary Shares at 2 pence per share on 8 November 2017 (the “**Completion Date**”). Pursuant to the Openiolabs SPA, subject to the conditions set out below being met (“**Deferred Consideration Conditions**”), but no earlier than the second anniversary of the Completion Date, the Company shall issue a further 22,000,000 Ordinary Shares at 5 pence per share (“**Deferred Consideration Shares**”) to the Sellers and the Other Selling Shareholders on the basis that no warranty or indemnity claims were made by the Company in the 24 month period from the Completion Date.

The Deferred Consideration Conditions are:

- (a) if, at any time before the fourth anniversary of completion (i) the middle market quotation of the Ordinary Shares is at a price equal to or above 5p for a continuous period of 60 business days; or (ii) a sale of the entire issued share capital of the Company at a price equal to or above 5p; and
- (b) provided David Cleevely has not voluntarily resigned from the Company's board within 24 months of completion.

Each of the Sellers gave title and capacity warranties in relation to the shares held by them. Further, David Cleevely, Joseph Ward Hills and Andrew Richardson (the “**Warrantors**”) gave business warranties in relation to Openiolabs. The Openiolabs SPA also contained a tax covenant given in favour of the Company which included customary provisions relating to the tax affairs of Openiolabs at the Completion Date. The maximum aggregate liability of the Warrantors for all business warranty claims, and tax claims is the total number of Deferred Consideration Shares multiplied by 5 pence. Claims are to be satisfied by an adjustment to the Deferred Consideration Shares received under the Openiolabs SPA.

The period for bringing claims for breach of warranties is 24 months from the Completion Date and the period for bringing claims for breach of tax warranty or the tax covenant is 24 months of the Completion Date.

The Warrantors gave covenants to the Company not to compete with the business of Openiolabs in the geographic area in which Openiolabs operates or to solicit customers or employees of Openiolabs for the period of 24 months from the Completion Date in the case of David Cleevely and for the period of 9 months from the Completion Date in relation to Joseph Ward Hills and Andrew Richardson. The Warrantors also covenanted that they would not at any time use any corporate or trading name which could suggest a connection with Openiolabs.

#### 5.4 **Sale of Ionscope**

On 15 January 2019 (i) Openiolabs Limited (a wholly owned subsidiary of the Company) and (ii) Synoptics Limited entered into an asset purchase agreement (“**Ionscope APA**”) pursuant to which Openiolabs Limited sold the business and assets of the Ionscope business for the value attributed to the assets less the assumed liabilities of OpenioLabs, in cash. The maximum aggregate liability of Openiolabs Limited is the APA purchase price.

## 6. **Consent**

Stockdale has given and not withdrawn its written consent to the issue of this document and the references to its respective name in the form and context in which it appears.

## 7. **No significant change**

Save as disclosed in Part 1 of this document, there has been no significant change in the financial or trading position of the Group since 30 June 2018, being the date to which the Company's last unaudited interim results were published.

## **8. Documents on Display**

Copies of the following documents will be available for inspection at the offices of the Company's solicitors, Bristows LLP, 100 Victoria Embankment London EC4Y 0DH during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) and on the Company's website ([www.deepmattergroup.com](http://www.deepmattergroup.com)) up to and including 12 March 2019:

- (a) a copy of this Circular (which incorporates the "whitewash circular" as required by Part 4 of Appendix 1 of the Code);
- (b) the Company's Articles of Association;
- (c) the articles of association of IP Group;
- (d) the audited consolidated accounts of the Company for the two financial years ended 31 December 2016 and 31 December 2017 and the unaudited interim results for the six months ended 30 June 2018;
- (e) the audited consolidated accounts of IP Group for the two financial years ended 31 December 2016 and 31 December 2017 and its half yearly report for the 6 months ended 30 June 2018;
- (f) the consent letter referred to in paragraph 6 above;
- (g) the material contracts referred to in paragraph 5 above and the irrevocable undertakings referred to in paragraph 5 of Part 4 of this document and in paragraph 2.2 above;

Dated 22 February 2019

## DEFINITIONS

The following words and expressions shall, except where the context requires otherwise, have the following meanings in this document (including the Notice of General Meeting) and the Form of Proxy:

<b>“Acquisition”</b>	the acquisition of the entire issued share capital of InfoChem to be effected pursuant to the Acquisition Agreement
<b>“Acquisition Agreement”</b>	the agreement dated 19 December 2018 between the Seller and the Company under which the Company has conditionally agreed to acquire the entire issued share capital of InfoChem
<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“Admission”</b>	the admission of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the Rules and Guidance notes for AIM companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM
<b>“Articles”</b>	the articles of association of the Company adopted on 10 September 2015
<b>“Circular”</b>	this document of which the Notice of General Meeting forms part
<b>“Code”</b> or the <b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Company”</b>	DeepMatter Group plc
<b>“Completion”</b>	completion of the Proposals, subject to satisfaction of the conditions thereto
<b>“Consideration Shares”</b>	the 68,400,000 Ordinary Shares to be issued to the Seller pursuant to the Acquisition Agreement, comprising the Initial Consideration Shares and the Deferred Consideration Shares
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any variation thereof
<b>“Deferred Consideration Date”</b>	the date being not earlier than the 18-month anniversary of Completion
<b>“Deferred Consideration Shares”</b>	the 42,800,000 Ordinary Shares to be issued to the Seller on the Deferred Consideration Date pursuant to the Acquisition Agreement
<b>“Directors”</b> or <b>“Board”</b>	the directors of the Company whose names are set out on page 6 of this document
<b>“EIF LP”</b>	the new limited partnership called IP Venture II (DMG) LP established by European Investment Fund
<b>“EIS”</b>	Enterprise Investment Scheme

<b>“Enlarged Group”</b>	the Group as enlarged by the Acquisition
<b>“Enlarged Issued Share Capital”</b>	the 735,528,946 Ordinary Shares in issue immediately following Admission
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Existing Ordinary Shares”</b>	the 550,748,266 Ordinary Shares in issue at the date of this document
<b>“Form of Proxy”</b>	the form of proxy for use in connection with the General Meeting which accompanies this document
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“General Meeting”</b>	the general meeting of the Company to be held at 9.30 a.m. on 11 March 2019 at the offices of Stockdale Securities Limited, 100 Wood Street, London EC2V 7AN or any adjournment thereof, notice of which is set out at the end of this document
<b>“Group”</b>	the Company and its subsidiaries
<b>“Independent Directors”</b>	David Cleevely, Lee Cronin and Laurence Ede
<b>“Independent Shareholders”</b>	those Shareholders who are independent of the IP Group Concert Party and the ORA Concert Party
<b>“Initial Consideration Shares”</b>	the 25,600,000 Ordinary Shares to be issued to the Seller at Completion pursuant to the terms of the Acquisition Agreement
<b>“InfoChem”</b>	InfoChem GmbH (registered in Germany under the commercial register of the local court of Munich under HR B 883232)
<b>“IP2IPO Portfolio LP”</b>	IP2IPO Portfolio LP, a limited partnership registered in England and Wales with registered number LP017872, acting by its general partner, IP2IPO Portfolio (GP) Limited, a company incorporated and registered in England and Wales with registered number 10360684
<b>“IP Group”</b>	IP Group plc, a company incorporated in England and Wales with registered number 04204490
<b>“IP Group Concert Party”</b>	comprising each of IP2IPO Limited, IP2IPO Nominees Limited, IP Venture Fund II LP, Mark Warne, Alan Aubrey and Mike Townend, all existing shareholders in the Company, and EIF LP
<b>“IP Venture Fund II LP”</b>	IP Venture Fund II LP, a limited partnership registered in England and Wales with registered number LP015513, acting by its general partner, IP Venture Fund II (GP) LLP, a limited liability partnership registered in England and Wales with registered number OC384792
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Shares”</b>	the 184,785,680 Ordinary Shares, in aggregate, comprising the Placing Shares and the Initial Consideration Shares
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting which is set out at the end of this document
<b>“Official List”</b>	the Official List of the UK Listing Authority
<b>“Optionholders”</b>	holders of options over Ordinary Shares

<b>“ORA”</b>	ORA Limited
<b>“ORA Concert Party”</b>	comprising each of ORA, Richard Griffiths, James Ede-Golightly and Michael Bretherton, all existing shareholders in the Company
<b>“Ordinary Shares”</b>	ordinary shares of 0.01 pence each in the capital of the Company
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers
<b>“Placees”</b>	subscribers for the Placing Shares
<b>“Placing Price”</b>	2.5 pence per Ordinary Share
<b>“Placing”</b>	the conditional placing of the Placing Shares at the Placing Price
<b>“Placing Shares”</b>	the 159,185,680 Ordinary Shares to be issued pursuant to the Placing subject to the passing of the Resolutions and which includes the VCT/EIS Shares
<b>“Proposals”</b>	the Placing, the Acquisition and the Rule 9 Waiver
<b>“Prospectus Rules”</b>	the Prospectus Rules made in accordance with EU Prospectus Directive 2003/71/EC
<b>“R&amp;D”</b>	research and development
<b>“Resolutions”</b>	the Whitewash Resolution and any other ordinary or special resolution that the Directors recommend that Shareholders vote in favour of
<b>“Restricted Jurisdictions”</b>	the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa
<b>“Rule 9 Offer”</b>	the requirement for a general offer to be made in accordance with Rule 9 of the City Code
<b>“Rule 9 Waiver”</b>	the waiver agreed by the Panel and to be approved by the Independent Shareholders of the obligations that would otherwise fall upon the IP Group Concert Party pursuant to Rule 9 of the City Code to make a Rule 9 Offer as a result of the Proposals being implemented
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended
<b>“Seller”</b>	the sole shareholder of InfoChem being Springer-Verlag GmbH
<b>“Shareholders”</b>	the persons who are registered as holders of Ordinary Shares at the date of this document
<b>“Stockdale”</b>	Stockdale Securities Limited
<b>“Top Technology Ventures Limited”</b>	a limited company registered in England and Wales with registered number 01977742 and whose registered office is at The Walbrook Building, 25 Walbrook, London EC4N 8AF which is a wholly owned subsidiary of IP Group
<b>“UK Listing Authority”</b>	the FCA in its capacity as the competent authority for the purpose of Part VI of FSMA
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

<b>“VCT”</b>	a Venture Capital Trust under Part 6 of the Income Tax Act 2007
<b>“VCT/EIS Shares”</b>	the 34,000,000 Ordinary Shares to be issued pursuant to the Placing to either a VCT (as defined in section 259 of the Income Tax Act 2007) or to an individual or fund and in respect of which EIS relief (pursuant to Part 5 of the Income Tax Act 2007) is intended to be claimed
<b>“Whitewash Resolution”</b>	an ordinary resolution to approve the Panel’s waiver of the obligation to make a Rule 9 Offer passed on a poll by the Independent Shareholders at the General Meeting

All references to “pounds”, “pounds sterling”, “sterling”, “£”, “pence” and “p” are to the lawful currency of the UK.

## NOTICE OF GENERAL MEETING

# DeepMatter Group plc

(registered in England and Wales No. 05845469)

**NOTICE IS HEREBY GIVEN** that a general meeting of DeepMatter Group plc (the “**Company**”) will be held at the offices of Stockdale Securities Limited, 100 Wood Street, London EC2V 7AN at 9.30 a.m. on 11 March 2019 for the purposes of considering, and if thought fit, passing the following resolutions of which resolutions 1 and 2 are be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution. The Whitewash Resolution will be taken on a poll of holders of Ordinary Shares (excluding members of the IP Group Concert Party and the ORA Concert Party, each of which has undertaken not to vote on this resolution) as required by the City Code on Takeovers and Mergers. All expressions defined in the circular to shareholders dated 22 February 2019 of which this notice forms part (“**Circular**”) shall have the same meaning in this notice as if set out in full in this notice.

### Ordinary Resolutions

1. That the grant of the waiver by the Panel on Takeovers and Mergers on the terms described in the Circular, of any requirement under Rule 9 of the City Code on Takeovers and Mergers for any member of the IP Group Concert Party to make a general offer to shareholders of the Company as a result of the issue to them of the New Shares be and is hereby approved.
2. **Directors’ authority to allot shares**
  - 2.1 That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “**2006 Act**”) to exercise all the powers of the Company to allot and make offers to allot Relevant Securities (as defined below), up to an aggregate nominal amount of £6,482.50, provided that (unless previously revoked, varied or renewed) this authority shall expire 15 months from the date of passing this resolution, or, if earlier, the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution save that the Company may before such expiry make an offer or enter into an agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
  - 2.2 For the purposes of this resolution 2, a “Relevant Security” is:
    - (i) a share in the Company other than a share allotted pursuant to:
      - (a) an employee share scheme (as defined by section 1166 of the 2006 Act);
      - (b) a right to subscribe for a share or shares in the Company where the grant of the right itself constituted a Relevant Security under paragraph (ii) below; or
      - (c) a right to convert securities into a share or shares in the Company where the grant of the right itself constituted a Relevant Security under paragraph (ii) below.
    - (ii) any right to subscribe for or to convert any security into a share or shares in the Company other than a right to subscribe for or convert any security into a share or shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act).
  - 2.3 References to the allotment of “Relevant Securities” in this resolution shall be construed accordingly.

### Special Resolution

3. **Disapplication of statutory pre-emption rights**
  - 3.1 That subject to the passing of resolution 2 above, the Directors of the Company be authorised and empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 2 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power is limited to the allotment of equity securities up to a maximum aggregate nominal amount of £6,482.50.

- 3.2 This authority shall expire 15 months from the date of passing this resolution, or, if earlier, the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution, provided that the Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

**BY ORDER OF THE BOARD**

22 February 2019

*Company Secretary*

*Registered Office:*

The Walbrook Building, 25 Walbrook, London EC4N 8AF

*Notes to the Notice of General Meeting*

1. A member who is entitled to attend and vote at the General Meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him or her, to attend the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member, as his or her proxy to exercise all or any of his rights to attend and to speak and vote at the General Meeting. A proxy need not be a member of the Company.
2. To be valid, any proxy form must be delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Neville Registrars, Neville House, Steelpark Road, Halesowen B62 8HD by 9.30 a.m. on 7 March 2019 or, in the case of an adjournment, by 48 hours before the time appointed for the adjourned General Meeting, together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of the power or authority. Completing and returning a proxy form will not prevent a member from attending in person and voting at the meeting should he or she so wish.
3. As an alternative, Shareholders can submit their proxy electronically at [www.sharegateway.co.uk](http://www.sharegateway.co.uk) by completing the authentication requirements on the website so as to be received by 9.30 a.m. on 7 March 2019 (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting, excluding any part of a day which is not a business day). Holders of ordinary shares will need to use their personal proxy registration code, which is printed on the Form of Proxy, to validate the submission of their proxy online. Should the Form of Proxy be completed electronically and a hard copy then posted, the Form of Proxy that arrives last will be counted to the exclusion of instructions received earlier, whether electronically or posted.
4. Any person to whom this notice is sent who is a person nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a "**nominated person**") may have a right under an agreement between him or her and such member to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If he or she has no such right or does not wish to exercise it, he or she may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in notes 1, 2 and 3 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
5. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the General Meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a person must be entered on the register of holders of the Company no later than 9.30 a.m. on 7 March 2019, being two days before the date of the General Meeting or, in the case of an adjournment, not less than two days prior to the date set for the adjourned General Meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
6. As at 21 February 2019 (the latest practicable date prior to the date of this document), (i) the Company's issued share capital consists of 550,748,266 Ordinary Shares, all carrying one vote each, and (ii) the total voting rights in the Company are 550,748,266.
7. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the General Meeting in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 if 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 general meeting must include any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
8. At the General Meeting the Company must cause to be answered any questions that a member attending the General Meeting asks relating to the business being dealt with at the General Meeting in accordance with Section 319A of the Companies Act 2006. However, no such answer need be given where: (i) answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the General Meeting that the question is answered. Information relating to the General Meeting which the Company is required by the Companies Act 2006 to publish on its website in advance of the General Meeting may be viewed at the Company's website. A member may not use an electronic address provided by the Company in this document or with any proxy appointment form or

in any website for communicating with the Company for any purpose in relation to the General Meeting other than as expressly stated in it.

9. In accordance with section 311A of the Companies Act 2006, the contents of this notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website. Members' matters of business received by the Company after the date of this notice will be available on the Company's website.
10. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, 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 or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "**CREST proxy appointment instruction**") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("**Euroclear**"), and must contain all the relevant information required by the CREST Manual. To be valid the message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by Neville Registrars Limited, as the Company's "issuer's agent" (ID: 7RA11), by 9.30 a.m. on 7 March 2019 (as such a message cannot be transmitted on weekends or on other days when the CREST system is closed). After this time, any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid. The CREST Manual can be reviewed at [www.euroclear.com](http://www.euroclear.com).
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

