

**THE INVESTORS**

**and**

**THE COMPANY**

---

**SHAREHOLDERS AGREEMENT**

**relating to Sphere Medical Holding plc**

---

5 New Street Square | London EC4A 3TW  
Tel +44 (0)20 7300 7000  
Fax +44 (0)20 7300 7100  
DX 41 London  
[www.taylorwessing.com](http://www.taylorwessing.com)

**TaylorWessing**

## Index

Clause No.	Page No.
1. Definitions .....	2
2. Interpretation.....	4
3. The Board and the Investor Directors .....	5
4. Information rights .....	6
5. Matters requiring consent of the Investors .....	8
6. Business undertakings .....	8
7. Further issue and transfer of shares .....	8
8. Confidentiality .....	8
9. Announcements.....	9
10. Effect of ceasing to hold shares .....	9
11. Remedies.....	9
12. Waiver.....	10
13. Entire agreement .....	10
14. Variation and termination.....	10
15. No partnership .....	10
16. Assignment and transfer.....	11
17. Rights of third parties.....	11
18. Conflict between agreements.....	11
19. Counterparts; No originals.....	11
20. Notices .....	12
21. Severance.....	12
22. Governing law.....	12
23. Jurisdiction.....	13
24. Regulatory matters .....	13
25. Exculpation among Investors .....	13
Schedule 1 .....	14
Schedule 2.....	15
Schedule 3.....	16
Schedule 4.....	17
Schedule 5.....	18
Schedule 6.....	20

Agreed form document:

Business Plan

**DATE**

2017

**PARTIES**

- (1) The persons whose names and addresses are set out in part 1 of schedule 1 (the "**Investors**");
- (2) **SPHERE MEDICAL HOLDING PLC** (company number 4179503), whose registered office is at Life Sciences Hub Wales, 3 Assembly Square, Cardiff, CF10 4PL (the "**Company**").

**INTRODUCTION**

- (A) The Company is a company limited by shares, brief particulars of which are set out in part 1 of schedule 2.
- (B) The parties wish to enter into this agreement to regulate the management of the Company and the business of the Group Companies.

**AGREED TERMS**

**1. Definitions**

In this agreement, except where a different interpretation is necessary in the context, the words and expressions set out below shall have the following meanings:

**"Act"** means the Companies Act 2006;

**"Adequate Procedures"** means adequate procedures, as referred to in section 7(2) of the Bribery Act 2010 and any guidance issued by the Secretary of State under section 9 of the Bribery Act 2010 or as referred to in any other applicable anti-corruption laws or regulations of any other jurisdiction;

**"Affiliate"** means, with respect to any Shareholder, any other person who, directly or indirectly, controls, is controlled by, or is under common control with such Shareholder, including, without limitation, any general partner, managing member, officer or director of such Shareholder or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management or advisory company with, such Shareholder;

**"Associated Person"** means in relation to a company, a person (including an employee, agent or subsidiary undertaking) who performs services for or on that company's behalf;

**"Board"** means the board of Directors as constituted from time to time;

**"Budget"** has the meaning in clause 4.2;

**"Business Day"** means a day on which the English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday);

**"Business Plan"** means the business plan for the Company in the agreed form, a copy of which is set out in schedule 7;

**"Deed of Adherence"** means a deed of adherence substantially in the form set out in schedule 5;

**"Director Majority Consent"** means the prior written consent of a majority of the Investor Directors;

**"Director(s)"** means a director or director(s) of the Company from time to time;

**"Encumbrance"** means any mortgage, charge (whether fixed or floating), security interest (including any created by law), lien, pledge, assignment by way of security, equity, hypothecation, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

**"Financial Year"** means a financial year as determined in accordance with section 390 of the Act;

**"Group Companies"** or **"Group"** means the Company and each and any of the Subsidiaries from time to time;

**"Investor Directors"** means the directors appointed in accordance with clauses 3.1 to 3.2;

**"Investor Majority"** means the holders of not less than 50 per cent of the Preferred Shares, which must include Woodford and WLSIF;

**"Investor Majority Consent"** means the prior written consent of the Investor Majority;

**"Investor Shares"** means the Preferred Shares held by the Investors;

**"IPO"** means the admission of all or any of the Shares or securities representing those shares (including without limitation depositary interests, American depositary receipts, American depositary shares and/or other instruments) to or the grant of permission by any like authority for the same to be traded or quoted on the NASDAQ or on the Official List of the United Kingdom Listing Authority or on the AIM Market operated by the London Stock Exchange Plc or any other recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

**"Member of the same Fund Group"** has the same meaning as set out in the New Articles;

**"Member of the same Group"** has the same meaning as set out in the New Articles;

**"New Articles"** means the new articles of association of the Company to be adopted on or prior to the date of this agreement as amended or superseded from time to time;

**"Ordinary Shares"** means ordinary shares of £0.01 each in the capital of the Company, having the rights and subject to the restrictions set out in the New Articles;

**"Permitted Transferees"** has the same meaning as set out in the New Articles;

**"Preferred Shares"** means preferred shares of £0.01 each in the capital of the Company, having the rights and subject to the restrictions set out in the New Articles;

**"Representatives"** has the meaning given in clause 8.1;

**"Subscription Agreement"** means the subscription agreement entered into on or prior to the date of this agreement between the Investors and the Company;

**"subsidiary"** has the meaning set out in section 1159 of the Act provided that paragraphs 5 and 6 of schedule 6 of the Act shall be disapplied;

**"Subsidiaries"** means the subsidiaries and subsidiary undertakings of the Company from time to time;

**"subsidiary undertaking"** has the meaning set out in section 1162 of the Act provided that paragraphs 6 and 7 of schedule 7 of the Act shall be disapplied;

**"Taxation"** means all forms of taxation, duties, rates, levies, contributions, withholdings, deductions, liabilities to account, charges and imposts whether imposed in the United Kingdom or elsewhere in the world;

**"Taxing Authority"** means HM Revenue & Customs and any other governmental, state, federal, provincial, local governmental or municipal authority, body or official whether of the United Kingdom or elsewhere in the world;

**"Treasury Shares"** means shares in the capital of the Company held by the Company as treasury shares within the meaning set out in section 724(5) of the Act;

**"WLSIF"** means The Wales Life Sciences Investment Fund LP acting through its investment manager Arthurian Life Sciences Limited (**ALSL**);

**"Woodford"** means Woodford Patient Capital Trust plc, CF Woodford Equity Income Fund and Omnis Income & Growth Fund, in each case acting through their investment manager Woodford Investment Management Limited.

## **2. Interpretation**

- 2.1 Words and expressions which are defined in the New Articles shall have the meanings attributed to them therein when used in this agreement unless otherwise defined or the context otherwise requires.
- 2.2 Words and expressions which are defined in the Act (to the extent applicable) shall have the meanings attributed to them therein when used in this agreement unless otherwise defined or the context otherwise requires.
- 2.3 The clause and paragraph headings and the table of contents used in this agreement are inserted for ease of reference only and shall not affect construction.
- 2.4 References to an Investor Director shall include any alternate appointed to act in his place from time to time.
- 2.5 References to persons shall include bodies corporate, unincorporated associations and partnerships, in each case whether or not having a separate legal personality.
- 2.6 Reference to a party or parties is to a party or parties of the agreement.
- 2.7 References to documents **"in the agreed form"** are to documents in terms agreed on behalf of the Company and the Investors and initialled on behalf of each such party for the purposes of identification only.

- 2.8 References to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include a reference to that which most nearly approximates to the English legal term in that jurisdiction.
- 2.9 References to those of the parties that are individuals include their respective legal personal representatives.
- 2.10 References to "**writing**" or "**written**" includes any other non-transitory form of visible reproduction of words.
- 2.11 References to the word "**include**" or "**including**" (or any similar term) are not to be construed as implying any limitation and general words introduced by the word "**other**" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded or followed by words indicating a particular class of acts, matters or things.
- 2.12 Reference to "**issued Shares**" of any class or Shares of any class "**in issue**" shall exclude any Shares of that class held as Treasury Shares from time to time, unless stated otherwise.
- 2.13 Reference to the "**holders**" of a class of Shares shall exclude the Company holding Shares of that class as Treasury Shares from time to time, unless stated otherwise.
- 2.14 Except where the context specifically requires otherwise, words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof.
- 2.15 References to statutory provisions, enactments or EC Directives shall include references to any amendment, modification, extension, consolidation, replacement or re-enactment of any such provision, enactment or EC Directive (whether before or after the date of this agreement), to any previous enactment which has been replaced or amended and to any regulation, instrument or order or other subordinate legislation made under such provision, enactment or EC Directive unless any such change imposes upon any party any liabilities or obligations which are more onerous than as at the date of this agreement.
- 2.16 Section 1122 of the Corporation Taxes Act 2010 shall apply to determine whether one person is connected with another for the purposes of this agreement.
- 2.17 References in clauses 3 (The Board and the Investor Directors), 4 (Information rights), 5 (Matters requiring consent of the Investors), 6 (Business undertakings) and 8 (Confidentiality) to the Company and the Board shall include each of the Subsidiaries and the directors for the time being of those subsidiaries respectively.

### **3. The Board and the Investor Directors**

- 3.1 For so long as Woodford and its Permitted Transferees hold not less than 5 per cent of the issued Investor Shares they shall have the right to appoint and maintain in office such natural person as Woodford may from time to time nominate as a Director (and as a member of each and any committee of the Board) and to remove any Director so appointed and, upon his removal whether by Woodford or otherwise, to appoint another Director in his place.

- 3.2 For so long as WLSIF and its Permitted Transferees hold not less than 5 per cent of the issued Investor Shares it shall have the right to appoint and maintain in office such natural person as WLSIF may from time to time nominate as a Director (and as a member of each and any committee of the Board) and to remove any Director so appointed and, upon his removal whether by WLSIF or otherwise, to appoint another Director in his place.
- 3.3 Woodford shall have the right to appoint a representative to attend as an observer at each and any meeting of the Board and of each and any committee of the Board, who will be entitled to speak at any such meetings but will not be entitled to vote.
- 3.4 Appointment and removal of an Investor Director, or an observer appointed by an Investor, shall be by written or email notice to the Company which shall take effect on delivery at its registered office or at any meeting of the Board or committee thereof.
- 3.5 The Company shall send (in electronic form, if so required) to the Investors, any Investor Directors and any observer appointed by an Investor reasonable advance notice of each meeting of the Board and each committee of the Board, such notice to be provided in writing and shall be given not less than five Business Days prior to such meeting accompanied by a written agenda specifying the business to be discussed at such meeting together with all relevant papers.
- 3.6 The quorum for each meeting shall include each Investor Director. Save with Director Majority Consent no business shall be transacted at any meeting of the Board (or committee of the Board) save for that specified in the agenda referred to in clause 3.5.
- 3.7 The Company will reimburse the Investor Directors, and any observer appointed by an Investor, with the reasonable costs and out of pocket expenses incurred by them in respect of attending Board meetings or carrying out authorised business on behalf of the Company.
- 3.8 The parties agree that the Investor Directors shall be under no obligation to disclose any information or opportunities to the Company except to the extent that the information or opportunity was passed to him expressly in his capacity as a Director.

#### **4. Information rights**

- 4.1 The Company shall for each calendar quarter (or each month if the Investor Majority so require) prepare management accounts (in a form approved by an Investor Majority and which reasonably reflect the financial affairs of the Group for that period) with comparisons to the Budget and containing trading and profit and loss accounts, balance sheets, cash flow statements and forecasts and shall deliver them to the Investors within 30 days after the end of each relevant calendar quarter (or month as the case may be).
- 4.2 The Company shall prepare a detailed operating and capital budget and cash flow forecast in respect of each Financial Year of the Group (in consultation with the Investors and in such form as an Investor Majority shall reasonably require from time to time) that shall be approved by the Board and delivered to each Investor at least 60 days prior to the end of the preceding Financial Year (the "**Budget**") together with a copy of the latest Business Plan showing changes (if any) proposed by the Group.
- 4.3 The audited accounts of the Company and audited consolidated accounts of the Group Companies in respect of each accounting period together with the relative audit and management letters and all correspondence between the Company and the auditors of the Company concerning the accounts, shall be completed and delivered to the

Investors within 90 Business Days after the end of the accounting period to which such audited accounts relate.

- 4.4 The Company shall provide each Investor promptly with:
- (a) all documents sent to and all resolutions passed by any shareholders or any lenders to the Company;
  - (b) details of any proposed public announcement by the Company; and
  - (c) such other financial and other information concerning the Group and its business as an Investor may reasonably require from time to time, including monthly management accounts and any information which an Investor Director would be entitled to whether or not the relevant Investor has appointed an Investor Director.
- 4.5 If the Company does not comply with its obligations in clauses 4.1 to 4.4, the Investors, the Investor Directors and a firm of accountants nominated by Investor Majority Consent at the Company's expense will be entitled to attend the Company's premises to examine the books and accounts (both audited and management) of the Company and to discuss the Company's affairs, finances and accounts with its Directors, officers and senior employees. The Company separately undertakes to each of the Investors to co-operate with any accountants appointed by Investor Majority Consent pursuant to this clause 4.7.
- 4.6 Each of the Investor Directors and any observer appointed by an Investor shall be at liberty from time to time to make full disclosure to its appointing Investor of any information relating to the Company.
- 4.7 Notwithstanding clause 9, each Investor is permitted to make such disclosure:
- (a) to its partners, trustees, shareholders, unitholders and other participants and/or to any Member of the same Fund Group as an Investor and/or to any Member of the same Group as an Investor for the purposes of, but not limited to, reviewing existing investments and investment proposals;
  - (b) to any lender to the Company and/or to any shareholder of the Company;
  - (c) as shall be required by law or by any regulatory authority to which the Investor is subject;
  - (d) to the Company's auditors and/or any other professional advisers of the Company;
  - (e) to their professional advisers and to the professional advisers of any person to whom the Investor is entitled to disclose information pursuant to this clause 4.7,

in relation to the business affairs and financial position of the Company as it may in its reasonable discretion think fit, provided that such Investor shall procure that the recipient shall undertake to keep the disclosure confidential on the same basis as is required by the Investor and may require the Company to enter into a confidentiality agreement with the recipient on terms equivalent to those contained in this clause.



## **5. Matters requiring consent of the Investors**

- 5.1 The Company agrees that save with Investor Majority Consent, neither the Company nor any other Group Company shall effect any of the matters referred to in schedule 3.
- 5.2 Each Investor Director or such other person as each Investor shall nominate in writing to the Board shall be authorised to communicate in writing the consent of its appointing Investor to any of the matters referred to in schedule 3.

## **6. Business undertakings**

- 6.1 The Company undertakes to the Investors that it shall apply the proceeds of the subscription for the Preferred Shares subscribed pursuant to the Subscription Agreement solely in the furtherance of the business of the Group in accordance with the Business Plan and the Budget.
- 6.2 The Company undertakes to the Investors to comply with the requirements set out in schedule 4.

## **7. Further issue and transfer of shares**

- 7.1 None of the parties to this agreement shall effect any transfer, mortgage, charge or other disposal of any interest in Preferred Shares nor, without Investor Majority Consent shall the Company issue any Preferred Shares, to any person who is not a party to this agreement without first obtaining from the transferee or subscriber a Deed of Adherence.
- 7.2 The Deed of Adherence shall be in favour of the Company, the Investors and any other parties to this agreement and shall be delivered to the Company at its registered office and to the Investors. Subject to clause 7.1, the Company may refuse to register any share transfer or issue of shares if no such Deed of Adherence has been delivered.
- 7.3 Schedule 6 sets out an agreed worked example of the anti-dilution rights contained in Article 10 of the New Articles.

## **8. Confidentiality**

- 8.1 Subject to clauses 8.4 and 8.5, each of the parties agrees not to (a) disclose any Confidential Information other than to any Member of the same Fund Group, its directors, officers, employees, representatives, consultants and agents ("**Representatives**") who are subject to similar terms of confidentiality and solely in connection with the Investor's investment in the Company or any business relationship between the Company and the Investor or (b) use the Confidential Information other than in connection with the Investor's investment in the Company or any business relationship between the Company and the Investor.
- 8.2 An Investor who has appointed an Investor Director and/or an observer shall procure that such Investor Director and/or observer shall comply with clause 8.1.
- 8.3 For the purposes of this clause, "**Confidential Information**" means non-public and proprietary or sensitive information related to Group.
- 8.4 Nothing in this agreement will be interpreted as placing any obligation of confidentiality or non-use on a party with respect to any information that: (a) is in or enters the public domain through no fault of the party; (b) is already in the possession of the party prior

to receipt of Confidential Information; (c) is obtained by the party from a third party who is not under an obligation of confidentiality to the Company; (d) is approved for disclosure by the consent of the Company; (e) is independently developed by the party without reference to the Company's Confidential Information; or (f) is required to be disclosed pursuant to law, regulation or court order. In the event that Confidential Information is required to be disclosed pursuant to law, regulation or court order, the party shall make all reasonable efforts to promptly notify the Company of such requirement, in order to allow the Company to seek a protective order or seek confidential treatment of such information before its disclosure.

8.5 The provisions of this clause 8 shall be subject to clauses 4.6 and 4.7.

## **9. Announcements**

9.1 Except in accordance with clauses 9.2 or 9.3, the parties shall not make any public announcement or issue a press release or respond to any enquiry from the press or other media concerning or relating to this agreement or its subject matter (including but not limited to the Investors' investment in the Company) or any ancillary matter unless such announcement has been approved by an Investor Majority.

9.2 Notwithstanding clause 9.1, any party may:

- (a) make any press release to the effect that it has made an investment in the Company and/or that it is a shareholder in the Company without obtaining the prior approval of any other parties;
- (b) make or permit to be made an announcement concerning or relating to this agreement or its subject matter or any ancillary matter with the prior written approval of an Investor Majority and the Board or if and to the extent required by:
  - (i) law;
  - (ii) any securities exchange on which such party's securities, or the securities of any Member of the same Fund Group, are listed or traded; or
  - (iii) any regulatory or governmental or other authority with relevant powers to which such party or any Member of the same Fund Group is subject or submits, whether or not the requirement has the force of law.

## **10. Effect of ceasing to hold shares**

A party shall cease to be a party to this agreement for the purpose of receiving benefits and enforcing his rights with effect from the date he ceases to hold or beneficially own any shares in the capital of the Company (but without prejudice to any benefits and rights accrued prior to such cessation).

## **11. Remedies**

11.1 The rights, powers, privileges and remedies conferred upon the Investors in this agreement are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

## **12. Waiver**

The express or implied waiver by any party to this agreement of any of its rights or remedies arising under this agreement or by law shall not constitute a continuing waiver of the right or remedy waived or a waiver of any other right or remedy.

## **13. Entire agreement**

- 13.1 This agreement and the documents referred to or incorporated in it (including, without limitation, the Subscription Agreement and the New Articles) constitute the entire agreement between the parties relating to the subject matter of this agreement and supersede and extinguish any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, between the parties in relation to the subject matter of this agreement.
- 13.2 Each of the parties acknowledges and agrees that it has not entered into this agreement in reliance on any statement or representation of any person (whether a party to this agreement or not) other than as expressly incorporated in this agreement and the documents referred to or incorporated in this agreement.
- 13.3 Without limiting the generality of the foregoing, each of the parties irrevocably and unconditionally waives any right or remedy it may have to claim damages and/or to rescind this agreement by reason of any misrepresentation (other than a fraudulent misrepresentation) having been made to it by any person (whether party to this agreement or not) and upon which it has relied in entering into this agreement.
- 13.4 Each of the parties acknowledges and agrees that the only cause of action available to it under the terms of this agreement and the documents referred to or incorporated in this agreement shall be for breach of contract.
- 13.5 Nothing contained in this agreement or in any other document referred to or incorporated in it shall be read or construed as excluding any liability or remedy as a result of fraud.

## **14. Variation and termination**

- 14.1 All and any of the provisions of this agreement may be deleted, varied, supplemented, restated or otherwise changed in any way at any time with the prior written consent of the Company and the Investor Majority, in which event such change shall be binding against all of the parties hereto provided that if such change would impose any new obligations on a party, vary an express contractual right of that party under this agreement or increase any existing obligation, the consent of the affected party to such change shall be specifically required.
- 14.2 This agreement may be terminated with the prior written consent of the Company and the Investor Majority, in which event such termination shall be binding against all of the parties hereto.
- 14.3 This agreement shall terminate upon an IPO or a Share Sale (both as defined in the New Articles).

## **15. No partnership**

Nothing in this agreement is intended to or shall be construed as establishing or implying any partnership of any kind between the parties.

## **16. Assignment and transfer**

16.1 Subject to clause 16.3, this agreement is personal to the parties and no party shall:

- (a) assign any of its rights under this agreement;
- (b) transfer any of its obligations under this agreement;
- (c) sub-contract or delegate any of its obligations under this agreement; or
- (d) charge or deal in any other manner with this agreement or any of its rights or obligations.

16.2 Any purported assignment, transfer, sub-contracting, delegation, charging or dealing in contravention of clause 16.1 shall be ineffective.

16.3 An Investor may assign the whole or part of any of its rights in this agreement to any person who has received a transfer of shares in the capital of the Company from such Investor in accordance with the New Articles and has executed a Deed of Adherence.

## **17. Rights of third parties**

17.1 Subject to clause 17.2, this agreement does not confer any rights on any person or party (other than the parties to this agreement) pursuant to the Contracts (Rights of Third Parties) Act 1999.

17.2 The general partner of an Investor or the management company authorised from time to time to act on behalf of an Investor or another person or persons nominated by an Investor, shall be entitled to enforce all of the rights and benefits under this agreement at all times as if party to this agreement.

17.3 The parties acknowledge that Woodford Investment Management Limited is the investment manager of, and will enter into all documentation on behalf of, the Woodford. All of Woodford's rights will be exercised by Woodford Investment Management Limited as agent for Woodford. Woodford Investment Management Limited is acting as agent only and as such assumes no direct responsibility or liability whatsoever.

## **18. Conflict between agreements**

Subject to any applicable law, in the event of any ambiguity or conflict between this agreement and the New Articles, the terms of this agreement shall prevail as between the parties and in such event the parties shall procure such modification to the New Articles as shall be necessary.

## **19. Counterparts; No originals**

This agreement may be executed in any number of counterparts, each of which shall constitute an original, and all the counterparts shall together constitute one and the same agreement. The exchange of a fully executed version of this agreement (in counterparts or otherwise) by electronic transmission in PDF format shall be sufficient to bind the parties to the terms and conditions of this agreement and no exchange of originals is necessary.

## **20. Notices**

20.1 Any communication and/or information to be given in connection with this agreement shall be in writing in English and shall either be delivered by hand or sent by first class post, fax or email:

- (a) to the Company, if by hand or by first class post, to its registered office from time to time and if by email, [wolfgang.rencken@spheremedical.com](mailto:wolfgang.rencken@spheremedical.com) and [richard.wright@spheremedical.com](mailto:richard.wright@spheremedical.com), marked for the attention of the Chief Executive Officer and Chief Financial Officer;
- (b) to Woodford, if by hand or by first class post, to its registered office from time to time and if by email to [saku.saha@woodfordfunds.com](mailto:saku.saha@woodfordfunds.com), in each case marked for the attention of Saku Saha, with a copy by email to each of [compliance@woodfordfunds.com](mailto:compliance@woodfordfunds.com) and [charles.fox@woodfordfunds.com](mailto:charles.fox@woodfordfunds.com);
- (c) to WLSIF, if by hand or by first class post, to its registered office from time to time and if by email to [legal@arixbioscience.com](mailto:legal@arixbioscience.com), in each case marked for the attention of General Counsel;

(or in each such case such other address or email address as the recipient may notify to the other parties in writing for such purpose).

20.2 A communication sent according to clause 20.1 shall be deemed to have been received:

- (a) if delivered by hand, at the time of delivery;
- (b) if sent by pre-paid first class post, on the second day after posting; or
- (c) if sent by email, at the time of receipt by the recipient;

except that if a communication is received between 5.30 pm on a Business Day and 9.30 am on the next Business Day, it shall be deemed to have been received at 9:30 am on the second of such Business Days.

## **21. Severance**

21.1 If any provision of this agreement is held to be invalid or unenforceable by any judicial or other competent authority, all other provisions of this agreement will remain in full force and effect and will not in any way be impaired.

21.2 If any provision of this agreement is held to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, the provision in question will apply with the minimum modifications necessary to make it valid and enforceable.

## **22. Governing law**

This agreement (and any dispute or claim relating to it or its subject matter (including non-contractual claims)) is governed by and is to be construed in accordance with English law.

## **23. Jurisdiction**

The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any claim, dispute or issue (including non-contractual claims) which may arise out of or in connection with this agreement.

## **24. Regulatory matters**

24.1 No Investor or general partner of any Investor or management company authorised from time to time to act on behalf of any Investor is acting for or advising any other party to the transaction that is the subject of this agreement or undertaking any other activity in relation to that other party that implies in any way that the other party is a client and accordingly no such Investor, general partner of any Investor and/or management company of any Investor (as appropriate) shall be responsible to any other party for providing any protection afforded to any client (as defined in the Glossary to the FCA Handbook of rules and guidance) for any Investor.

24.2 The Investors will not be obliged to comply with any provision of this agreement if so complying would result in the Investor breaching any applicable law or regulation (to be determined by the Investors in their sole discretion) provided that Investors will use reasonable endeavours to procure that any such breach is avoided. If, by entering into any provision of this agreement, the Investors would be in breach of any applicable law or regulation (to be determined by the Investor in its sole discretion), that provision will be treated by the parties as void ab initio and will be severed from this agreement. Notwithstanding that severance, the other provisions of this agreement and the remainder (if any) of the relevant provision will continue to be fully effective.

## **25. Exculpation among Investors**

Each Investor acknowledges to the other Investors that such Investor is not relying upon any person, firm, or corporation, other than the Company and its officers and directors (other than the Investor Directors), in making its investment or decision to invest in the Company. Each Investor agrees that no Investor, no respective Affiliates of any Investor (other than the Company) and no Investor Directors shall be liable to any of the other Investors, or any of the Investors in the case of the Investor Directors, for any action taken or omitted to be taken by any of them in connection with the transactions described or contemplated in this agreement.

This agreement has been executed on the date shown on the first page.

## SCHEDULE 1

### The Investors

<b>Name</b>	<b>Address</b>
Woodford Patient Capital Trust plc	40 Dukes Place, London EC3A 7NH
CF Woodford Equity Income Fund	9400 Garsington Road, Oxford Business Park, Oxford, OX4 2HN
Omnis Income & Growth Fund	9400 Garsington Road, Oxford Business Park, Oxford, OX4 2HN
The Wales Life Sciences Investment Fund LP	Life Sciences Hub Wales, 3 Assembly Square, Cardiff, CF10 4PL

## SCHEDULE 2

### Particulars of the Company

Registered number:	04179503
Registered office:	Life Sciences Hub Wales, 3 Assembly Square, Cardiff, CF10 4PL
Directors	Wolfgang Rencken Richard Wright David Martyr John Gregory Stephen Mahle Brenig Preest Meinhard Schmidt
Secretary:	Richard Wright
Accounting reference date:	31 December
Charges:	2 charges dated 3 January 2017 each in favour of Silicon Valley Bank with charge codes 0417 9503 0003 and 0417 9503 0002
Auditors:	Grant Thornton UK LLP
Issued share capital (including treasury shares):	141,757,872 ordinary shares



## **SCHEDULE 3**

### **Matters requiring Investor Majority Consent**

1. Amend the Company's articles of association or other constitutional documents.
2. Create, allot, issue (or agree to create, allot or issue) any shares or securities in the Company, or grant any option, warrant or other right to subscribe for, convert into or otherwise require the creation, allotment or issue of any such shares or securities, whether conditional or not (except in connection with the employee share option plan).
3. Increase, repay, subdivide, consolidate, capitalise, redenominate or otherwise vary the share capital of the Company.
4. Redeem, purchase, otherwise acquire or decide to hold in treasury any interest in any issued share capital of the Company (other than from a former employee in accordance with the Company's articles).
5. Reduce the Company's share capital, reduce any uncalled liability in respect of the Company's share capital or capitalise any reserves of the Company.
6. Modify, vary, alter or abrogate the rights, privileges or restrictions attaching to any shares or securities of the Company.
7. Acquire any share or loan capital or ownership or partnership interest in any company, partnership, business or undertaking, or establish any subsidiary.
8. Dispose of or dilute the Company's interest in any subsidiary, subsidiary undertaking, business, undertaking or partnership.
9. Approve any merger, liquidation, dissolution or acquisition of the Company.
10. Enter into any negotiations or reach any agreement for the Company to sell, transfer, lease, licence or otherwise dispose of any significant asset (excluding for the avoidance of doubt any licencing or other exploitation of intellectual property in the normal course of business) or any material part of the Company's business or undertaking, whether by a single transaction or series of transactions, whether related or not.
11. Save in respect of an insolvent liquidation, pass any resolution, seek any order or take any step with a view to the liquidation, winding up, striking off, dissolution, administration, or receivership in respect of the Company or all of any part of its assets or undertaking or the equivalent in any other jurisdiction.
12. Establish any share option, employee share ownership, employees' trust or other similar equity related incentive scheme.
13. Enter into any contract or arrangement with a related party that is not in the ordinary course of business and on arm's length terms.
14. Permit the appointment or removal of any person as a director of the Company (save in respect of the appointment of an Investor Director or any change of an Investor Director).
15. Enter into any agreement, commitment or arrangement to do any of the above.

## **SCHEDULE 4**

### **Undertakings**

1. The Company shall take out and maintain insurances satisfactory to the Investor Majority and shall on request supply any Investor with a schedule of such insurances.
2. The Company shall take all such reasonable action as may be required of it by the Investor Majority to protect its intellectual property rights and/or other property and assets.
3. All new business opportunities relevant to the Company shall only be taken up through the Company or a wholly owned subsidiary.
4. New employees engaged by the Company shall not bring with them and employ intellectual property belonging to their ex-employers and other third parties.
5. The Company shall comply with the terms of this agreement and the New Articles.
6. The Company shall comply with all applicable laws and regulations and maintain all required licences and consents and shall immediately notify the Investors if the Company loses any such licence or consent.
7. The Company will promptly pay all Taxation that is payable by it to the relevant Taxing Authority.
8. The Company shall engage in any activity, practice or conduct which would constitute an offence under section 1, 2 or 6 of the Bribery Act 2010 or any other applicable anti-corruption laws or regulations of any other jurisdiction.
9. The Company has and shall maintain in place Adequate Procedures designed to prevent any Associated Person of the Company from undertaking any conduct that would give rise to an offence under section 7 of the Bribery Act 2010 or any other applicable anti-corruption laws or regulations of any other jurisdiction.
10. The Company shall, from time to time, at the reasonable request of any Investor, confirm in writing that it has complied with undertakings 8 and 9 and will provide any information reasonably requested by any of the Investors in support of such compliance.
11. The Company shall procure that each other Group Company shall comply with those provisions of the New Articles which are expressed to apply to a Group Company and that no Group Company shall do or permit to be done any act, matter or thing which if it were done or permitted to be done by the Company would constitute a breach by the Company of any provision of the New Articles or would require any consent, approval or sanction under the New Articles, unless in such latter case such consent, approval or sanction has first been obtained.

## SCHEDULE 5

### Deed of Adherence

**THIS DEED** is made on 201[ ]

**BY** [ ]

#### INTRODUCTION

- (A) By a [transfer]/[subscription for shares] dated [of even date herewith] [ ] [(the "**Transferor**") transferred to the Transferee/[ ] (the "**Subscriber**") subscribed for] [ ] Shares of [ ] each in the capital of [ ] Limited (the "**Company**") (together the ["**Transferred Shares**"/"**Subscribed Shares**").
- (B) This deed is entered into in compliance with the terms of clause [ ] of an agreement dated [ ] made between (1) [name parties to the agreement] and (2) the Company and others (all such terms as are therein defined) (which agreement is herein referred to as the "**Shareholders Agreement**").

#### AGREED TERMS

- Words and expressions used in this deed shall have the same meaning as is given to them in the Shareholders Agreement unless the context otherwise expressly requires.
- The [Transferee]/[Subscriber] hereby agrees to assume the benefit of the rights [of the Transferor] under the Shareholders Agreement in respect of the [Transferred]/[Subscribed] Shares) [provided that rights in respect of any breach of the Warranties given by the Company shall only be capable of being assumed by the [Transferee] if he is a person who is to receive a transfer of shares in the capital of the Company from an Investor in accordance with Article [ ] of the New Articles)] and hereby agrees to assume and assumes the burden of the [Transferor's] obligations under the Shareholders Agreement to be performed after the date hereof] in respect of the [Transferred]/[Subscribed] Shares.
- The [Transferee]/[Subscriber] hereby agrees to be bound by the Shareholders Agreement in all respects as if the [Transferee]/[Subscriber] were a party to the Shareholders Agreement as one of the [Investor] and to perform [:
  - all the obligations of the Transferor in that capacity thereunder; and
  - ]all the obligations expressed to be imposed on such a party to the Shareholders Agreement;[in both cases], to be performed or on or after [the date hereof].
- This deed is made for the benefit of:
  - the parties to the Shareholders Agreement; and
  - any other person or persons who may after the date of the Shareholders Agreement (and whether or not prior to or after the date hereof) assume any rights or obligations under the Shareholders Agreement and be permitted to do so by the terms thereof,



## SCHEDULE 6

### Anti-Dilution protection

#### Worked example (illustrative only)

$$N = \left( \left( \frac{SIP}{WA} \right) x Z \right) - Z = \left( \frac{2}{1.667} x 100,000 \right) - 100,000 = 20,000$$

Where:

N= Number of Anti-Dilution Shares to be issued to the Exercising Investor

$$WA = \frac{(SIP x ESC) + (QISP x NS)}{(ESC + NS)} = \frac{(2 x 1,000,000) + (1 x 500,000)}{(1,000,000 + 500,000)} = 1.667$$

SIP = Starting Price - £2.00

ESC = the number of Equity Shares in issue plus the aggregate number of shares in respect of which options to subscribe have been granted, or which are subject to convertible securities (excluding warrants) in each case immediately prior to the Qualifying Issue – 1,000,000

QISP= the lowest per share price of the New Securities issued pursuant to the Qualifying Issue - £1.00

NS = the number of the New Securities issued pursuant to the Qualifying Issue – 500,000

Z = the number of Preferred Shares held by the Exercising Investor prior to the Qualifying Issue – 100,000.

**Note: the above is only a worked example, with rounding applied only for ease of illustration. It is agreed that no rounding shall occur until the point at which N is calculated.**

**SCHEDULE 7**

**BUSINESS PLAN**

**Inserted immediately following this page 21**

EXECUTED by )  
WOODFORD INVESTMENT MANAGEMENT )  
LIMITED as agent for and on behalf of )  
WOODFORD PATIENT CAPITAL TRUST )  
PLC )

DocuSigned by:  
*Chris Martin* Authorised Signatory  
.....0D5D86830A4646A..... Duly authorised attorney

EXECUTED by )  
WOODFORD INVESTMENT MANAGEMENT )  
LIMITED as agent for and on behalf of )  
CF WOODFORD EQUITY INCOME FUND, )  
a sub fund of CF WOODFORD INVESTMENT FUND )

DocuSigned by:  
*Chris Martin* Authorised Signatory  
.....0D5D86830A4646A..... Duly authorised attorney

EXECUTED by )  
WOODFORD INVESTMENT MANAGEMENT )  
LIMITED as agent for and on behalf of )  
OMNIS INCOME & GROWTH FUND, a sub )  
fund of OMNIS PORTFOLIO INVESTMENTS )  
ICVC )

DocuSigned by:  
*Chris Martin* Authorised Signatory  
.....0D5D86830A4646A..... Duly authorised attorney

EXECUTED by )  
ARTHURIAN LIFE SCIENCES LIMITED )  
as agent for and on behalf of )  
THE WALES LIFE SCIENCES INVESTMENT )  
FUND LP )  
acting by a director )

..... Director

EXECUTED by )  
SPHERE MEDICAL HOLDING PLC )  
acting by a director )

..... Director

EXECUTED by )  
WOODFORD INVESTMENT MANAGEMENT )  
LIMITED as agent for and on behalf of )  
WOODFORD PATIENT CAPITAL TRUST )  
PLC )

..... Duly authorised attorney

EXECUTED by )  
WOODFORD INVESTMENT MANAGEMENT )  
LIMITED as agent for and on behalf of )  
CF WOODFORD EQUITY INCOME FUND, )  
a sub fund of CF WOODFORD INVESTMENT FUND) )

..... Duly authorised attorney

EXECUTED by )  
WOODFORD INVESTMENT MANAGEMENT )  
LIMITED as agent for and on behalf of )  
OMNIS INCOME & GROWTH FUND, a sub )  
fund of OMNIS PORTFOLIO INVESTMENTS) )  
ICVC )

..... Duly authorised attorney

EXECUTED by )  
ARTHURIAN LIFE SCIENCES LIMITED )  
as agent for and on behalf of )  
THE WALES LIFE SCIENCES INVESTMENT) )  
FUND LP )  
acting by a director )

.....  Director

EXECUTED by )  
SPHERE MEDICAL HOLDING PLC )  
acting by a director )

..... Director



**EXECUTED** by )  
**WOODFORD INVESTMENT MANAGEMENT**)  
**LIMITED** as agent for and on behalf of )  
**WOODFORD PATIENT CAPITAL TRUST** )  
**PLC** )

..... Duly authorised attorney

**EXECUTED** by )  
**WOODFORD INVESTMENT MANAGEMENT** )  
**LIMITED** as agent for and on behalf of )  
**CF WOODFORD EQUITY INCOME FUND,** )  
a sub fund of **CF WOODFORD INVESTMENT FUND)**

..... Duly authorised attorney

**EXECUTED** by )  
**WOODFORD INVESTMENT MANAGEMENT**)  
**LIMITED** as agent for and on behalf of )  
**OMNIS INCOME & GROWTH FUND,** a sub )  
fund of **OMNIS PORTFOLIO INVESTMENTS)**  
**ICVC** )

..... Duly authorised attorney

**EXECUTED** by )  
**ARTHURIAN LIFE SCIENCES LIMITED** )  
as agent for and on behalf of )  
**THE WALES LIFE SCIENCES INVESTMENT)**  
**FUND LP** )  
acting by a director )

..... Director

**EXECUTED** by )  
**SPHERE MEDICAL HOLDING PLC** )  
acting by a director )

*ws Rencken*

*WD RENCKEN*  
..... Director