

DATED

21 August

2017

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THE INVESTORS

and

THE COMPANY

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SUBSCRIPTION AGREEMENT

relating to Sphere Medical Holding plc

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### Agreed form documents:

Accounts  
Business Plan  
Disclosure letter  
Management Accounts  
New Articles  
Resolutions  
Shareholders Agreement  
Warrant

DATE

21 August

2017

**PARTIES**

- (1) The persons whose names and addresses are set out in 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) Details of the legal and beneficial ownership of the share capital of the Company are set out in schedule 3.
- (C) The Investors wish to subscribe for shares in the capital of the Company on and subject to the terms of this agreement.

**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:

"**Accounts**" means the consolidated audited balance sheets and profit and loss accounts of the Company and its subsidiaries as at the Accounts Date for the period ended on the Accounts Date in the agreed form;

"**Accounts Date**" means 31 December 2016;

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

"**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;

"**Backstop Date**" means the date at the end of a period of 14 days from the Completion Date, or such other date as is agreed in writing between the Company and the Investors;

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

"**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 Group in the agreed form;

**"Claim(s)"** means any claim(s) for breach of any Warranty;

**"Completion"** means completion by the parties of their respective obligations in accordance with clause 4 (Completion);

**"Completion Conditions"** means the conditions set out in part 1 of schedule 4;

**"Completion Date"** means the date upon which Completion occurs;

**"Completion Disclosure Letter"** means the letter in the agreed form from the Warrantor to the Investors executed and delivered immediately before Completion;

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

**"Disclosed"** means fairly disclosed to the Investors in the Disclosure Letter, with sufficient explanation and detail to enable each Investor to identify clearly the nature and scope of the matters disclosed;

**"Disclosure Letter"** means the letter in the agreed form from the Warrantor to the Investors executed and delivered immediately before the date of this agreement;

**"Encumbrance"** means any mortgage, charge, security interest, lien, pledge, assignment by way of security, equity, 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);

**"Group"** means the Company and the Subsidiaries and **"Group Company"** means any of them;

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

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

**"Losses"** means any losses, damages, liabilities, fees, expenses (including legal expenses and lawyers' fees) and costs;

**"Management Accounts"** means the management accounts of the Company for the period starting on the Accounts Date and ending on 31 July 2017 in the agreed form;

**"Material Adverse Change"** means an event or series of events between the date of this agreement and Completion which in the reasonable opinion of the Investors:

- (a) has had or is likely to have a material adverse effect on the business or prospects of the Group;
- (b) otherwise materially adversely affects the value of the shares proposed to be subscribed by the Investors on Completion;
- (c) constitutes a material adverse change in the conditions generally affecting the economies, political environments or financial markets of any of the major world economies; or

(d) may have a material adverse financial, reputational or regulatory effect on the Investors if they were to proceed to Completion,

save that no event or series of events shall be considered a Material Adverse Change should they be caused by the transaction(s) contemplated by this agreement (including, without limitation, the announcement thereof);

**"New Articles"** means the new articles of association of the Company in the agreed form to be adopted on or prior to Completion as amended or superseded from time to time;

**"New Shares"** means the Preferred Shares subscribed by the Investors pursuant to clause 3.1;

**"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;

**"Preferred Shares"** means the 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;

**"Property"** means the property described in schedule 6;

**"Resolutions"** means the resolutions in agreed form to be passed by the Company by written resolution as specified in schedule 4;

**"Shareholders"** means each of the Investors and the other members of the Company from time to time (but excludes the Company holding Shares as Treasury Shares from time to time);

**"Shareholders Agreement"** means the shareholders agreement entered into on or about the date of this agreement, inter alia, between the parties in the agreed form;

**"Share Option Plan"** means the share option plan of the Company adopted by the Directors from time to time;

**"Shares"** means the shares in the capital of the Company (of whatever class);

**"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 of the Company, brief particulars of which are set out in part 2 of schedule 2;

**"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;

**"Warranties"** means the warranties given pursuant to clause 6 (references to a particular representation or warranty being to a statement set out in schedule 5);

**"Warrant"** means the warrant(s) to subscribe for up to 283,486,888 Preferred Shares in aggregate constituted under the warrant instrument in the agreed form to be entered into by the Company or about the date of this agreement;

**"Warrantor"** means the Company;

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

**"Woodford"** means Woodford Investment Management Limited, as investment manager of each of the Woodford Funds; and

**"Woodford Funds"** means each of CF Woodford Equity Income Fund ("**WEIF**"), Woodford Patient Capital Trust Plc ("**WPCT**") and Omnis Income & Growth Fund ("**OIG**").

## **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 persons shall include bodies corporate, unincorporated associations and partnerships, in each case whether or not having a separate legal personality.
- 2.5 Reference to a party or parties is to a party or parties of the agreement.
- 2.6 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.
- 2.7 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.
- 2.8 References to those of the parties that are individuals include their respective legal personal representatives.
- 2.9 References to "**writing**" or "**written**" includes any other non-transitory form of visible reproduction of words.
- 2.10 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.
- 2.11 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.
- 2.12 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.

- 2.13 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.
- 2.14 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.
- 2.15 References in clauses 6 (Warranties) and schedule 5 (Warranties) to the Company and the Board shall include each of the Subsidiaries and the directors for the time being of those subsidiaries respectively.

### 3. Subscriptions

- 3.1 Subject to the provisions of clause 4, the Investors apply for the allotment and issue to them at First Completion of the following shares as set out in the table below and the Company accepts such applications:

<b>Investor</b>	<b>No. of New Shares</b>	<b>Total subscription monies (£)</b>
WPCT	106,307,583	3,000,000
OIG	35,435,861	1,000,000
WLISF	35,435,861	1,000,000
<b>Total</b>	<b>177,179,305</b>	<b>5,000,000</b>

- 3.2 Notwithstanding the information contained at clause 3.1 above, Woodford shall be entitled, in its sole discretion, to direct that the New Shares to be issued to the Woodford Funds shall be re-allocated between any of the Woodford Funds as Woodford directs on Completion.
- 3.3 The Investors shall be entitled to direct that the New Shares be issued and registered in the name of any nominee or custodian holding such shares on its behalf as bare nominee and the provisions of clauses 3.1 and 4 shall be interpreted accordingly and unless notified otherwise prior to Completion, the nominees for each of the Woodford Funds shall be as set out at Schedule 1.

### 4. Completion

- 4.1 Subject to the Completion Conditions being satisfied or waived by both of the Investors, Completion shall take place at the Company's registered offices on 15 September 2017 (or at such other place and time as the Company and the Investors shall agree), when the events set out in clause 4.3 shall take place in such order as the Investors may require.
- 4.2 The Company shall notify the Investors as soon as it becomes aware of any fact or circumstance which has caused or will or is likely to cause any of the Completion Conditions not to be satisfied
- 4.3 The following events shall occur on the Completion Date:

- (a) subject to clause 4.4, each Investor shall pay the sum set out against its name in column 3 of the table in clause 3.1 by electronic funds transfer to the bank account of the Company;
- (b) the Company shall deliver to the Investors the Completion Disclosure Letter stating that the Company is not aware of any fact, matter or circumstance which would be a breach of a Warranty (saved as Disclosed in such letter) or a Material Adverse Change;
- (c) a meeting of the Board shall be held at which the Company shall:
  - (i) subject to receipt of the relevant subscription monies issue and allot the New Shares to each Investor in the amount set forth opposite its name in column 2 of the table in clause 3.1, credited as fully paid and enter their names or the names of their nominees in the register of members of the Company as the registered holders in respect thereof;
  - (ii) authorise the Company to issue and deliver to the Investors certificates duly executed by the Company in respect of the relevant New Shares. Such certificates shall be issued in the name of the entities as specified at column 3 of Schedule 1 and delivered to the relevant recipient set out at column 4 of Schedule 1;
  - (iii) increase the option pool under the Share Option Plan to 70,000,000 Ordinary Shares including options already granted; and
  - (iv) pass any such other resolutions as may be required to carry out the obligations of the Company under this agreement and the Shareholders Agreement.

4.4 Subject in the case of Woodford to clause 15.1, within 4 Business Days following the Completion Date, each Investor shall pay the sum set out against its name in the table in clause 3.1 (being the aggregate subscription price for the New Shares for which it is subscribing at Completion) by electronic funds transfer to the bank account of the Company notified to the Investors prior to the Completion Date.

4.5 Each Investor shall have the right to terminate this agreement immediately, and no Investor shall be obliged to complete the subscription for the New Shares in accordance with clause 3.1 or complete any of the transactions or do any of the things referred to in clause 4.3 or clause 4.4, if in the period since the date of this agreement (i) an event or series of event occurs which would cause a breach of a Warranty if the Warranties were to be repeated on each and every date up to and including Completion which was not Disclosed in the Disclosure Letter (whether Disclosed in the Completion Disclosure Letter or otherwise); or (ii) an event occurs which is a Material Adverse Change; or (iii) the subscription for the New Shares or the Warrants would result in a breach of any regulatory or funds limits set out in any constitutional or compliance documentation of either of the Investors, including of the Woodford Funds. The Investors will use reasonable endeavours to procure that any such breach is avoided, but the Investors shall not in any event be under any obligation to reallocate the allocations set out in clause 3.1, including, in the case of Woodford, reallocation between the Woodford Funds.

Upon an Investor determining not to complete the subscription pursuant to clause 4.5(ii) or clause 4.5(iii), then the relevant Investor shall notify the Company of such decision as soon as reasonably practicable.

4.6 The Company shall notify the Investors as soon as reasonably practicable if it becomes aware of anything which may give any of the Investors the right to terminate



this agreement under clause 4.5. Any notification shall contain, so far is practicable, sufficient detail to enable the Investors to make a reasonable assessment of the situation and its likely effect on the Company and its Subsidiaries.

- 4.7 Each of the parties irrevocably waives all pre-emption rights conferred on it (whether by the articles of association of the Company, the Act or otherwise) in relation to the issue of all New Shares required to be subscribed for under this agreement.
- 4.8 At any time prior to the Backstop Date, the Company shall be entitled to issue and allot up to 106,307,583 Preferred Ordinary Shares at a price per share of no less than £0.02822 to such existing and/or new shareholders as the Board may determine.
- 4.9 On the Backstop Date a meeting of the Board shall be held at which the Company shall for a consideration of £1.00 from each of the relevant Woodford Funds, WLSIF and any other subscriber for New Shares under clause 4.8 ("**Additional Subscribers**"), of which the Company confirms receipt, authorise the Company to issue and deliver certificates duly executed by the Company in respect of Warrants of an aggregate amount of £8,000,000 executed in favour of the relevant Woodford Funds, WLSIF and any Additional Subscribers in the proportion in which each of the relevant Woodford Funds, WLSIF and any Additional Subscriber has subscribed for New Shares.
- 4.10 Unless an Investor Majority and the Company agree otherwise, the Company shall not issue any shares to any person who is not a party to the Shareholders Agreement without first obtaining from the new subscriber a Deed of Adherence pursuant to which the new subscriber agrees to be bound by the Shareholders Agreement in all respects as if the new subscriber were a party to such agreement. The Deed of Adherence shall be in favour of the Company, the Investors and any other parties to the Shareholders Agreement and shall be delivered to the Company at its registered office.

## 5. Warranties

- 5.1 The Warrantor warrants to each of the Investors that each and every Warranty set out in part 1 of schedule 5 is true, accurate in all respects and not misleading at the date of this agreement subject only to the matters Disclosed.
- 5.2 Immediately before the Investors subscribe for the Shares, the Warrantor warrants to each of the Investors that each and every Warranty set out in schedule 5 is true, accurate in all respects and not misleading as at the Completion Date subject only to:
- (a) the matters Disclosed in the Disclosure Letter; and
  - (b) the matters Disclosed in the Completion Disclosure Letter (if any).
- 5.3 Each Warranty is a separate and independent warranty, and, save as otherwise expressly provided, no Warranty shall be limited by reference to any other Warranty or by the other terms of this agreement, the Disclosure Letter and the Completion Disclosure.
- 5.4 The rights and remedies of the Investors in respect of any breach of any of the Warranties shall not be affected by Completion, any investigation made by or on behalf of the Investors into the affairs of the Company or any other event or matter whatsoever which otherwise might have affected such rights and remedies except a specific and duly authorised written waiver or release.
- 5.5 No information relating to the Company of which the Investors have knowledge (actual or constructive) other than by reason of it being Disclosed in accordance with

clauses 5.1(a) or 5.2(a) shall prejudice any Claim which the Investors shall be entitled to bring or shall operate to reduce any amount recoverable by the Investors under this agreement.

- 5.6 Where any Warranty is qualified by the expression "**so far as the Warrantor is aware**" or words having similar effect, such Warranty shall be deemed to include a statement that such awareness means both the actual knowledge of the Warrantor and also such knowledge which the Warrantor would be deemed to have knowledge of if they had made reasonable enquiry of all relevant persons.

## **6. Limitations on Warranty Claims**

- 6.1 The limitations set out in this clause 6 shall not apply to any Claim which is the consequence of fraud, dishonesty, wilful concealment or wilful misrepresentation by or on behalf of the Warrantor.
- 6.2 No Claim may be made against the Warrantor unless written notice of such Claim is served on the Warrantor in respect of (i) the Warranties set out in section 15 of part B of schedule 5 by no later than the earlier of the date which is seven years after the Completion Date and (ii) all other Warranties the date which is six months after the audited accounts for the year ended 31 December 2017 have been received by the Investors.
- 6.3 Failure to give reasonable details of any Claims shall not prevent the Investors from proceeding with any Claim otherwise made properly under this agreement.
- 6.4 The aggregate liability of the Warrantor in respect of all and any Claims shall be limited to an amount equal to the aggregate amount subscribed by the Investors pursuant to this agreement including, for the avoidance of doubt, any amounts subscribed for by the Investors as a result of exercising any of the Warrants.
- 6.5 The Warrantor shall not be liable in respect of any Claim unless the aggregate liability for all Claims including costs and expenses exceeds £50,000, in which case the Warrantor shall be liable for the entire amount and not merely the excess
- 6.6 The Warrantor shall not be liable in respect of any Claim where the liability resulting from the breach is less than £10,000 including costs and expenses, and any such liability of less than £10,000 shall be disregarded in computing the figure of £50,000 referred to in clause 6.5.
- 6.7 No liability of the Warrantor in respect of any breach of any Warranty shall arise:
- (a) if such breach occurs by reason of any matter which would not have arisen but for the coming into force of any legislation not in force at the date of this agreement or by reason of any change to HM Revenue & Customs' practice occurring after the date of this agreement;
  - (b) to the extent that specific allowance, provision or reserve has been made in the Accounts or in the Management Accounts specifically in respect of the matter to which such liability relates;
  - (c) to the extent that such breach or claim arises as a result of any change in the accounting bases or policies in accordance with which the Company values its assets or calculate its liabilities or any other change in accounting practice from the treatment or application of the same used in preparing the Accounts (save to the extent that such changes are required to correct errors or because

relevant generally accepted accounting principles have not been complied with).

- 6.8 The Investors shall be entitled to make a Claim in respect of liability which is contingent or unascertained provided that written notice of the Claim (giving as far as practical the amount and details of the Claim) is given to the Warrantor before the expiry of the relevant period specified in clause 6.2.
- 6.9 The Warrantor shall not be liable for any Claim if the alleged breach which is the subject of the Claim is capable of remedy and is remedied to the reasonable satisfaction of each of the Investors by the Warrantor within 30 days of the date on which the notice in clause 6.2 is received by the Warrantor and no Investors suffer any Losses in connection with the alleged breach.
- 6.10 Nothing in this agreement shall prejudice each Investor's duty under common law to mitigate any loss or liability which is the subject of a Claim.

## **7. Cumulative remedies**

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.

## **8. 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.

## **9. Entire agreement**

- 9.1 This agreement and the documents referred to or incorporated in it (including, without limitation, the Shareholders Agreement) 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.
- 9.2 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.
- 9.3 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.
- 9.4 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.

9.5 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.

## **10. Variation**

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 parties.

## **11. 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.

## **12. Assignment and transfer**

12.1 Subject to clause 12.3, 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.

12.2 Any purported assignment, transfer, sub-contracting, delegation, charging or dealing in contravention of clause 12.1 shall be ineffective.

12.3 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 pursuant to the Shareholders Agreement.

## **13. Rights of third parties**

13.1 Subject to clause 13.2, 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.

13.2 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.

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

#### **14. 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.

#### **15. Costs and expenses**

- 15.1 On Completion, the Company shall pay the legal fees of the Investors in relation to the negotiation, preparation, execution, performance and implementation of this agreement and each document referred to in it and other agreements forming part of the transaction up to a maximum amount of £75,000 plus VAT and reasonable disbursements incurred in connection with providing such legal advice, payment by the Company of such legal fees and disbursements to be made by the Investors deducting the amount from the subscription payment in 4.3(a). If Completion does not occur the Company shall not be liable for any legal fees and disbursements of the Investors.
- 15.2 Subject to clause 15.1, the parties shall bear their own costs and disbursements incurred in the negotiations leading up to and in the preparation of this agreement and of matters incidental to this agreement.

#### **16. Notices**

- 16.1 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 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, to [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 for such purpose).
- 16.2 A communication sent according to clause 16.1 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.

## **17. Severance**

- 17.1 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.
- 17.2 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.

## **18. 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.

## **19. 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.

## **20. Regulatory matters**

- 20.1 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.
- 20.2 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.

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

## SCHEDULE 1

### The Investors

Name	Address	Nominee	Address for delivery of share certificate(s)
Woodford Patient Capital Trust plc	40 Dukes Place, London EC3A 7NH	Nortrust Nominees Limited a/c WIZ01	Northern Trust, 50 Bank Street, London, E14 5NT - For the attention of Jordan Hutchinson, UK Residual Settlements
CF Woodford Equity Income Fund	9400 Garsington Road, Oxford Business Park, Oxford, OX4 2HN	Nortrust Nominees Limited a/c WIX01	Northern Trust, 50 Bank Street, London, E14 5NT - For the attention of Jordan Hutchinson, UK Residual Settlements
Omnis Income & Growth Fund	9400 Garsington Road, Oxford Business Park, Oxford, OX4 2HN	State Street Nominees Limited a/c 34ZG of 525 Ferry Road, Edinburgh EH5 2AW	AMS - State Street Bank, 6th Floor, mail drop 6-9a, 20 Churchill Place, London E14 5HJ – For the attention of James Molen
The Wales Life Sciences Investment Fund LP	Life Sciences Hub Wales 3 Assembly Square Britannia Quay, Cardiff, Wales, CF10 4PL	N/A	Life Sciences Hub Wales 3 Assembly Square Britannia Quay, Cardiff, Wales, CF10 4PL

## SCHEDULE 2

### Part 1

#### Particulars of the Company

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 9507 0003 and 0417 9507 0002
Auditors:	Grant Thornton UK LLP
Issued share capital (including treasury shares):	141,757,872 ordinary shares



## Part 2

### Particulars of the Subsidiaries

Name of Company:	Sphere Medical Limited
Registered number:	4179507
Registered office:	Harston Mill, Harston, Cambridge CB22 7GG, United Kingdom
Directors	Wolfgang Rencken Richard Wright Gavin Troughton
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 9507 0003 and 0417 9507 0002
Auditors:	Grant Thornton UK LLP
Shareholder:	Sphere Medical Holding plc
Issued share capital (including treasury shares):	2,159,485
Name of Company:	Sphere Medical Production Limited
Registered number:	9767317
Registered office:	Harston Mill, Harston, Cambridge CB22 7GG, United Kingdom
Directors	Wolfgang Rencken Richard Wright
Secretary:	Richard Wright
Accounting reference date:	31 December
Charges:	None
Auditors:	None
Shareholder:	Sphere Medical Limited
Issued share capital (including treasury shares):	2

### SCHEDULE 3<sup>1</sup>

Insofar as is known to the Company, the following shareholders as at the date of this document and immediately following completion of the Investment will be interested, directly or indirectly, in 3 per cent. or more of the voting rights in respect of the Company's issued share capital:

Name	As at the date of this document			Immediately following completion of the Investment		
	Number of Ordinary Shares	Number of Convertible Preferred Shares	Percentage of existing share capital	Number of Ordinary Shares	Number of Convertible Preferred Shares	Percentage of enlarged share capital <sup>1</sup>
Woodford*	42,526,575	-	29.99%	42,526,575	141,743,444	57.8%
The Wales Life Sciences Investment Fund LP	25,000,000	-	17.6%	25,000,000	35,435,861	18.9%
LSP Life Sciences Fund	10,904,000	-	7.7%	10,904,000	-	3.4%
Ortho-Clinical Diagnostics	8,141,250	-	5.7%	8,141,250	-	2.6%
Octopus Investments	6,250,000	-	4.4%	6,250,000	-	2.0%
Ruffer LLP	5,653,895	-	4.0%	5,653,895	-	1.8%

\* The interests of OMNIS, WEIF and WPCT are aggregated

<sup>1</sup> Assuming the warrants in the capital of the Company are not exercised

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<sup>1</sup> TW Note: Suggestion is to aggregate smaller shareholders and to only list shareholders with a shareholding in excess of 3%.

## **SCHEDULE 4**

### **Conditions to Completion**

1. The passing of the Resolutions by shareholders to:
  - 1.1 authorise the issue and allotment of up to 566,973,776 Preferred Shares and 70,000,000 Ordinary Shares;
  - 1.2 waive pre-emption rights in respect of the allotment and issue of such shares;
  - 1.3 cancel the Company's admission to AIM;
  - 1.4 authorise a Rule 9 waiver in accordance with The City Code on Takeovers and Mergers; and
  - 1.5 adopt the New Articles.
2. The cancellation of the admission of the Company's ordinary shares to trading on AIM becoming effective.
3. The Shareholders Agreement being entered into by the parties thereto.

## SCHEDULE 5

### PART A - INVESTMENT INFORMATION

1. The factual information contained or referred to in the Business Plan is true and accurate in all material respects and not misleading in any material respect.
2. The Business Plan has been prepared with reasonable care. So far as the Company is aware there is no fact, information or other matter which is not fairly disclosed in the Business Plan which is material to the business of the Group or which might reasonably be expected adversely to affect the willingness of the Investor to subscribe for shares of the Company.
3. All material expressions of opinion, intention and expectation contained in the Business Plan in relation to the actual and proposed business, finances, assets, liabilities, contracts, suppliers and customers of the Group and/or the market in which it operates or proposes to operate (including, without limitation, as regards profits, prospects and/or working capital) are reasonable and (insofar as attributable to the Company) are fairly and honestly held and have been made after reasonable enquiry as to the facts on which they are based and after due consideration.
4. The financial forecasts, projections or estimates contained in the Business Plan have been prepared with reasonable care and on reasonable assumptions (material details of which are set out in them or the Business Plan).

### PART B- GENERAL WARRANTIES

Except where the context clearly does not permit, references in this Part B to the Company will include separately each of the Subsidiaries.

1. **The Group**
  - 1.1 The Company is a public company limited by shares and the information set out in Schedule 2 is correct.
  - 1.2 The entire issued share capital of the Company (i) immediately before each Completion and (ii) immediately after each Completion are as set out in Part 1 of Schedule 3.
  - 1.3 Save as expressly contemplated by this agreement, no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue of any share or loan capital in the capital of the Company. So far as the Company is aware no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the sale or transfer of any share or loan capital in the capital of the Company.
  - 1.4 The Company is the sole legal and beneficial owner of all of the issued shares in the Subsidiaries free from all Encumbrances. The shares in the Subsidiaries are fully paid with all current and future rights attaching to them.
  - 1.5 Save as expressly mentioned in this agreement, the Company is not and has not since its incorporation been, nor has it agreed to become, the holder or beneficial owner of any share (other than shares in the Subsidiaries), debenture, mortgage or security (or interest in them) or a member of any joint venture, consortium, partnership or other unincorporated association or a party to any arrangement for sharing commission or income.

- 1.6 The Company does not have any branch office, agency, place of business or permanent establishment outside England or Wales nor does it have any significant assets outside the United Kingdom.
- 1.7 The statutory books and registers of the Company have been in all material respects properly kept, are up to date and in its possession.
- 1.8 All returns, particulars, resolutions and documents required by the Companies Act 2006 or any other legislation to be filed with the Registrar of Companies or any other authority in respect of the Company have been filed on time and were correct in all material respects.
- 1.9 The Company has not at any time within the previous 5 years repaid, redeemed or repurchased any of its own shares, reduced its share capital or capitalised any reserves including share premium account or profits (or agreed to do so).
- 1.10 No person is entitled to receive from the Company any finder's fee, brokerage or commission in connection with the subscriptions or other transactions contemplated by this agreement.

## 2. **Accounts**

- 2.1 The individual entity accounts comprised within the Accounts have been prepared in accordance with the Companies Act 2006, and all other applicable legislation, on a proper basis consistent, except as disclosed in the Accounts, with that adopted in preparing the individual accounts of the Group Companies for the previous three financial periods and in accordance with GAAP mandatory for adoption at the Accounts Date. "GAAP" means the Financial Reporting Standards, abstracts issued or adopted by The Financial Reporting Council Limited, any other requirement of a United Kingdom accounting body having mandatory effect and any other generally accepted accounting principles and practice in the United Kingdom but excluding international accounting standards within the meaning of section 474 of the Companies Act 2006.
- 2.2 The consolidated group accounts comprised within the Accounts have been prepared in accordance with the Companies Act 2006, and all other applicable legislation, on a proper basis consistent, except as disclosed in the Accounts, with that adopted in preparing the consolidated group accounts of the Company for the previous three financial periods and in accordance with GAAP mandatory for adoption at the Accounts Date.
- 2.3 The individual and group accounts within the Accounts give a true and fair view of the assets, liabilities, capital commitments, state of affairs of the Company (and, the Subsidiaries and in relation to the group accounts, of the Group as a whole) as at the Accounts Date and of the profits and losses of the Company, the Subsidiaries and of the Group, for the accounting period ended on the Accounts Date.
- 2.4 As at the Accounts Date, the Accounts:
  - 2.4.1 make proper provision for (or contain full particulars in notes in respect of) all known liabilities (whether contingent or otherwise);
  - 2.4.2 save as the Accounts expressly disclose, are not affected by any extraordinary, exceptional or non-recurring item or by any transaction entered into otherwise than on normal commercial terms or by any other circumstance rendering the profits or losses for the period covered by them unusually high or low;

- 2.4.3 make proper and adequate provision for all bad and doubtful debts and all financial commitments; and
- 2.4.4 fully provide or reserve, in accordance with the principles set out in the notes to the Accounts, for all tax liable to be assessed on the Company, or for which it may be accountable, in respect of the period ended on the Accounts Date.
- 2.5 The Management Accounts have been prepared with all due care and on a basis consistent with the management accounts of the Company prepared in the preceding year and are not materially misleading. The cumulative profits, assets and liabilities of the Company stated in the Management Accounts have not been materially misstated.
- 2.6 All the accounts, books, registers, ledgers and financial and other material records of any kind of the Company are in the exclusive ownership and possession of the Company; have been properly and accurately kept and completed; and are sufficient to show and accurately explain the Company's transactions and to disclose the financial position of the Company at the date of this agreement.

### 3. **Position since the Accounts Date**

- 3.1 Since the Accounts Date (and save as disclosed in the Management Accounts):
  - 3.1.1 the Company has carried on its business in the ordinary course, and in the same manner (including nature and scope), at a profit and so as to maintain it as a going concern; ;
  - 3.1.2 there has been no material adverse change in the Company's turnover or in its financial or trading position or performance;
  - 3.1.3 the Company has not assumed or incurred, nor agreed to assume or incur, any liabilities (including contingent liabilities) otherwise than in the ordinary course of business;
  - 3.1.4 the Company has not disposed of or acquired, or agreed to dispose of or acquire, any business or any material asset other than trading stock in the usual and ordinary course of business;
  - 3.1.5 the Company is not overdue by more than one month in respect of any payment due to any creditor and there has been no change in the manner or time of issue of invoices or the collection of debts;
  - 3.1.6 no dividend or other distribution of profits or assets has been, or agreed to be, declared, made or paid by the Company;
  - 3.1.7 no shareholders' resolutions or decisions have been passed; and
  - 3.1.8 no loan or loan capital or redeemable share capital of the Company has been issued or repaid or redeemed in whole or in part or has become liable to be repaid or redeemed.

### 4. **Financial matters**

- 4.1 Except as disclosed in the Accounts or the Management Accounts, the Company:
  - 4.1.1 has no outstanding capital commitments in excess of £50,000 and is not engaged in any scheme or project requiring capital expenditure in excess of £50,000;

- 4.1.2 has no outstanding loan capital, has no arrangements with its bankers or others relating to overdraft, borrowing or other financial facilities, has not factored its debts and has not borrowed any money which it has not repaid;
- 4.1.3 has not engaged in financing of a type which need not be shown or reflected in its audited accounts; and
- 4.1.4 has not lent any money which has not been repaid to it and does not own the benefit of any debt other than debts accrued to it in the ordinary course of its business or owing to it by its bankers.
- 4.2 Particulars of all money borrowed by the Company in excess of £10,000 are included in the Management Accounts.
- 4.3 The Company has not received notice for the Company to repay any indebtedness which is repayable by the Company on demand. The Company is not in default under any instrument constituting any indebtedness or under any guarantee of any indebtedness.
- 4.4 No part of the amount shown in the Accounts in respect of debtors is represented by debts which were, at that time, more than three months overdue for payment.
- 4.5 The Company is not subject to any Insolvency Proceedings and has not had any Insolvency Proceedings commenced in relation to its assets, chattels, property or undertaking. There are no circumstances which would entitle any person to commence any Insolvency Proceedings. The Company is solvent and is able to pay (and has not stopped or suspended paying) its debts as and when they fall due. Insolvency Proceedings means any formal insolvency proceedings whether in or out of court, including proceedings or steps leading to any form of bankruptcy, liquidation, administration, receivership, arrangement or scheme with creditors, moratorium, stay or limitation of creditors' rights, interim or provisional supervision by a court or court appointee or any distress, execution or other process levied; or any winding up, striking off or dissolution (whether or not due to insolvency); or any event analogous to any of those events in any jurisdiction.

## 5. **Assets and Encumbrances**

- 5.1 The material assets included in the Accounts, together with any material assets acquired by the Company since the Accounts Date (except for those disposed of since the Accounts Date in the normal course of business) and all other material assets used by the Company in connection with its business:
  - 5.1.1 are legally and beneficially owned by the Company, free from Encumbrance or any other third party right, and the Company has good and marketable title to those assets;
  - 5.1.2 are not the subject of any hire purchase, credit sale, leasing, rental or similar agreement;
  - 5.1.3 are, where capable of possession, in the possession of the Company; and
  - 5.1.4 comprise all those assets necessary for the continuation of the business of the Company as carried on at the date of this agreement.
- 5.2 All the title deeds relating to the assets of the Company are in its possession.
- 5.3 The plant and equipment used in connection with the business is in good repair and satisfactory working order.

## 6. **Compliance with law**

- 6.1 So far as the Company is aware, the Company has the benefit of and has complied with all permits, authorities, licences and consents necessary for the Company to carry on its business in the manner and in the places in which its business is now carried on. So far as the Company is aware, there are no circumstances which would lead to the suspension, alteration or cancellation of any of those material permits, authorities, licences or consents.
- 6.2 So far as the Company is aware the Company and its directors have conducted the business of the Company in accordance with all applicable laws and regulations.

## 7. **Litigation**

- 7.1 There is no outstanding arbitral award, or decision of a court, tribunal, arbitrator or government agency against the Company.
- 7.2 Neither the Company nor any of its officers nor, so far as the Company is aware, is any person for whose acts or defaults the Company is vicariously liable is involved in any civil, criminal, arbitration or mediation proceedings or dispute resolution process in relation to the Company (Proceeding). No Proceeding and no claim of any nature is pending or threatened by or against the Company or, so far as the Company is aware, any of those persons or in respect of which the Company is liable to indemnify any party concerned.
- 7.3 So far as the Company is aware, there are no facts likely to give rise to any Proceeding or Claim described in paragraph 7.2.
- 7.4 The Company is not party to any undertaking or assurance given to a court, tribunal, regulatory authority, governmental agency or to any other person in connection with any Proceedings or claim.
- 7.5 So far as the Company is aware, the Company is not the subject of, and there are no facts or circumstances likely to cause it to be the subject of any investigation, enquiry or disciplinary proceeding (whether judicial, quasi-judicial or otherwise).

## 8. **Contracts and other obligations**

- 8.1 The Company has not entered into or undertaken, or agreed to enter into or undertake, and has no subsisting or contingent liability under, any contract, transaction, obligation, commitment, arrangement or liability which:
- 8.1.1 is of a loss making nature (that is to say, known to be likely to result in a material loss to the Company on completion of performance);
- 8.1.2 cannot readily be fulfilled or performed by the Company on time and without undue or unusual expenditure of money or effort;
- 8.1.3 involves or is likely to involve obligations, expenditure or receipts of an unusual or exceptional nature and not in the ordinary course of the Company's business;
- 8.1.4 involves an aggregate outstanding expenditure by the Company of (i) more than £50,000 and which is not included in the Business Plan, or (ii) more than £200,000;
- 8.1.5 in relation to any contract or arrangement that is material to the implementation of the Business Plan contains a provision or term that it is liable to be terminated, or under which rights are liable to arise or be affected, as a result of the entry into or



completion of this agreement or any change in control, management or shareholders of the Company;

- 8.1.6 is in any way otherwise than in the ordinary and usual course of the Company's business or is not at arm's length; or
- 8.1.7 involves, or is likely to involve, other obligations or liabilities which ought reasonably to be made known to an intending buyer or subscriber of shares in the Company.
- 8.2 There are no agreements or arrangements in force restricting the freedom of the Company to carry on any activity, including to provide or take goods and services, by such means and to or from such persons as it may from time to time think fit, in any part of the world.
- 8.3 The Company is not aware of the invalidity of or any ground for rescission, avoidance or repudiation of any material contract and has not received any notice of any intention to terminate, disclaim or repudiate any of them.
- 8.4 So far as the Company is aware, no party to an agreement with the Company is in default being a default which would be material in the context of the Company's financial or trading position, and there are no circumstances likely to give rise to a default.
- 8.5 There is in force no power of attorney or other authority (express or implied) given by the Company and no person, as agent or otherwise, is entitled or authorised to bind or commit the Company to any obligation not in the ordinary course of the Company's business.

## 9. **Intellectual Property Rights**

- 9.1 In this paragraph 9, unless the context otherwise requires Intellectual Property Rights means all right, title and interest in any patents, trade marks (whether registered or unregistered), domain names, registered and unregistered designs, copyright (including any rights in a database or software), database rights, goodwill, know how and all other intellectual property rights, in each case whether registered or unregistered, including all applications to apply for them, and all rights having the same or equivalent effect to any of the above anywhere in the world.
- 9.2 Accurate particulars of all registered Intellectual Property Rights including applications for those rights which are owned by the Company, the details of those registrations or applications and all material unregistered Intellectual Property Rights which are owned by the Company are set out in the Disclosure Letter.
- 9.3 The Company has taken reasonable steps to register any material Intellectual Property Rights owned by it that are capable of that protection and for which a reasonably prudent business should seek protection.
- 9.4 The Disclosure Letter sets out accurate details of, or the Disclosure Bundle contains full copies of, all material licences and agreements (the IP Licences) under which:
  - 9.4.1 the Company uses or exploits Intellectual Property Rights owned by any third party; or
  - 9.4.2 the Company has licensed or agreed to license Intellectual Property Rights to, or otherwise permitted the use of any Intellectual Property Rights by, any third party.
- 9.5 All the IP Licences are in full force and effect, and so far as the Company is aware, no notice has been given to terminate any of them, and the obligations of all parties in

respect of them have been complied with in all material respects and no disputes have arisen in respect of them.

9.6 All the Intellectual Property Rights used by the Company in the course of its business in the period before Completion are either:

9.6.1 owned legally and beneficially and free from any Encumbrance by the Company;

9.6.2 licensed under a valid and enforceable IP Licence to the Company; or

9.6.3 used without infringement of any third party's intellectual property rights.

9.7 The Intellectual Property Rights owned by the Company are subsisting and enforceable and so far as the Company is aware, all Confidential Information has been kept confidential and nothing has been done or not been done as a result of which any of them has ceased or might cease to be subsisting or enforceable or confidential.

9.8 So far as the Company is aware, there is, and has been, no infringement by any third party of any of the Intellectual Property Rights owned by the Company and none is pending or threatened.

9.9 So far as the Company is aware, the activities of the Company do not and the carrying on of its business (as carried on in the previous twelve months) does not infringe, has not infringed and will not result in any claim that they do infringe any Intellectual Property Rights of any third party.

## 10. Information Technology

10.1 In this paragraph 10, unless the context otherwise requires:

**IT Contracts** means all arrangements and agreements relating to the IT System (or any part of it) under which any third party (including any source code deposit agent) provides any element of, or services relating to, the IT System, including, without limitation, leasing, hire purchase, licensing, maintenance, outsourcing and services agreements; and

**IT System** means all computer hardware (including network and telecommunications equipment, cabling, power supplies, printing facilities, work stations and related components) and software (including associated preparatory materials, user manuals and other related documents, outsourcing arrangements and any zero disaster recovery management arrangements) and any other items that connect with any of the above, owned, used, licensed or leased by the Company.

10.2 Save to the extent Disclosed, the Company owns, or has valid licences to use, the IT System free from any Encumbrance. The Company has obtained all necessary rights from third parties to enable it to make use of the IT System for the purposes for which it is being used.

10.3 All IT Contracts are in full force and effect, the obligations of all parties in respect of them have been fully complied with in all material respects and no disputes have arisen in respect of them.

## 11. Insurance

11.1 Each insurable asset of the Company is insured to its respective full replacement or reinstatement value and all risks and liabilities which are normally insured against by prudent companies carrying on business similar to that carried on by the Company are adequately insured against by the Company.

- 11.2 The Company has taken out all insurance policies which it is required by law to take out and all those policies are fully effective and all premiums have been paid on time.
- 11.3 No claim under any of those policies is outstanding and, so far as the Company is aware, no event has occurred which might be the subject of a claim under any of those policies or which would or might be required under any of those policies to be notified to the insurers under the terms of the policy.
- 11.4 So far as the Company is aware, nothing has been done or omitted to be done which might prejudice any prospective claim or which might render any of those policies void or voidable or which might result in the increase of any premium payable in respect of them and none of those policies is subject to any special or unusual terms, restrictions or rates of premium.
12. **Anti-corruption**
- 12.1 So far as the Company is aware, the Company has not at any time engaged in any activity, practice or conduct which at the relevant time amounted to an offence under the Bribery Act 2010 or which constituted or constitutes an offence under any other bribery or anti-corruption law in any jurisdiction.
- 12.2 So far as the Company is aware, no employee, agent, subsidiary or other person who performs or has performed services for or on behalf of the Company has at any time bribed another person (within the meaning of section 7(3) of the Bribery Act 2010) intending to obtain or retain business or an advantage in the conduct of business for the Company. The Company has in place adequate procedures designed to prevent those persons from undertaking bribery as described.
- 12.3 None of the Company or any employee, agent or subsidiary or so far as the Company is aware other person who performs or has performed services for or on behalf of the Company is or has been the subject of any investigation, enquiry or enforcement proceedings in relation to any offence relating to corruption or bribery.
- 12.4 No investigation, enquiry or proceeding mentioned above has been threatened and there are no circumstances which mean any of those investigations, enquiries or proceedings are likely to arise.
- 12.5 The Company has not been debarred, suspended or rendered ineligible from bidding for public contracts by reason of any law or decision of any public agency or authority.
13. **Employees and Consultants**
- 13.1 The Disclosure Bundle accurately sets out in tabular form anonymised details of all the employees and workers of the Company and of all persons who are not employees or workers and who are providing services on a regular basis to the Company together with particulars of their terms and conditions of employment or on which they provide services.
- 13.2 No material offer of employment or engagement has been made by the Company that has not yet been accepted, or which has been accepted but where the employment or engagement has not yet started.
- 13.3 There is no existing or proposed bonus, commission, profit-sharing scheme, share option scheme, share incentive scheme or any other scheme or arrangement under which any employee or other worker is or would be entitled to participate in the profits of the business of the Company or acquire shares in the Company.

- 13.4 There is no existing or proposed scheme (whether contractual or not) or any custom or practice to provide payments or benefits on redundancy (in addition to statutory redundancy pay) or other termination or on a change of control; or in excess of the statutory minimum in relation to maternity, paternity or adoption leave.
- 13.5 There are no existing disputes, claims or legal proceedings in which the Company is involved or, so far as the Company is aware, likely to be involved in relation to employees, workers, former employees, former workers or trade unions, staff associations, staff councils, works councils or other organisations formed for a similar purpose.
- 13.6 There are no amounts outstanding or promised to any employees, workers, consultants or contractors (other than reimbursement of expenses and wages for the current salary period) or any liability incurred by the Company which remains undischarged in relation to them.
- 13.7 The Company has not made or agreed to make a payment or provided or agreed to provide a benefit to any current or former director, officer, employee or worker or to their dependants in connection with the actual or proposed termination or suspension of employment or variation of employment contract.
- 13.8 The Company has no agreement or arrangement with, and does not recognise, any trade union or any other body representing its employees or workers.

#### 14. **Pensions**

- 14.1 Other than the Sphere Medical Group Life Assurance Scheme (the Life Assurance Scheme), the Sphere Medical Limited Group Income Protection Scheme (the Income Protection Scheme) and the Sphere Medical Limited Group Personal Pension Scheme (the Personal Pension Scheme) (together the Pension Schemes) the Company has not in the past six years sponsored, designated, participated in, assumed responsibility for or contributed to any arrangement (whether or not closed, funded or tax registered) for providing pension or other benefits on, or in anticipation of, the retirement, or death of any current or former director or employee of the Company (together Employees), nor has it agreed or announced any proposal to enter into or establish any such arrangement.
- 14.2 All material particulars of the Pension Schemes required to permit the Investor to form a true and fair view of the Pension Schemes, the benefits (including contingent benefits) provided, or to be provided under them and the Company's obligations in relation to them have been Disclosed.
- 14.3 The Pension Schemes, other than the Life Assurance Scheme, only provide money purchase benefits, as defined in section 181 of the Pension Schemes Act 1993. No assurance, promise or guarantee has been made or given to an Employee of a particular level or amount of benefit to be provided for or in respect of him on death, retirement or leaving service.
- 14.4 The Life Assurance Scheme only provides a lump sum on the death of an Employee in service. All such sums are secured under an insurance policy with a reputable insurance company.
- 14.5 The Company has complied with automatic enrolment obligations as required by the Pensions Act 2008 and associated legislation.

#### 15. **Tax**

- 15.1 In the period of six years ending on the date of Completion, the Company has within the requisite time limits duly made all returns, given all notices, and supplied all other information required to be supplied to HM Revenue & Customs and/or any other competent fiscal authority in any part of the world and all such information, returns and notices were when given or supplied accurate in all material respects and made on a proper basis and are not the subject of, nor, so far as the Company is aware, are they likely to be the subject of, any dispute or investigation with any of the relevant authorities concerned.
- 15.2 In the period of six years ending on the date of Completion, the Company has duly deducted, withheld, paid and accounted for all tax due to have been deducted, withheld, paid or accounted for by it before the date of this agreement and is not and has not at any time been liable to pay interest or penalties on any unpaid tax and, so far as the Company is aware, there are no circumstances in which interest or penalties in respect of tax could be charged against it in respect of any period before Completion.
- 15.3 The Company is in possession and control of all records and documentation that it is obliged to hold, preserve and return for the purposes of any tax and of sufficient information to enable it to compute correctly its liability to tax insofar as it relates to any event occurring on or before Completion.
- 15.4 Neither the execution nor completion of this agreement, nor any event since the Accounts Date, will result in any chargeable asset being deemed to have been disposed of and reacquired by the Company for tax purposes or in any claw back of any relief previously given.
- 15.5 The Company is a registered and taxable person for the purposes of value added tax and, in the period of six years ending on the date of Completion, (i) has complied in all material respects with all the requirements of the value added tax legislation and all applicable regulations; (ii) is not in arrears with any payment or returns and is not liable to any abnormal or non-routine payment for value added tax purposes; (iii) has maintained complete correct and up to date value added tax records invoices and other necessary documents; (iv) has not been required by HM Revenue & Customs to give any security; and (v) is not and has never been or agreed to be an agent or VAT representative for the purposes of section 47 or 48 of the Value Added Tax Act 1994.
- 15.6 So far as the Company is aware, it is not under any liability to tax, contingent or otherwise, in respect of any other company which at any time has been a member of the same group or consortium as the Company or an associated company of the Company for tax purposes or in respect of any transaction effected with or asset or benefit received from or given by the Company to any such other company.
- 15.7 The Company has not entered into or been a party to any scheme or arrangement designed partly or wholly for the purposes of avoiding or deferring tax or which has been disclosed to a Tax Authority.
- 15.8 All of the documents relating to or necessary to prove the title of the Company to its assets or bring any cause of action in any court or tribunal (including, without limitation, its intellectual property) have been properly stamped.
- 15.9 Immediately after Completion no event, act, omission or transaction will have occurred or been effected which has given rise or, so far as the Company is aware, could give rise, to a tax liability covered by any tax indemnity or covenant.

15.10 The Company has only ever been tax resident in the United Kingdom and has not been either (a) resident or (b) subject to tax through a permanent or other business establishment or fixed place of business in any other jurisdiction.

15.11 No directors, officers, employees or former directors, officers or employees of the Company have received any securities, interests in securities or securities options as defined in Part 7 of Income Tax (Earnings and Pensions) Act 2003 (ITEPA).

## 16. **Properties**

16.1 The Properties and the fixtures and fittings in them comprise the only land and buildings that have ever been owned, occupied or used by the Company or in relation to which the Company has ever had any right, interest or liability (whether actual or contingent).

16.2 The details of the Properties set out in Schedule 6 are accurate in all material respects and are not misleading .

16.3 The Company is in actual occupation of the whole of the Properties.

16.4 The Company may use each Property for the purposes for which it presently uses or proposes to use it or any part as contemplated by the Business Plan.

16.5 So far as the Company is aware, no notices, orders, proposals, applications, requests or schedules of dilapidations affecting or relating to any of the Properties have been served or made by any authority or other person or by the Company and, so far as the Company is aware, there are no circumstances which are likely to result in any being served or made.

16.6 In the case of any Property occupied by the Company under a lease, tenancy, licence or similar right, the Company has fully complied with all its material obligations in respect of such occupation and, so far as the Company is aware, no notice has been served to terminate the right of the Company to continue the same and, so far as the Company is aware, there are no circumstances which could result in such right of occupation being determined otherwise than by the Company.

## 17. **Environmental, health & safety**

17.1 The Company has complied in all material respects with its obligations under all law, regulation and codes of practice which protect or relate to the protection of the environment or the health and well-being of individuals or other living creatures.

## SCHEDULE 6

### The Property

Property Address	Lease Expiry Date	Current Annual Passing Rent
Units 1 and 2, St Asaph Business Park, St Asaph, Denbighshire LL17 0LJ	25 August 2020	£50,200 per annum (subject to rent review)
Block A, Harston Mill, Harston, Cambridge, CB22 7GG	28 February 2019  (Terminable on six months' notice to the end of any calendar month)	£14,553  (693 square feet leased at £21 per square foot)
Blocks G and J and part of K, Harston Mill, Harston, Cambridge, CB22 7GG	28 February 2019  (Terminable on six months' notice to the end of any calendar month)	£127,491  (6,071 square feet leased at £21 per square foot)
Block H, Harston Mill, Harston, Cambridge, CB22 7GG	28 February 2019  (Terminable on six months' notice to the end of any calendar month)	£57,309  (2,729 square feet leased at £21 per square foot)

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:  
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OMNIS INCOME & GROWTH FUND, a sub )  
fund of OMNIS PORTFOLIO INVESTMENTS )  
ICVC )

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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



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acting by a director )

.....  Director  
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EXECUTED by )  
SPHERE MEDICAL HOLDING PLC )  
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..... Director

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**FUND LP** )  
acting by a director )

..... Director

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

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Director