

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice as soon as possible from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended (the “FSMA”), if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This document comprises a simplified prospectus (the “document” or “Prospectus”) for the purposes of Article 14 of the UK version of Prospectus Regulation (EU) 2017/1129 which forms part of domestic law pursuant to the European Union (Withdrawal) Act 2018 (the “UK Prospectus Regulation” relating to InnovaDerma PLC (“InnovaDerma” or the “Company”) prepared in accordance with the Prospectus Regulation Rules of the FCA (made under Section 73A of the FSMA) and has been filed with, and approved by, the FCA in accordance with Section 85 of the FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

This document has been approved as a prospectus by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this document as a prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as an endorsement of the Company that is, or of the quality of the Shares that are, the subject of this document. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the UK Prospectus Regulation. Investors or Shareholders should make their own assessment as to the suitability of investing in the Company’s Shares.

The Company and the Directors, whose names appear in paragraph 1 of Part XIII (*Directors, Senior Manager and Corporate Governance*) of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

The distribution of this document, the Application Form and/or the transfer of Open Offer Entitlements or Excess Open Offer Entitlements, in or into certain jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons into whose possession this document (and any accompanying documents) comes, should inform themselves about and observe any such restrictions. The Open Offer Entitlements, Excess Open Offer Entitlements and Application Form are not transferable, except in accordance with, and the distribution of this document is subject to, the restrictions set out in paragraph 8 of Part XI (*Terms and Conditions of the Open Offer*) of this document. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular this document and any other related documents, should not be distributed, forwarded to or transmitted in or into any of the Excluded Territories.



InnovaDerma PLC

(Incorporated and registered in England and Wales with registered number 09226823)

**Conditional Placing of 8,531,571 New Shares and Open Offer of up to 1,449,469 New Shares,
all at 35 pence per New Share**

and

Notice of General Meeting



finnCap Ltd
Sole Broker

A “Notice of General Meeting” of the Company, to be held at 10.00 a.m. on 29 April 2021 at Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT, is set out at the end of this document. You are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar, SLC Registrars at Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, by not later than 10.00 a.m. on 27 April 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). If you hold your Existing Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar (CREST participant ID 7RA01), so that it is received by no later than 10.00 a.m. on 27 April 2021.

In light of the COVID-19 outbreak, the Board takes the well-being of the Company's employees and Shareholders very seriously. The Government has introduced measures to deal with the coronavirus crisis which include guidance on social distancing and restrictions on non-essential travel and public gatherings, which affect the manner in which the General Meeting can be conducted. The Board therefore strongly encourages Shareholders to attend virtually via the Investor Meet Company Platform, rather than in person and vote on all Resolutions in advance of the General Meeting by completing their Form of Proxy. Shareholders should appoint the Chair of the General Meeting to ensure their votes are duly cast. The Board will continue to keep Government guidance under review and may, if necessary, make further changes to the arrangements for the General Meeting, including how it is conducted. Further announcements and information will be provided as required and Shareholders should continue to monitor the Company's website at www.InnovaDerma.co.uk and announcements for any updates in relation to the General Meeting arrangements that may need to be provided.

If you sell or have sold or otherwise transferred all of your Existing Shares before 7.00 a.m. on 12 April 2021 (being the date from which the Company's shares were marked ex-entitlement to the Open Offer by the London Stock Exchange), please send this document and the Form of Proxy, together with any Application Form, if received, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer is/was effected for delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded to, transmitted or sent in or into any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations, including, but not limited to, any of the United States (subject to certain limited exceptions), Australia, Canada, Japan, New Zealand, the Republic of South Africa or any other jurisdiction where the extension or availability of the Conditional Placing or the Open Offer (and any other transaction contemplated thereby) would breach any applicable law or regulation (the "Excluded Territories"). If you sell or have sold or otherwise transferred only part of your holding of Existing Shares, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The latest time and date for acceptance and payment in full for the Open Offer Shares under the Open Offer is 11.00 a.m. on 27 April 2021. The procedures for acceptance and payment are set out in Part XI (Terms and Conditions of the Open Offer) of this document and, where relevant, in the Application Form. Qualifying Non-CREST shareholders will be sent an Application Form. Qualifying CREST Shareholders (who will not receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements and Excess Open Offer Entitlements, which is expected to be enabled for settlement on 14 April 2021.

Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Shares prior to the date on which the Shares were marked 'ex' the entitlement by the London Stock Exchange. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold, or assigned except to satisfy *bona fide* market claims. Holdings of Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

The Existing Shares are admitted to the standard listing segment of the Official List and are trading on the London Stock Exchange's Main Market. Applications will be made to the FCA for the New Shares to be admitted to the standard listing segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that Admission of the New Shares will become effective and that dealings in the New Shares will commence by 8.00 a.m. (London time) on 30 April 2021.

You should read this entire document, including the information incorporated by reference into this document and any accompanying document in full. Shareholders and any other persons contemplating a purchase of Shares (including the Open Offer Shares) should read in particular Part II (Risk Factors) of this document for a discussion of certain risks and other factors that should be considered when deciding on what action to take in relation to the Open Offer or deciding whether or not to subscribe for Open Offer Shares.

Investors or Shareholders should only rely on the information contained in this document and any documents incorporated herein by reference. No person has been authorised to give any information or make any representations other than those contained in this document and any document incorporated by reference herein and, if given or made, such information or representation must not be relied upon as having been so authorised. The Company will comply with its obligation to publish a supplementary prospectus containing further updated information if required by law or by any regulatory authority but assumes no further obligation to publish additional information.

No application has been or is currently intended to be made for the New Shares to be admitted to listing or trading on any other exchange. The New Shares issued by the Company pursuant to the Conditional Placing and Open Offer will rank *pari passu* in all respects with the Existing Shares.

finnCap Ltd ("**finnCap**") is authorised and regulated in the United Kingdom by the FCA. finnCap is acting exclusively as sole broker for the Company and no one else in connection with the matters set out in this document and will not regard

any other person as its client in relation to the matters in this document. finnCap will not be responsible to anyone other than the Company for providing the protections afforded to clients of finnCap or its affiliates, nor for providing advice in relation to any matter referred to herein.

No action has been or will be taken by finnCap and/or the Company that would permit possession or distribution of this document or any other material relating to the New Shares in any country or jurisdiction where action for that purpose is required, other than in the United Kingdom. This document is not an offer to sell, or the solicitation of an offer to buy or subscribe for Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in or into any of the Excluded Territories.

Apart from the responsibilities and liabilities, if any, which may be imposed on finnCap by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, finnCap nor any of their respective subsidiaries, branches, affiliates, associates, directors, officers, employees or advisers, (“**Representatives**”) accept any duty, liability or responsibility whatsoever (whether direct or indirect) to any person for the contents of this document, or makes any representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness, verification or sufficiency or for any other statement made or purported to be made by it, or on its behalf in connection with the Company, the New Shares or Admission and nothing in this document is, or will be, relied upon as a promise or representation in this respect, whether or not as to the past, present or future. finnCap and its respective Representatives accordingly disclaims to the fullest extent permitted by law all and any duty, liability and responsibility whether arising in tort, contract, statute or otherwise (save as referred to above) in respect of this document or any such statement or otherwise.

Neither the delivery of this document nor any sale made hereunder shall under any circumstances imply that there has been no change in the Group’s affairs since the date hereof or that the information set forth in this document is correct as of any date subsequent to its date.

NOTICE TO OVERSEAS PERSONS

Except as otherwise provided for herein, this document does not constitute an offer of Open Offer Shares to any Shareholder with a registered address, or who is located or resident, in the United States. The New Shares have not been and will not be registered under the securities laws of any Excluded Territory (which includes the United States) and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within such jurisdictions or to or for the account or benefit of any national, resident or citizen of an Excluded Territory except pursuant to an applicable exemption, from and in compliance with (or in a transaction not subject to), any applicable securities laws. There will be no public offer of the Open Offer Shares in any of the Excluded Territories.

All Shareholders and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document, an Application Form or any other document relevant to the Open Offer, to a jurisdiction outside the United Kingdom should read the information set out in paragraph 8 of Part XI (*Terms and Conditions of the Open Offer*) of this document. Prospective investors and Shareholders are required to inform themselves of, and to comply with, any applicable laws and regulations that restrict the distribution of this document and the offer and sale of any Shares. None of the Company, finnCap nor any of its or their respective affiliates, accepts any legal responsibility for any violation of such restrictions.

NOTICE TO ALL SHAREHOLDERS AND INVESTORS

APPLICATION WILL BE MADE FOR THE NEW SHARES TO BE ADMITTED TO THE STANDARD SEGMENT OF THE OFFICIAL LIST. A STANDARD LISTING AFFORDS INVESTORS IN THE COMPANY A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT AFFORDED TO INVESTORS IN COMPANIES WHOSE SECURITIES ARE ADMITTED TO THE PREMIUM SEGMENT OF THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES. IT SHOULD BE NOTED THAT THE FCA WILL NOT HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY’S COMPLIANCE WITH ANY OF THE LISTING RULES AND/OR ANY PROVISION OF THE UK CORPORATE GOVERNANCE CODE WHICH THE COMPANY HAS INDICATED THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in or incorporated by reference into this document for any purpose other than in deciding whether to vote in favour of the resolutions to be put to Shareholders and considering an investment in the Shares is prohibited. By accepting delivery of this document, each recipient agrees to the foregoing.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

In making an investment decision, Shareholders must rely on their own examination, analysis and enquiry of the Company and the terms of the Open Offer, including the merits and risks involved. Shareholders also acknowledge that: (i) they have not relied on finnCap or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the

information contained in this document and the documents (or parts thereof) incorporated herein by reference, and (ii) no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares or the Open Offer (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or finnCap. None of the Company, finnCap nor any of their respective Representatives is making any representation to any offeree or acquirer of the Open Offer Shares in the Open Offer regarding the legality of an investment by such offeree or acquirer under the laws applicable to such offeree or purchaser. Each Shareholder should consult with their own advisers as to the legal, tax, business, financial and related aspects of an investment in the Open Offer Shares.

Without limitation, unless expressly stated herein, the contents of Group websites, and any links accessible through Group websites do not form part of this Prospectus. Capitalised terms have the meanings ascribed to them in Part XVII (*Definitions*).

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) the retained EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**") as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (b) Articles 9 and 10 of the retained Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**") as they form part of UK domestic law by virtue of EUWA, and disclaiming all and any liability whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Conditional Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: the price of the Conditional Placing Shares may decline and investors could lose all or part of their investment and the Conditional Placing Shares offer no guaranteed income and no capital protection; and an investment in the Conditional Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the issue of the New Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, finnCap will only procure investors (in connection with the Conditional Placing) who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Conditional Placing Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Conditional Placing Shares and determining appropriate distribution channels.

WHERE TO FIND HELP

If you have any further questions, please call the Shareholder Helpline on 0371 384 2050 (or +44 371 384 2050 if calling from overseas). The Shareholder Helpline will be open between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. The Shareholder Helpline cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

This document is dated 12 April 2021.

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PART I

SUMMARY

A. Introduction and warnings

A.1.1 Name and international securities identifier number (ISIN) of the securities

Existing Shares and Conditional Placing Shares: ISIN code GB00BT9PTW34. The Open Offer Entitlements will be registered with ISIN code: GB00BMQ83351 and the Excess Open Offer Entitlements will be registered with ISIN code: GB00BMQ83468.

A.1.2 Identity and contact details of the issuer, including its Legal Entity Identifier (LEI)

InnovaDerma is a public company limited by shares, incorporated in England and Wales, with registered number 09226823 and registered office at 27 Old Gloucester Street, London, WC1N 3AX, United Kingdom. The Company operates under the Act. The Company's telephone number is +44 800 014 8895 and its Legal Entity Identifier is 213800WRAP6W8VDL6B38.

A.1.3 Identity and contact details of the competent authority approving the Prospectus

This prospectus has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number: +44 20 7066 1000, in accordance with Regulation (EU) 2017/1129.

A.1.4 Date of approval of the Prospectus

This Prospectus was approved on 12 April 2021.

A.1.5 Warning

This summary has been prepared in accordance with Article 7 of the UK Prospectus Regulation and should be read as an introduction to the Prospectus. Any decision to invest in the Open Offer Shares or the Shares should be based on consideration of the Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital.

Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Open Offer Shares or the Shares.

B. Key information on the issuer

B.1 Who is the issuer of the securities?

B.1.1 Domicile, legal form, LEI, jurisdiction of incorporation and country of operation

The Company was incorporated in England and Wales on 19 September 2014 under the name InnovaDerma PLC (registered number 9226823) as a public limited company under the Act. The Company is domiciled in the UK and its registered office and head office is at 27 Old Gloucester Street, London, WC1N 3AX (Tel. +44 800 014 8895) and its Legal Entity Identifier is 213800WRAP6W8VDL6B38.

B.1.2 Principal activities

InnovaDerma is a UK developer of beauty, personal care and life science products. The Company has presence in the UK, Europe, US, Australasia, Asia and Africa, and operates under a number of different brands including Skinny Tan, Charles + Lee, Roots and Nuthing.

B.1.3 Major shareholders

As at 9 April 2021 (being the latest practicable date prior to the publication of this document) in so far as it is known to the Company, the following persons were directly or indirectly interested (within the meaning of the Act) in 3 per cent. or more of the Company's issued share capital:

| <i>Shareholder</i> | <i>Number of Shares</i> | <i>Approximate % of Existing Shares</i> |
|--------------------------------------|-------------------------|---|
| Mark Michael Ward | 2,174,495* | 12.5 |
| Edale Capital** | 1,994,773*** | 11.47 |
| Octopus Investments Nominees Limited | 749,385**** | 4.3 |

* Mark Ward has additionally subscribed for 1,428,571 New Shares pursuant to the Conditional Placing

** Edale Capital's interest has been aggregated and represents 1,625,371 Shares held by Edale Capital LLP and 369,402 Shares held by Rupert Dyson who is the founder of Edale Capital LLP

*** Edale Capital has additionally subscribed for 902,370 New Shares pursuant to the Conditional Placing (being 735,264 New Shares being subscribed for by Edale Capital LLP and 167,106 New Shares being subscribed for by Rupert Dyson)

**** Octopus Investments Nominees Limited has additionally subscribed for 1,804,348 New Shares pursuant to the Conditional Placing

B.1.4 Key managing directors

The key managing director of the Company is Blake Hughes (Chief Executive Officer).

B.1.5 Identity of the statutory auditors

The auditor of the Company is Elderton Audit (UK) whose address is Level 2, 35 Outram Street, West Perth WA 6005, Australia.

B.2 What is the key financial information regarding the issuer?

The tables below set out a summary of the key financial information of the Group for the years ended 30 June 2020, as extracted from the Group's audited financial information, and for the six month period ended 31 December 2020, as extracted from the Group's unaudited interim financial information, available on the Group's website at www.innovaderma.com.

Summary statements of financial information

| | <i>Audited As at 30 June 2019 £</i> | <i>Audited As at 30 June 2020 £</i> | <i>Unaudited As at 31 December 2020 £</i> |
|--------------|---|---|---|
| Total assets | 14,900,575 | 14,228,393 | 14,099,076 |
| Total equity | 10,741,092 | 10,335,878 | 9,353,085 |

Summary income statements

| | <i>Audited Year ended 30 June 2019 £</i> | <i>Audited Year ended 30 June 2020 £</i> | <i>Unaudited 6 months ended 31 December 2019 £</i> | <i>Unaudited 6 months ended 31 December 2020 £</i> |
|--|--|--|--|--|
| Total revenue | 12,851,835 | 13,258,938 | 5,120,231 | 4,145,664 |
| Profit/(loss) before tax | 1,411,159 | (376,994) | (347,501) | (1,025,551) |
| Net profit/(loss) attributable to the equity holders of the parent | 826,227 | (335,604) | (269,492) | (1,019,905) |
| Basic & diluted profit/(loss) per share | 0.07 | (0.02) | (0.02) | (0.07) |

Summary cash flows

| | <i>Audited</i> <i>Year ended</i> <i>30 June</i> <i>2019</i> £ | <i>Audited</i> <i>Year ended</i> <i>30 June</i> <i>2020</i> £ | <i>Unaudited</i> <i>6 months</i> <i>ended</i> <i>31 December</i> <i>2019</i> £ | <i>Unaudited</i> <i>6 months</i> <i>ended</i> <i>31 December</i> <i>2020</i> £ |
|-----------------------------------|---|---|---|---|
| Cash used in operating activities | 1,179,327 | 600,377 | (1,185,704) | (944,459) |
| Cash used in investing activities | (930,938) | (1,357,869) | (396,022) | (229,633) |
| Cash used in financing activities | 118,821 | 1,496 | (2,733) | 33 |
| Cash flows for the period | 367,210 | (755,996) | (1,584,459) | (1,174,969) |

B.3 What are the key risks that are specific to the issuer?

- The Company has insufficient working capital to meet the Group's obligations for the next 12 months;
- The Company has been materially impacted by the COVID-19 pandemic;
- The Group's direct-to-consumer ("**DTC**") business and its reliance on digital systems raises the importance of cyber security to the Group;
- The Company's ability to maintain its competitive position and to implement its strategy depends in part on it attracting, developing, motivating and retaining senior management, employees and other personnel of the highest quality;
- The Group relies on various technology platforms to drive revenue through acquisition of new customers and the re-marketing to its existing customer base;
- The Board is focused on implementing a number of operational efficiencies as well as simplification and enhancement of its e-commerce customer experience;
- The Group's performance depends on the attraction and retention of customers, and on its ability to drive and service customer demand as well as maintaining a strong brand reputation;
- The Group's business may be impacted by weak sales during peak selling seasons;
- Business interruption and supply chain disruption events are an ever-present possibility for the Group;
- The Group's business carries with it the risk of alleged intellectual property right infringement, including but not limited to: copyright infringement, design right infringement, trademark infringement and passing off;
- Any change in the costs of operating the Group could impact on the Company's profitability; and
- The Group routinely transmits and receives personal, confidential and proprietary information and therefore relies on the secure processing, storage and transmission of such information in line with regulatory requirements. The Group is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws which could lead to the imposition of fines or regulatory action, together with associated negative publicity.

C. Key information on the securities

C.1 What are the main features of the securities?

C.1.1 Type, class and ISIN

Pursuant to the Conditional Placing and the Open Offer the Company proposes to issue 8,531,571 new ordinary shares of €0.10 each in the capital of the Company (the "**Conditional Placing Shares**") and up to 1,449,469 new ordinary shares of €0.10 each in the capital of the Company (the "**Open Offer Shares**").

The Conditional Placing Shares will be registered with ISIN: GB00BT9PTW34. The Open Offer Entitlements will be registered with ISIN: GB00BMQ83351 and the Excess Open Offer Entitlements will be registered with ISIN: GB00BMQ83468.

C.1.2 Currency, denomination, par value, number of securities issued and duration

The Existing Shares held on the Register are denominated in Euros. As at the Latest Practicable Date, the Company had in issue 17,393,633 Existing Shares of €0.10 each (all of which were fully paid or credited as fully paid).

C.1.3 Rights attached to the Shares

The rights attaching to the New Shares will, once issued, be uniform in all respects and they will form a single class together with the Existing Shares for all purposes, including with respect to voting, pre-emption rights and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. Subject to the provisions of the Act, any equity securities issued by the Company for cash must first be offered to the holders of Shares in the capital of the Company in proportion to their holdings. On a show of hands, every shareholder who is present in person shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote per ordinary share held by it.

C.1.4 Rank of securities in the issuer's capital structure in the event of insolvency

The Existing Shares do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act 2006. The New Shares will, on Admission, rank *pari passu* in all respects with the Existing Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company.

C.1.5 Restrictions on the free transferability of the securities

There are no restrictions on the free transferability of the New Shares. However, the making of the proposed offer of Open Offer Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom, may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such Open Offer Shares.

C.1.6 Dividend or payout policy

To date, the Company has not declared or paid any dividends on the Shares. The Company currently intends to pay dividends on future earnings, if any, only when it is commercially and financially appropriate to do so. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, amongst other things, the Company's results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board may consider relevant.

C.2 Where will the securities be traded?

The Existing Shares are currently admitted to the standard listing segment of the Official List and to trading on the Main Market. Applications will be made to the FCA for the New Shares to be admitted to listing on the standard listing segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market.

C.3 What are the key risks that are specific to the securities?

There is no assurance that the public trading market price of the Shares will not decline below the Issue Price. The market price of the New Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Shares.

The Company may need to raise additional funds in the future to finance, amongst other things, working capital, new developments relating to existing operations or new acquisitions. There is no guarantee that any such funds could be raised in the future.

D. Key information on the admission to trading on a regulated market

D.1 Under which conditions and timetable can I invest in this security?

General

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of up to 1,449,469 Open Offer Shares at a price of 35 pence per Open Offer Share.

The Open Offer is being made on the basis of 1 Open Offer Share for every 12 Existing Shares held by Qualifying Shareholders at the Record Date. Applications by Qualifying Shareholders will be satisfied in full

up to their Open Offer Entitlements. In addition and subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The Conditional Placing and Open Offer are conditional upon the following:

- all of the Resolutions being passed by Shareholders at the General Meeting;
- the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been rescinded or terminated in accordance with its terms prior to Admission; and
- Admission occurring not later than 8.00 a.m. on the third Business Day following the General Meeting or such later time and/or date (being not later than 30 April 2021) as the Company and finnCap may agree.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Conditional Placing and Open Offer will not proceed. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

The Conditional Placing and Open Offer are not being underwritten by finnCap.

Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the standard listing segment of the Official List and to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective, and that dealings in the New Shares will commence, by 8.00 a.m. on 30 April 2021.

The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares and rank in full for all dividends and distributions declared in respect of the Shares after their issue.

Dilution

Shareholders who do not, or are not permitted to, acquire Open Offer Shares will suffer 89 per cent. dilution to their interests in the Company as a result of the Capital Raising as a whole and 69 per cent. dilution in relation to the Conditional Placing and the Open Offer.

Costs and expenses

The total estimated costs and expenses of the Capital Raising payable by the Company are approximately £420,000 (excluding recoverable VAT). Shareholders will not be charged expenses by the Company in respect of the Open Offer.

D.2 Why is this Prospectus being produced?

D.2.1 Use and estimated net amount of proceeds

Of the estimated net proceeds of the Capital Raising, the Board intend that up to £2.1 million will be used to strengthen the Company's balance sheet, and for working capital purposes and the remainder will be used to accelerate the Company's global Direct-To-Consumer e-commerce strategy through capital investment in the Company's e-commerce infrastructure and operational capacity. In addition, the obligation to repay the Loan has been released in consideration for the issue of 1,428,571 Conditional Placing Shares to Mark Ward.

D.2.2 Is the offer subject to Underwriting?

No element of the Conditional Placing or Open Offer has been or will be underwritten.

D.2.3 Material Conflicts of interest pertaining to Admission

The Directors have the following interests in the Existing Shares as at the date of this Prospectus:

1. Blake Hughes holds 37,728 Shares;
2. Ross Andrews holds 157,741 Shares;
3. Mark Ward holds 2,174,495 Shares; and
4. Simon Pyper holds 20,960 Shares.

Certain of the Directors have agreed to subscribe for an aggregate of 1,721,286 Shares pursuant to the Conditional Placing as set out below:

1. Blake Hughes has agreed to subscribe for 90,843 Conditional Placing Shares;
2. Ross Andrews has agreed to subscribe for 151,404 Conditional Placing Shares; and
3. Simon Pyper has agreed to subscribe for 50,468 Conditional Shares.

It has also been agreed that following Shareholder approval, the obligation to repay the £500,000 loan facility provided by Mark Ward will be satisfied by the issue of 1,428,571 Conditional Placing Shares to him.

Save as set out above, there are no material conflicts of interest pertaining to the Conditional Placing, Open Offer or Admission.

PART II

RISK FACTORS

Any investment in the Shares is subject to a number of risks and uncertainties. Accordingly, prospective investors and Shareholders should carefully consider the risks and uncertainties associated with any such investment and the Group's business and the industry in which it operates, together with all other information contained or incorporated by reference in this Prospectus, including, in particular, the risk factors described below, and their personal circumstances prior to making any investment decision. If any of the following risks or uncertainties actually materialises, the Group's business, results of operations, financial condition and prospects could be materially adversely affected. In such case, the market price of the Shares could decline and investors and shareholders may lose all or part of their investment. Prospective investors and Shareholders should note that the risks and uncertainties summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor or shareholder of whether to invest in the Shares. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors and Shareholders should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below are not the only ones the Group faces. Additional risks and uncertainties not presently known to the Directors or the Company, or that they currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition and prospects and could negatively affect the market price of the Shares.

1. Risks relating to the Group and its business

Lack of sufficient working capital to meet obligations

As outlined in the Company's unaudited interim results for the six months ending 31 December 2020, the recent underlying performance of the Company has been negatively affected by the continued impact of COVID-19 and tighter restrictions imposed in the UK over the important festive season, and as a result the cash position of the Company has been materially impacted. On 14 January 2021, the Company entered into a 6-month loan agreement ("**Loan Agreement**"), with Mark Ward, a non-executive director and substantial Shareholder, pursuant to which Mark Ward provided the Company with a £500,000 working capital loan facility ("**Loan**") and was granted a debenture over all the assets of the Company by way of security.

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

On 20 January 2021, the Company announced the Capital Raising and that Mark Ward intended, following Shareholder approval, to subscribe for 1,428,571 Conditional Placing Shares (as part of the Conditional Placing) in satisfaction of the Company's obligation to repay the principal amount of the Loan.

If the Conditional Placing and Open Offer do not successfully complete, the Group would not have sufficient working capital to continue to trade and would need to take immediate steps to protect the position of its creditors. In addition, the Loan Agreement would remain in effect and Mark Ward would not subscribe for further Shares at this time.

The Loan is repayable in full, along with accrued interest of approximately £15,000, on 13 July 2021 and if the Conditional Placing and Open Offer do not proceed, the Group would seek legal and financial advice to determine whether it should continue to trade and immediately enter into discussions with Mark Ward and other key creditors to try to agree extended terms of repayment until sufficient alternative funding solutions could be found. If no further alternative financing is procured by this time, the Company would be in default under the Loan and Mark Ward would be entitled to enforce his rights under the Loan Agreement and the debenture granted in his favour over all of the assets of the Company which was provided by the Company in relation to the Loan. In such circumstances and in the event that the Company is not able to reach an agreement with Mark Ward, the Board would expect at that time to place the Company into an administration

or insolvency process, in which event it would be likely that the value of the Shares would reduce to nil, and Shareholders would lose the entire value of their investment in the Company.

On 28 February 2021, the Group had £364,385 of cash and without the Conditional Placing the Group would be unable to meet its financial obligations after 13 July 2021, (with a cash shortfall estimated at approximately £0.1 million before repayment of the Loan), which is the date when the principal amount of the Loan, in addition to any accrued interest, is payable in full. The Group has forecast that it will require £2.5 million to fulfil the working capital requirements of the Group for at least the next 12 months from the date of publication of this document.

The Board is very confident that the Conditional Placing will proceed and that the expected net proceeds of the Conditional Placing of £2.2 million and the release of the Company's obligation to repay the Loan, (when combined with the net proceeds of the Firm Placing of £0.9 million) will be sufficient for the working capital requirements of the Company for the next 12 months, which, as disclosed above, the Group has forecast will be £2.5 million. The Open Offer is expected to raise a further £0.5 million (assuming full take up of the Open Offer) but there can be no certainty that the Open Offer will be taken up in full.

Impact of the COVID-19 pandemic

As outlined in the Company's unaudited interim results for the six months ending 31 December 2020, the recent underlying performance of the Company has been negatively affected by the continued impact of COVID-19 and the tighter restrictions imposed in the UK over the important festive season, and as a result the cash position of the Company has been materially impacted. The COVID-19 pandemic and its related impacts continue to dominate the Group's near-term risk horizon. Scenario planning has been undertaken in relation to a range of extreme but plausible scenarios which include the impact on demand for the Company's products arising from an extension to the existing national lockdown in the UK or introduction of regional lock-down restrictions when the existing national lockdown are eased. The Board acknowledges that the profile of risks related to the COVID-19 pandemic is subject to rapid change and significant uncertainty and is monitoring the position carefully. Any reduction in the demand for the Company's products as a consequence of the COVID-19 pandemic will have a negative on the turnover, profits and valuation of the Company.

Importance of Cyber security

The Group's direct-to-consumer ("**DTC**") business and its reliance on digital systems raises the importance of cyber security to the Group. Any attacks directed at, the Group's computer systems, networks or data could disrupt its businesses, result in the loss or disclosure of confidential information or data, damage its reputation and result in significant losses. Potential impacts on the business include loss of customer data (including customers' payment information), business interruption and potential fines or reputation damage if regulatory response plans are delayed or not adequate. The threat of unauthorised or malicious attack on the Group's IT systems is an ongoing risk, the nature of which is constantly evolving and increasingly sophisticated. A complete review of the Company's systems and security controls has recently been commissioned by the Board as part of its ongoing review. A significant cyber-attack could adversely affect operation of key systems or result in data leaks, exposing the Group to brand and reputational damage and significant financial penalties. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

Retention of Key Personnel

The Company's ability to maintain its competitive position and to implement its strategy depends in part on it attracting, developing, motivating and retaining senior management, employees and other personnel of the highest quality. The Group has significantly strengthened the Board over the last 6 months and has built an experienced and digitally focused Board and executive team, all of which are based in the UK. The Company is looking to strengthen its ecommerce team. If the Company is unable to retain its senior management then this may have an impact on the ability of the Company to execute its business plan and therefore could have an impact on the Group's prospects.

On-line Marketing Competition

The Group relies on various technology platforms to drive revenue through acquisition of new customers and the re-marketing to existing customer base. Digital channels have become increasingly competitive

with the major technology platforms moving to complex algorithms to determine bid costs. There were on-going challenges in the major on-line marketing platforms during the pandemic lockdown as the beauty category became an easy target for new entrants and the bidding value for target customers increased significantly. The Group recognises these shifts and is constantly reviewing bid costs in conjunction with using alternative avenues available in digital channel markets. If the bidding value for target customers continues to increase and the Company is unable to use alternative digital marketing channels, then the Company's operating costs would increase and there would be an impact on the Group's future profitability.

Group Strategy

The Board is focused on implementing a number of operational efficiencies as well as simplification and enhancement of its e-commerce customer experience. The Company is also implementing a range of profit, cash and gross margin protection measures including introducing strong overhead cost reductions, operating with lower year-on-year inventory, increasing marketing and promotional hurdle rates, and lowering the cost to digitally target existing customers. The potential consequences of not achieving change goals include loss of competitive position, underachievement against the Group's growth targets, inefficient returns on investment and constrained ability to respond to market forces. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

Service proposition and reputation

The Group's performance depends on the attraction and retention of customers, and on its ability to drive and service customer demand. This includes having attractive, functional, and reliable online platforms, such as websites and fulfilment capabilities. It must also be able to deliver successful marketing strategies and provide customers with service levels that meet or exceed their expectations. The Group is investing in the improvement of its customer experience by improvements to its websites and mobile applications. If the customers' experience does not meet expectation or match the experience offered by other retailers, this may lead to reputational damage and lower demand for the Group's products as customers may shop elsewhere. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations. The success of the Group relies on it having a strong reputation. With the growth of social media platforms, it is possible that negative customer experiences could spread quickly and brand and/or reputational damage could occur before the Group is able to rectify and/or address such issues.

The Group's quality control procedures or those of its suppliers may fail to identify all defects in the Group's products. The inadvertent supply of defective or inferior products or the recall of products for any reason could give rise to claims for refunds as well as negatively impacting the Group's reputation and the perception of its product quality. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

Weak sales in peak selling seasons

The Group's business may be impacted by weak sales during peak selling seasons. Historically, trading has been weighted to the second half of the financial period and the most important trading period in terms of product sales has been the final quarter of the financial year. If sales during this period are significantly lower than expected for any reason this could have a material adverse effect on the Group's business, results of operations or financial condition.

Business interruption and supply chain

Business interruption events are an ever-present possibility for the Group. Potential impacts are broad ranging and include disruption to trade and customer service and impact on revenue, margin or reputation. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations. The Group's third-party manufacture and logistics operations provide fundamental support to the business operations. Risks include business interruption due to physical damage, breakdowns, capacity and resource shortages, IT systems failure, inefficient processes and third party failures. If the Group does not manage its manufacturing and logistics operations appropriately, the availability of products may be restricted, and products ordered may not reach customers within the timeframe of the delivery promised. This may reduce sales and adversely affect customer service and customer perception of the Group. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

Intellectual property

The Group's business carries with it the risk of alleged intellectual property right infringement, including but not limited to: copyright infringement, design right infringement, trademark infringement and passing off. The Group tries to protect its intellectual property rights by relying on trademark and copyright protection and confidentiality laws and contracts. There may be instances in the future when the Group is not able to acquire appropriate intellectual property in certain countries which could have an impact on the Group's business, financial condition, prospects and/or results of operations, however, the Directors believe that the Group's current portfolio will enable the execution of its strategy.

Operational costs

Any change in the costs of operating the Group could impact on the Company's profitability. Such cost increases could be realised from increments in supplier costs (including, amongst other things, raw materials or exchange rates) or increases in costs to be incurred due to regulatory change e.g. following introduction of auto-enrolment in respect of employee participation in pension schemes, with an obligation on employers to make contributions to employee pension schemes. Although such costs are accounted for, where these can be estimated, in future budgets for the Group, not all cost increases are capable of being estimated adequately in advance.

2. Risks relating to legal and regulatory requirements

Regulatory breach

The Group is subject to a number of laws and regulations in relating to privacy and data protection ("**Relevant GDPR**"). Such laws govern the Group's ability to collect, use and transfer personal data, including relating to its customers and business partners, as well as any such data relating to its employees and others. The Group routinely transmits and receives personal, confidential and proprietary information (such as debit and/or credit card details of its customers) by electronic means and therefore relies on the secure processing, storage and transmission of such information in line with regulatory requirements. Therefore, the Group is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws which could lead to the imposition of fines or regulatory action, together with associated negative publicity. For example, breaches of Relevant GDPR can result in fines of up to 4 per cent. of annual global turnover. Any perceived or actual failure by the Group, including its third-party service providers, to protect confidential data or any material non-compliance with privacy or data protection or other consumer protection laws or regulations may harm its reputation and credibility, adversely affect revenue, reduce its ability to attract and retain customers, result in litigation or other actions being brought against the Group and the imposition of significant fines and, as a result, could have a material adverse effect on its business, financial condition, results of operations or prospects.

Relevant GDPR can ascribe a strict timeline to breach notification with companies required to inform the relevant supervisory authority within 72 hours of any data loss. Furthermore, certain Relevant GDPR provides for extensive individual rights in relation to personal data, including rights of access, correction, deletion, blocking, objection, erasure and data portability. Amongst other requirements, Relevant GDPR requires that companies implement technical and organisational data security measures to ensure a level of security appropriate to the risk involved in the data usage. Breaches of Relevant GDPR could result in potentially significant fines and/or reputational damage. There is increased risk in this respect due to the Group holding sensitive customer data (including their payment information). Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

3. Risks relating to the Open Offer, the Conditional Placing and the Shares

Potential share price volatility and liquidity issues

There is no assurance that the public trading market price of the Shares will not decline below the Issue Price. The market price of the New Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Shares. The fluctuations could result from national and global economic and financial conditions (including the COVID-19 pandemic), the market's response to the Capital Raising, market perceptions of the Company, including but not limited to liquidity of the financial markets. Furthermore, the Group's operating results and prospects from time to time may be below the expectations

of market analysts and investors. Any of these events could result in a decline in the market price of the New Shares.

The public trading market price of the Shares may decline below the Issue Price. Should that occur prior to the latest time and date for acceptance under the Open Offer, Qualifying Shareholders who take up any part of their Open Offer Entitlements or Excess Open Offer Entitlements will suffer an immediate loss as a result. Moreover, following the acceptance of their Open Offer Entitlements or Excess Open Offer Entitlements, Shareholders may not be able to sell their Shares at a price equal to or greater than the acquisition price for those shares. If the public trading market price of the Shares declines below the Issue Price, investors who have acquired any such Shares will likely suffer a loss as a result.

Admission should not be taken as implying that there will be a liquid market for the New Shares. There is no guarantee that there will be sufficient liquidity in the New Shares to sell or buy any number of New Shares at a certain price level. The Company cannot predict the extent to which an active market for the New Shares will be sustained, or how the development of such market might affect the market price for New Shares. An illiquid market for the New Shares may result in lower trading prices and increased volatility, which could adversely affect the value of any investment.

The Conditional Placing and Open Offer are conditional, *inter alia*, upon the passing of the Resolutions and may not complete. The allotment, issue and Admission of the New Shares are conditional, *inter alia*, on the passing of the Resolutions by the Shareholders at the General Meeting. If the Shareholders do not pass the Resolutions, or if the Conditional Placing and Open Offer are otherwise terminated in accordance with the terms of the Placing Agreement or otherwise, the New Shares will not be issued and no funds will be raised under the Conditional Placing and Open Offer, but the Company will bear the advisory and other costs of the Capital Raising.

If the Capital Raising does not successfully complete, the Group would not have sufficient working capital to continue to trade and would need to take immediate steps to protect the position of its creditors. This would lead to a large reduction in shareholder value which may fall to nil.

Requirement for additional funds

Although the proceeds of the Capital Raising are expected to be sufficient to fulfil the Group's working capital requirements for the next 12 months, the Group may need to raise additional funds in the future to finance, amongst other things, additional working capital for new developments relating to existing operations or new acquisitions. There is no guarantee that any such funds could be raised in the future. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Shares. The Company may also issue Shares as consideration for acquisitions or investments which would also dilute Shareholders' respective shareholdings.

The specific and general risk factors detailed above do not include those risks associated with the Company which are unknown to the Directors.

This document contains forward-looking statements that involve risks and uncertainties. The Company's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in the document.

Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business.

Although the Directors will seek to minimise the impact of the risk factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.

PART III

CONSEQUENCES OF A STANDARD LISTING

Application will be made for the New Shares to be admitted to the standard segment of the Official List (“**Standard Listing**”). A Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

The Company’s Existing Shares are, and the New Shares will be, admitted to the standard segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. The Company intends to comply with the Listing Principles set out Chapter 7 of the Listing Rules at Listings Rules 7.2.1 which apply to all companies with their securities admitted to the Official List. In addition, the Company also intends to comply with the Listing Principles at Listing Rule 7.2.1A notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. With regard to Listing Principles at 7.2.1A, the Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the FCA.

Listing Rules which are not applicable to a Standard Listing

Such non-applicable Listing Rules include, in particular:

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this document;
- Chapter 9 of the Listing Rules relating to further issues of shares, issuing shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions which requires shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the company of its shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to shareholders.

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules and does not currently intend to seek to transfer to either a Premium Listing or other listing venue.

Listing Rules with which the Company must comply under a Standard Listing

There are, however, a number of continuing obligations set out in Chapter 14 of the Listing Rules that are applicable to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility and related notification to a regulatory information service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of regulatory information service notifications in relation to a range of debt and equity capital issues; and
- at least 25 per cent. of the Shares being held by the public.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company’s compliance with any of the Listing Rules which the Company intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. However the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this document are themselves misleading, false or deceptive.

PART IV

IMPORTANT INFORMATION

1. General

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor or Shareholder should consult its, his, her or its own legal, financial or tax adviser for legal, financial or tax advice. In making an investment decision, each investor or Shareholder must rely on their own examination, analysis and enquiry of the Company and the terms of the Open Offer, including the merits and risks involved.

The Company will update the information provided in this document by means of a supplement if a significant new factor that may affect the evaluation by prospective investors of the Open Offer occurs after the publication of this document or if this document contains any material mistake or substantial inaccuracy. This document and any supplement will be subject to approval by the FCA (as competent authority under the UK Prospectus Regulation) and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this document is published prior to Admission of the Open Offer Shares, investors shall have the right to withdraw their applications for Open Offer Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear Business Days after publication of the supplement).

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor any issue or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company and its subsidiaries taken as a whole since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, the Group, finnCap or any other person involved in the preparation of this document. Any decision to invest in the Shares should be based on a consideration of this document as a whole by the investor. No representation or warranty, express or implied, is made by the Company, the Directors, the Group, finnCap or any other person involved in the preparation of this document as to the accuracy or completeness of such information or representation. Nothing contained in this document is, or shall be relied upon as, a promise or representation by the Company, the Directors, the Group, finnCap or any other person involved in the preparation of this document as to the past, present or future.

2. No Incorporation of websites

The contents of the Company's website (www.innovaderma.com) and the contents of any website accessible from hyperlinks on such website (other than the information as set out in Part V (*Documentation Incorporated by Reference*)) do not form part of this document and no one should rely on them.

3. Forward-looking statements

This document includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this document, including, without limitation, those regarding the Group's intentions, beliefs or current expectations concerning, among other things, their future financial condition and performance and results of operations; their strategy, plans, objectives, prospects, growth, goals and targets; future developments in the industry and markets in which the Group participate or are seeking to participate; and anticipated regulatory changes in the industry and markets in which the Group operate. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "project", "should" or "will" or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements are subject to known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future, many of which are beyond the Group's control. Shareholders and potential investors are cautioned that forward-looking statements are not guarantees or assurances of future performance and that the Group's actual financial condition, results of operations, cash flows and distributions to shareholders and the development of their financing strategies, and the development of the industry in which they operate, may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if their financial condition, results of operations, cash flows and distributions to shareholders and the development of their financing strategies, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements should, therefore, be construed in light of the foregoing risk factors and the other factors identified in Part II (*Risk Factors*) of this document entitled "Risk Factors". Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are made as at the date of this document and are not intended to give any assurance as to future results. The Group will update this document as required by applicable law, including the Listing Rules, the UK Prospectus Regulation, the Prospectus Regulation Rules, UK MAR, the Disclosure Guidance and Transparency Rules and the requirements of the LSE, but otherwise the Group and finnCap expressly disclaim any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. You are advised to read this document and the information incorporated by reference into this document in their entirety, and, in particular, the Summary section and Part II (*Risk Factors*), and Part XII (*Business Overview of the Group*) of this document. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may or may not occur. Investors and Shareholders should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital.

The contents of the sections of this document relating to forward-looking statements do not in any way seek to qualify the working capital statement relating to the Group's working capital set out in paragraph 10 of Part IX (*Chair's Letter*) of this document.

4. No forecasts or estimates

Nothing in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share or dividend per share for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for the Company.

5. Third party information

The Company confirms that all third party information contained in this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has also been identified.

6. Presentation of financial and other information

Audited information in respect of the Group for the year ended 30 June 2020 and unaudited information in respect of the Group for the six months ended 31 December 2020 has been incorporated by reference into this document as set out in Part V (*Documentation Incorporated by Reference*).

Financial information is prepared in accordance with IFRS unless otherwise indicated.

The non-financial operating data included in this document has been extracted without material adjustment from the management records of the Group and is unaudited.

7. Rounding

Certain financial data and percentages have been rounded. As a result of such rounding, the totals of financial data presented in this document may vary slightly from the actual arithmetic totals of such data and percentages in tables may not add up to 100 per cent.

8. Currency

The Group prepares its financial statements in pounds sterling. All references to “**GBP**”, “**pounds**”, “**pounds sterling**”, “**sterling**”, “**£**”, “**pence**” and “**p**” are to the lawful currency of the United Kingdom.

9. Incorporation by reference

Certain information in relation to the Group is incorporated by reference in this document, as set out in Part V (*Documentation Incorporated by Reference*) of this document.

10. Definitions

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part XVII (*Definitions*) of this document.

PART V

DOCUMENTATION INCORPORATED BY REFERENCE

The table below sets out the information which is incorporated by reference in this document, to ensure Shareholders and others are aware of all information which is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Group and the rights attaching to the Shares. Information that is itself incorporated by reference or referred or cross-referenced to in these documents is not incorporated by reference into this document.

| <i>Information incorporated by reference into this Prospectus</i> | <i>Description of incorporation</i> | <i>Page numbers within those documents</i> |
|---|--|--|
| Historical financial information for the Company | Unaudited interim financial information for the six months ended 31 December 2020 | All |
| | Audited historical financial information for the year ended 30 June 2020 | All |

Copies of the documents of which part or all are incorporated by reference herein are available in electronic format at www.innovaderma.com.

Any statement which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

PART VI

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Executive Director

Blake Hughes, *Chief Executive Officer*

Non-Executive Directors

Ross Martin Hilton Andrews, *Non-Executive Chair*

Simon John Pyper, *Non-Executive Director*

Mark Michael Ward, *Non-Executive Director*

Company Secretary

Elemental Company Secretary Limited

Registered and head office of the Company

27 Old Gloucester Street, London WC1N 3AX

Sole Broker

finnCap Ltd, 1 Bartholomew Close, London EC1A 7BL

Legal advisers to the Company

Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT

Legal advisers to the Sole Broker

Osborne Clarke LLP, One London Wall, London EC2Y 5EB

Reporting Accountant

Crowe U.K. LLP

55 Ludgate Hill, London EC4M 7JW

Auditors

Elderton Audit UK, Level 2, 35 Outram Street, West Perth WA 6005, Australia

Registrar

SLC Registrars Limited, Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey KT13 0TS

Receiving Agent

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

PART VII

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates below is subject to change without further notice. Please read the notes to the timetable set out below.

| | |
|--|---|
| Record Date for Open Offer Entitlements | 6.00 p.m. on 8 April 2021 |
| Ex-Entitlements Time for the Open Offer | 7.00 a.m. on 12 April 2021 |
| Publication of this document | 12 April 2021 |
| Posting of this document, Application Form (to Qualifying Non-CREST Shareholders only) and Forms of Proxy | 12 April 2021 |
| Open Offer Entitlements and Excess Open Offer Entitlements enabled in CREST and credited to stock accounts in CREST (Qualifying CREST Shareholders only) | as soon as practicable after 8.00 a.m. on 14 April 2021 |
| Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST ^(iv) | 3.00 p.m. on 21 April 2021 |
| Latest time and date for depositing Open Offer Entitlements into CREST ^(v) | 3.00 p.m. on 22 April 2021 |
| Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only) | 3.00 p.m. on 23 April 2021 |
| Latest time and date for receipt of Forms of Proxy or CREST Proxy Instructions | 10.00 a.m. on 27 April 2021 |
| Record date for voting at the General Meeting | 6.00 p.m. on 27 April 2021 |
| Latest time and date for receipt of completed Application Forms and payments in full and settlement of CREST instructions (as appropriate) | 11.00 a.m. on 27 April 2021 |
| General Meeting | 10.00 a.m. on 29 April 2021 |
| Results of Open Offer and General Meeting announced through a Regulatory Information Service | 29 April 2021 |
| Admission and dealings in New Shares commence on the London Stock Exchange | by 8.00 a.m. on 30 April 2021 |
| New Shares credited to CREST stock accounts (uncertificated holders only) | as soon as possible after 8.00 a.m. on 30 April 2021 |
| Expected date of despatch of definitive share certificates for the New Shares to be held in Certificated form | within 10 Business Days of Admission |

Notes:

- (i) The ability to participate in the Open Offer is subject to certain restrictions relating to persons with registered addresses or located or resident in countries outside the UK, details of which are set out in Part XI (*Terms and Conditions of the Open Offer*) of this document.
- (ii) These times and dates and those mentioned throughout this document and the accompanying documents are indicative only and may be adjusted by the Company in consultation with finnCap, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Qualifying Shareholders.
- (iii) Any reference to time in this document is to London Time, unless otherwise specified.
- (iv) If your Open Offer Entitlements are in CREST and you wish to convert them to certificated form.
- (v) If your Open Offer Entitlements are represented by an Application Form and you wish to convert them to uncertificated form.

PART VIII

CONDITIONAL PLACING AND OPEN OFFER STATISTICS

| | |
|--|------------|
| Issue Price for each New Share | 35 pence |
| Number of Existing Shares in issue as at the Latest Practicable Date | 17,393,633 |

Conditional Placing and Open Offer

| | |
|---|---|
| Basis of Open Offer | 1 New Share for every 12 Existing Shares ⁽ⁱ⁾ |
| Number of New Shares to be issued pursuant to the Conditional Placing and Open Offer ⁽ⁱⁱ⁾ | 9,981,040 |
| Number of New Shares to be issued pursuant to the Conditional Placing | 8,531,571 |
| Number of New Shares to be issued pursuant to the Open Offer ⁽ⁱⁱ⁾ | 1,449,469 |
| Number of Shares in issue immediately following completion of the Conditional Placing and Open Offer ⁽ⁱⁱ⁾ | 27,374,673 |
| New Shares as a percentage of the enlarged issued share capital of the Company immediately following completion of the Conditional Placing and Open Offer ⁽ⁱⁱ⁾ | 36.5 per cent. |
| Estimated net proceeds receivable by the Company from the Conditional Placing and the Open Offer (after deduction of fees and expenses) ⁽ⁱⁱ⁾ | £2.7 million |

Notes:

- (i) Fractions of New Shares will not be allotted to Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of New Shares.
- (ii) Assuming the Open Offer is taken up in full.

PART IX
CHAIR'S LETTER

InnovaDerma PLC

(Incorporated and registered in England and Wales with company number 09226823)

Registered Office:
27 Old Gloucester Street
London
England
WC1N 3AX

Tel: +44 800 014 8895
www.innovaderma.com

Directors:

Ross Martin Hilton Andrews (*Chair*)
Blake Hughes (*Chief Executive*)
Simon John Pyper (*Non-Executive Director*)
Mark Michael Ward (*Non-Executive Director*)

12 April 2021

To Shareholders and, for information only, to persons with information rights

Dear Shareholder

Conditional Placing of 8,531,571 New Shares and Open Offer of up to 1,449,469 New Shares, all at 35 pence per New Share

1. Introduction

On 20 January 2021 the Board announced a proposal to raise gross proceeds of up to approximately £4 million and the release of the Company's obligation to repay the Loan, (the "**Launch Announcement**") by way of the Firm Placing of 2,897,000 Shares, the Conditional Placing and the Open Offer (together the "**Capital Raising**"). Following the Launch Announcement, the Firm Placing became unconditional and the Firm Placing Shares were admitted to listing on the standard segment of the Official List and accepted for trading on the Main Market of the London Stock Exchange on 26 January 2021.

As set out in the Launch Announcement, the Board proposes to issue up to a further 9,981,040 New Shares pursuant to the Conditional Placing and the Open Offer, both of which will be subject to passing of the relevant Resolutions at the General Meeting. The Open Offer will be made on the basis of 1 Open Offer Share for every 12 Existing Shares.

Having assessed the Group's financial position in light of the implications of the COVID-19 pandemic and as highlighted in the announcement by the Company published on 11 January 2021, the Board determined that it was in the long-term interests of the Group to raise equity by way of the Capital Raising. It was clear to the Board that working capital was required in the near term and to that end, Mark Ward, a Non-Executive Director and substantial Shareholder of the Company agreed to provide a £500,000 loan. As set out in the Launch Announcement, the Capital Raising was structured in two tranches comprising the Firm Placing (which has been concluded) and the Conditional Placing and Open Offer. Pursuant to the Conditional Placing and the Open Offer, the Company proposes to issue up to 9,981,040 New Shares, which represents approximately 57.4 per cent. of the Existing Shares. In view of the aggregate size of the Capital Raising (being the Firm Placing, the Conditional Placing and the Open Offer) as a percentage of the Existing Shares, the Company is required to prepare a Prospectus approved by the FCA prior to the Admission of the New Shares, being those Shares that are to be issued pursuant to the Conditional Placing and the Open Offer.

The Board believes that raising equity finance using the flexibility provided by a placing and an open offer is the most appropriate and optimal structure for the Company at this time and will allow both existing Shareholders and new investors the opportunity to participate in the Capital Raising. The Board concluded that funding the Company by way of a material debt facility was neither suitable or feasible due to the relatively weak balance sheet of the Company and the losses incurred as a result of the COVID-19 pandemic.

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

The Group has forecast that it will require £2.5 million to fulfil the working capital requirements of the Group for at least the next 12 months from the date of publication of this document.

The Board is very confident that the Conditional Placing will proceed and that the expected net proceeds of the Conditional Placing of £2.2 million and the release of the Company's obligation to repay the Loan, (when combined with the net proceeds of the Firm Placing of £0.9 million) will be sufficient for the capital requirements of the Company for the next 12 months, which, as disclosed above, the Group has forecast will be £2.5 million. The Open Offer is expected to raise a further £0.5 million (assuming full take up of the Open Offer) but there can be no certainty that the Open Offer will be taken up in full.

This letter sets out the background to, and reasons for, the Capital Raising, including the Group's strategy, strengths, impact of, and response to the COVID-19 pandemic, the financial impact of the Capital Raising and the proposed use of proceeds. This letter also explains why the Board considers the Conditional Placing and Open Offer to be in the best interests of the Company and Shareholders as a whole and seeks your approval of the Resolutions to be proposed at the General Meeting, which will provide the Board with the authorities to carry out the Conditional Placing and Open Offer.

The Conditional Placing and Open Offer are conditional on, among other things, the passing of those Resolutions by Shareholders at the General Meeting, which is scheduled to take place at 10.00 a.m. on 29 April 2021. You can find the Notice of General Meeting at Part XVIII of this document.

Your attention is drawn to paragraph 16 of this Part IX (*Chair's Letter*) for more information on the importance of your vote and to paragraphs 3 to 5 of Part XI (*Terms and Conditions of the Open Offer*) for information on the Open Offer, and to the Notice of General Meeting a copy of which is at the end of this document, which in each case sets out the actions to be taken by Shareholders.

The Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as each of the Directors has undertaken to do in respect of their own beneficial holding of Shares, representing 13.75 per cent. of the Existing Issued Share Capital.

2. Background to, and reasons for, the Capital Raising

InnovaDerma is a UK developer of beauty, personal care and life science products. The Company has a presence in the UK, Europe, US, Australasia, Asia and Africa, and operates under a number of different brand names including Skinny Tan, Charles + Lee, Roots and Nothing.

The Company has changed substantially over the last 6 months, reconstituting its Board and significantly strengthening its management team to ensure it has the digital, commercial and beauty sector expertise to drive profitable and sustainable growth.

Blake Hughes, who recently joined as CEO, has over 25 years' of experience growing brands and companies within the beauty and personal care industry. He has extensive experience in eCommerce, brand building, international expansion and digital marketing having previously held positions within Procter & Gamble, Elizabeth Arden and Philip Kingsley.

Since joining, Blake has implemented a programme of significant change across the organisation, ensuring that the Company is focused on the areas that will drive both immediate and substantive performance improvements whilst also allowing the Board to start building the foundations for future growth.

Changes have been implemented to the Company's logistics and technical platforms, which is already leading to an improvement in the Company's consumer satisfaction scores. Google and Facebook digital marketing experts have been engaged to ensure that the Company more effectively utilises its digital marketing spend, and the Company's primary Skinny Tan website is being improved.

New product development is key to InnovaDerma's future growth plans and the Board believes it now has the right structure and processes in place to support this area. A key focus will be to move the Company's brands (existing and new) away from being primarily promotion and discount led to being innovation led to having a more balanced innovation and value focus which the Board believes will improve gross margins.

The Company is also implementing a range of profit, cash and gross margin protection measures including introducing strong overhead cost reductions, operating with lower year-on-year inventory, increasing marketing and promotional hurdle rates, and lowering the cost to digitally target existing customers. All of which the Board is confident will position the Company to benefit from the substantial growth opportunities anticipated once the restrictions implemented as a result of COVID-19 begin to ease.

The Board believes now is the appropriate time to strengthen the balance sheet, implement its growth strategy and build its brands.

As outlined in the Company's unaudited interim results for the 6 months ending 31 December 2020 and released on 31 March 2021, the recent underlying performance of the Company has been negatively affected by the continued impact of COVID-19 and tighter restrictions imposed in the UK over the festive season, and as a result the cash position of the Company has been materially impacted. The Group experienced a decline in revenue of circa 20 per cent., compared to the 6 months ending 31 December 2019. With the dismissal of the previous executive director on 11 January 2021, and under the leadership of the new CEO, the Company has been able to formalise a sharpened strategic focus for future growth and explore options to strengthen its balance sheet to ensure the business is well positioned for the future. Accordingly, the Board decided to undertake the proposed Capital Raising in order to both strengthen the Company's balance sheet and to fund its short-term cash requirements, as well as provide additional capital to accelerate the Company's global DTC strategy, and enhance and grow the Company's e-commerce infrastructure and operational capacity.

3. Use of proceeds

The Company intends to use the net proceeds of the Capital Raising as follows:

| <i>Use of funds</i> | <i>Estimate</i> |
|--|------------------|
| Accelerate the Company's global DTC e-commerce strategy through capital investment in the Company's e-commerce infrastructure and operational capacity | Up to £2 million |
| Strengthen the Company's balance sheet and for working capital purposes (after costs of the Capital Raising) | £1.6 million |

In addition, the obligation to repay the Loan has been released in consideration for the issue of 1,428,571 Conditional Placing Shares to Mark Ward.

As announced on 14 January 2021, the Company entered into a Loan Agreement to provide the Company with a working capital loan facility of £500,000 with Mark Ward, a non-executive Director of the Company and substantial shareholder.

Under the Loan Agreement, the Loan attracts interest at 5 per cent. above LIBOR and is repayable on 13 July 2021. As stated at the time, Mark Ward can require the Loan to be repaid early in the event that the Company raises in excess of £2 million through debt or equity issuance. As announced in the Launch Announcement, Mark Ward has agreed with the Company, pursuant to a subscription letter dated 9 April 2021, following shareholder approval, Mark Ward will subscribe for 1,428,571 Conditional Placing Shares, as part of the Conditional Placing in satisfaction of the Company's obligation to repay the principal amount of the Loan.

4. The Capital Raising

The Company has raised gross proceeds of approximately £1.0 million pursuant to the Firm Placing and is additionally proposing to raise gross proceeds of approximately £3 million and the release of the Company's obligation to repay the Loan by way of:

- (i) a Conditional Placing of 8,531,571 New Shares, raising approximately £2.5 million and the release of the Company's obligation to repay the Loan; and
- (ii) an Open Offer of up to 1,449,469 New Shares, raising up to approximately £0.5 million (assuming the Open Offer is taken up in full).

Assuming the Open Offer is taken up in full, the Company will raise gross proceeds of approximately £4 million and the release of the Company's obligation to repay the Loan. The Firm Placing Shares were issued at an Issue Price of 35 pence per Share and the New Shares shall be issued at the same price. The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Shares, including the right to receive dividends or distributions made, paid or declared after the date of issue of the New Shares, save in respect of any dividend or distribution with a record date falling before the date of issue of the New Shares. The Conditional Placing and the Open Offer will not be underwritten by finnCap.

The Board has considered the best way to structure the proposed Capital Raising in light of the Group's current financial position. The decision to structure the Capital Raising by way of a combination of a Firm Placing, a Conditional Placing and an Open Offer takes into account a number of factors, including the total net proceeds to be raised and the Board's view (having sought advice) that it provides a lower level of market risk than solely through a rights issue in the current market environment. The Board believes that the Capital Raising will enable the Company to satisfy demand from current Shareholders wishing to increase their equity positions in the Company as well as new investors. The Board has sought to balance the dilution to existing Shareholders arising from the Firm Placing and Conditional Placing with the benefit of bringing in substantial investors with firm commitments to ensure the success of the Capital Raising. The Board is seeking the approval of Shareholders, by way of the Resolutions at the General Meeting, to the proposed Conditional Placing and Open Offer.

Applications will be made to the FCA for the Conditional Placing Shares and the Open Offer Shares to be admitted to the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that Admission of the New Shares will become effective and that dealings in the New Shares will commence on the London Stock Exchange by 8.00 a.m. (London time) on 30 April 2021.

The Existing Shares are admitted to CREST. It is expected that all of the New Shares, when issued and fully paid, will be capable of being held and transferred by means of CREST Further details on listing, dealing and settlement are included in Part XI (*Terms and Conditions of the Open Offer*) of this document.

Further details of the terms and conditions of the Open Offer, including the procedure for acceptance and payment, are set out in Part XI (*Terms and Conditions of the Open Offer*) of this document and, where relevant, the Application Form. Overseas Persons should refer to paragraph 8 of Part XI (*Terms and Conditions of the Open Offer*) of this document for further information regarding their ability to participate in the Open Offer.

4.1 Issue Price

The New Shares issued pursuant to the Conditional Placing and Open Offer will each be issued at the Issue Price of 35 pence per New Share. The Firm Placing Shares were also issued at the Issue Price. The Issue Price represents a discount of 28.6 per. cent to the LSE Closing Price of 49 pence per Share on 19 January 2021 (being the Business Day prior to the Launch Announcement). The Issue Price (and discount) have been set by the Directors following their assessment of the prevailing market conditions and anticipated demand for the Shares. The Board, having taken advice from its advisers, believes that the Issue Price (including the discount) is appropriate in the circumstances.

4.2 **Firm Placing**

The Company issued the Firm Placing Shares at the Issue Price, on a non-pre-emptive basis. Admission of the Firm Placing Shares became effective and that dealings in the Firm Placing Shares commenced on the London Stock Exchange at 8.00 a.m. (London time) on 26 January 2021.

4.3 **Conditional Placing**

The Company has conditionally agreed to issue the Conditional Placing Shares to Conditional Placees at the Issue Price on a non-pre-emptive basis.

As announced on 14 January 2021, the Company entered into a Loan Agreement with Mark Ward, a non-executive Director of the Company and substantial shareholder, to provide the Company with the Loan.

Pursuant to a subscription letter dated 9 April 2021, Mark Ward has agreed that, following shareholder approval he will subscribe for 1,428,571 Conditional Placing Shares (as part of the Conditional Placing) in satisfaction of the Company's obligation to repay the principal amount of the Loan.

Pursuant to the Placing Agreement, finnCap has severally agreed to use reasonable endeavours to procure subscribers for the Conditional Placing Shares at the Issue Price. It is expected that Admission of the Conditional Placing Shares will become effective and that dealings in the Conditional Placing Shares will commence on the London Stock Exchange by 8.00 a.m. (London time) on 30 April 2021.

4.4 **Open Offer**

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares *pro rata* to their current holdings on the basis of:

1 Open Offer Share for every 12 Existing Shares

held by them and registered in their name on the Record Date (and so in proportion to any other number of Existing Shares then held) on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form).

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Open Offer Entitlements. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlements will be rounded down to the nearest whole number. Any fractional entitlements to Open Offer Shares will be aggregated and made available under the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than 12 Existing Shares will not be entitled to take up any Open Offer Shares but may be able to apply for Excess Open Offer Shares under the Excess Application Facility. Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements. If Qualifying Shareholders do not take up all of the Open Offer Shares, the Company and finnCap may agree that finnCap should use their reasonable efforts to procure subscribers for such Open Offer Shares at the Issue Price. There is no guarantee that this will occur or that finnCap would be successful in so procuring any such subscribers for such shares.

It is expected that Admission of the Open Offer Shares will become effective and that dealings in the Open Offer Shares will commence on the London Stock Exchange by 8.00 a.m. (London time) on 30 April 2021.

Excess Application Facility

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Issue Price through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares will be rounded down to the nearest whole number. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be

scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Impact of not applying for New Shares

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer (including the Excess Application Facility) will not be sold in the market for the benefit of those who do not apply under the Open Offer (including the Excess Application Facility) and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer.

4.5 **Dilution**

If a Qualifying Shareholder who is not a Conditional Placee does not take up any of their Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Issued Share Capital, will be diluted by 89 per cent. (assuming full take up under the Open Offer) as a result of the Capital Raising.

If a Qualifying Shareholder who is not a Conditional Placee takes up their Open Offer Entitlements in full (assuming he or she or it does not participate in the Excess Application Facility, such Qualifying Shareholder's holding, as a percentage of Enlarged Issued Share Capital, will be diluted by 30 per cent. (assuming full take up under the Open Offer) as a result of the Capital Raising.

Subject to certain limited exceptions, Shareholders in Excluded Territories will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

Shareholders who are otherwise not Qualifying Shareholders will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

4.6 **Conditionality**

The Capital Raising is conditional upon:

- (i) all of the Resolutions being passed by Shareholders at the General Meeting;
- (ii) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been rescinded or terminated in accordance with its terms prior to Admission; and
- (iii) Admission occurring not later than 8.00 a.m. on the third Business Day following the General Meeting or such later time and/or date (being not later than 30 April 2021) as the Company and finnCap may agree.

If any condition is not satisfied or, if applicable, waived or if the Placing Agreement is rescinded or terminated in accordance with its terms prior to Admission, then the Conditional Placing and Open Offer will not take place. In such circumstances, application monies will be returned (at the applicant's risk) without payment of interest, as soon as practicable thereafter.

5. **Shareholder Undertakings**

Irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting have been received by each of the Directors and certain shareholders, namely Edale Capital LLP, and Rupert Dyson, who is the founder of Edale Capital LLP in respect of such holdings, amounting in aggregate to 4,385,697 Existing Shares, representing approximately 25.2 per cent. of the Existing Shares of the Company as at the Latest Practicable Date.

6. Risks

Any investment in the Open Offer Shares is subject to a number of risks.

Paragraph 16 of this Part IX (*Chair's Letter*) below sets out certain important matters relating to the financial position of the Company, which Shareholders should consider fully and carefully.

This document contains a detailed discussion of certain risks associated with InnovaDerma's condition and prospects, the operation of the Group's business and the environment in which it operates. You should consider fully and carefully these risk factors, as set out in Part II (*Risk Factors*) of this document, when considering what action to take in relation to the Open Offer or deciding whether or not to take up your Open Offer Entitlements.

7. Taxation

Certain information on taxation in the United Kingdom with regard to the Open Offer and the holding of Open Offer Shares is set out in Part XV (*Taxation*) of this document. The information contained in Part XV (*Taxation*) of this document is intended only as a general guide to certain aspects of the current tax position in the United Kingdom and also does not address taxation in any other jurisdiction. If you are in any doubt as to your tax position, you should contact your professional adviser immediately.

8. Action to be taken in respect of the Open Offer

The latest time for acceptance by Qualifying Shareholders under the Open Offer is expected to be 11.00 a.m. (London time) on 27 April 2021, unless otherwise announced by the Company.

Further details of the terms and conditions of the Open Offer, including the procedure for acceptance and payment and the procedure in respect of Open Offer Entitlements which are not taken up, are set out in Part XI (*Terms and Conditions of the Open Offer*) of this document and, where relevant, in the Application Form.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the FSMA if you are resident in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

9. Overseas Persons

The attention of Overseas Persons and Overseas Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of or located in countries other than the United Kingdom, is drawn to the information in paragraph 8 of Part XI (*Terms and Conditions of Open Offer*) of this document.

Subject to certain exceptions, neither this document, or the Application Form will be sent to Qualifying Non-CREST Shareholders with registered addresses, or who are resident, in any of the Excluded Territories, nor will the CREST stock account of Qualifying CREST Shareholders with registered addresses, or who are resident, in any of the Excluded Territories be credited with Open Offer Entitlements or Excess Open Offer Entitlements. Any person with a registered address outside the United Kingdom or who is resident in an Excluded Territory who obtains a copy of this document or an Application Form is required to disregard it or them, except with the consent of the Company.

Notwithstanding any other provision of this document, the Application Form, the Company and finnCap reserve the right to permit any Shareholder on the Register of Members at the Record Date to take up its, his or her rights if it is established to the satisfaction of the Company and finnCap that the transaction in question will not violate applicable laws.

In particular, persons who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers whether they require any governmental or other consents or need to observe any formalities to enable them to take up their entitlements in the Open Offer.

10. Working capital statement

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

On 31 March 2021 the Company released their unaudited interim results for the six months ending 31 December 2020 in which it reported that the continued impact of COVID-19 and tighter restrictions in the UK over the important festive period had affected its performance and materially impacted the cash position of the Company. On 14 January 2021, the Company and Mark Ward entered into a Loan Agreement, pursuant to which Mark Ward provided the Company with a £500,000 working capital loan facility and was granted a debenture over all of the assets of the Company by way of security.

On 20 January 2021, the Company announced the Capital Raising and that Mark Ward intended, following Shareholder approval, to subscribe for 1,428,571 Conditional Placing Shares (as part of the Conditional Placing) in satisfaction of the Company's obligation to repay the principal amount of the Loan.

Pursuant to a subscription letter dated 9 April 2021, Mark Ward has agreed that following Shareholder approval he will subscribe for 1,428,571 Conditional Placing Shares (as part of the Conditional Placing) in satisfaction of the Company's obligation to repay the principal amount of Loan.

If the Conditional Placing and Open Offer do not successfully complete, the Group would not have sufficient working capital to continue to trade and would need to take immediate steps to protect the position of its creditors. In addition, the Loan Agreement would remain in effect and Mark Ward would not subscribe for further Shares at this time.

The Loan is repayable in full, along with accrued interest of approximately £15,000, on 13 July 2021 and if the Conditional Placing and Open Offer do not proceed, the Group would seek legal and financial advice to determine whether it should continue to trade and immediately enter into discussions with Mark Ward and other key creditors to try to agree extended terms of repayment until sufficient alternative funding solutions could be found. If no further alternative financing is procured by this time, the Company would be in default under the Loan and Mark Ward would be entitled to enforce his rights under the Loan Agreement and the debenture granted in his favour over all of the assets of the Company which was provided by the Company in relation to the Loan. In such circumstances and in the event that the Company is not able to reach an agreement with Mark Ward, the Board would expect at that time to place the Company into an administration or insolvency process, in which event it would be likely that the value of the Shares would reduce to nil, and Shareholders would lose the entire value of their investment in the Company.

On 28 February 2021, the Group had £364,385 of cash and without the Conditional Placing the Group would be unable to meet its financial obligations after 13 July 2021, (with a cash shortfall estimated at approximately £0.1 million before repayment of the Loan), which is the date when the principal amount of the Loan, in addition to any accrued interest, is payable in full. The Group has forecast that it will require £2.5 million to fulfil the working capital requirements of the Group for at least the next 12 months from the date of publication of this document.

The Board is very confident that the Conditional Placing will proceed and that the expected net proceeds of the Conditional Placing of £2.2 million and the release of the Company's obligation to repay the Loan, (when combined with the net proceeds of the Firm Placing of £0.9 million) will be sufficient for the working capital requirements of the Company for the next 12 months, which, as disclosed above, the Group has forecast will be £2.5 million. The Open Offer is expected to raise a further £0.5 million (assuming full take up of the Open Offer) but there can be no certainty that the Open Offer will be taken up in full.

11. Statement of Capitalisation and Indebtedness

Capitalisation

The Group's capitalisation as at 31 December 2020, as extracted from the Group's unaudited interim financial information as at that date, is summarised as follows:

| | <i>Unaudited As at 31 December 2020 £</i> |
|---|---|
| Total Current Debt | |
| – Guaranteed | nil |
| – Secured | nil |
| – Unguaranteed/Unsecured | nil |
| Total Non-Current Debt (excluding current portion of long-term debt) | nil |
| – Guaranteed | nil |
| – Secured | nil |
| – Unguaranteed/Unsecured | nil |
| Total debt | <u>nil</u> |
| Shareholder's Equity | |
| (a) Share capital | 1,735,798 |
| (b) Share premium | 8,288,479 |
| (c) Retained earnings | 35,624 |
| Total capitalisation | <u><u>10,059,901</u></u> |

Statement of material change

There has been no material change in the capitalisation of the Group since 31 December 2020.

Indebtedness

The Group's indebtedness as at 31 December 2020, as extracted from the Group's unaudited interim financial information as at that date, is summarised as follows:

| | <i>Unaudited As at 31 December 2020 £</i> |
|--|---|
| A. Cash | 130,319 |
| B. Cash equivalent | 25,399 |
| C. Trading securities | nil |
| D. Liquidity (A) + (B) + (C) | 155,718 |
| E. Current financial receivable | 725,108 |
| F. Current bank debt | nil |
| G. Current portion of non-current debt | nil |
| H. Other current financial debt | nil |
| I. Current Financial Debt (F) + (G) + (H) | nil |
| J. Net Current Financial Indebtedness (I) – (E) – (D) | (569,390) |
| K. Non-current bank loans | nil |
| L. Bonds issued | nil |
| M. Other non-current loans | nil |
| N. Non-current Financial Indebtedness (K) + (L) + (M) | nil |
| O. Net Financial Indebtedness (J) + (N) | (569,390) |

Statement of material change

There has been no material change in the indebtedness of the Group since 31 December 2020.

12. Further information

Your attention is drawn to the further information set out in Part X (*Some Questions and Answers about the Open Offer*) to Part XVI (*Additional Information*) (inclusive) of this document. Shareholders should read the whole of the Prospectus and not rely solely on the information set out in this letter.

13. Directors' Undertakings

Each Director who holds Existing Shares has undertaken to vote, in favour of the Resolutions to be proposed at the General Meeting, amounting in aggregate to 2,390,924 Existing Shares, representing approximately 13.75 per cent. of the issued share capital of the Company as at the Latest Practicable Date.

14. Related Party Transactions

Directors' participation in the Capital Raising

The Directors have agreed to subscribe for an aggregate of 1,842,855 Placing Shares as set out below:

| <i>Director</i> | <i>Position</i> | <i>Total number of Firm Placing Shares subscribed for in the Capital Raising</i> | <i>Total number of Conditional Placing Shares subscribed for in the Capital Raising</i> | <i>Resultant holding of the Enlarged Share Capital</i> |
|--------------------------|-------------------------|--|---|--|
| Blake Hughes | Chief Executive Officer | 37,728 | 90,843 | 128,571 |
| Ross Andrews | Non-Executive Chairman | 62,881 | 151,404 | 309,145 |
| Simon Pyper | Non-Executive Director | 20,960 | 50,468 | 71,428 |
| Mark Ward ⁽ⁱ⁾ | Non-Executive Director | – | 1,428,571 | 3,603,066 |

(i) Following shareholder approval, the obligation to repay the £500,000 loan facility provided by Mark Ward will be satisfied by the issue of 1,428,571 Placing Shares to him.

The participation in the Placing by the Directors will constitute related party transactions as defined under DTR 7.3.

Edale

In addition, Edale Capital LLP and Rupert Dyson (who is the founder of Edale Capital LLP) have agreed to subscribe for an aggregate of 1,277,143 Placing Shares as set out below:

| <i>Placee</i> | <i>Total number of Firm Placing Shares subscribed for in the Capital Raising</i> | <i>Total number of Conditional Placing Shares subscribed for in the Capital Raising</i> | <i>Resultant holding of the Enlarged Share Capital</i> |
|-------------------|--|---|--|
| Edale Capital LLP | 305,371 | 735,264 | 2,360,635 |
| Rupert Dyson | 69,402 | 167,106 | 536,508 |

15. General meeting

A General Meeting of the Company has been convened for the purpose of obtaining additional authorities from the Shareholders necessary, amongst other things, to implement the Conditional Placing and the Open Offer.

Set out at the end of this document is the Notice of General Meeting to be held at 10.00 a.m. (London time) on 29 April 2021, at which the Resolutions (summarised below) will be proposed. The full text of the Resolutions is set out in the Notice of General Meeting.

In light of the COVID-19 outbreak, the Board takes the well-being of the Company's employees and Shareholders very seriously. The Government has introduced measures to deal with the coronavirus crisis, which include guidance on social distancing and restrictions on non-essential travel and public gatherings, which affect the manner in which the General Meeting can be conducted.

The Board therefore strongly encourage Shareholders to attend the general meeting virtually via the Investor Meet Company Platform, rather than attend in person and to vote on all Resolutions in advance of the General Meeting by completing their Form of Proxy or by completing and transmitting a CREST Proxy Instruction. Shareholders should appoint the Chair of the General Meeting to act as their proxy to ensure their votes are duly cast.

Arrangements have been made to provide a listen-only audio facility for the General Meeting to allow Shareholders to listen to the proceedings remotely given that are encouraged not to attend in person. Please note that during this General Meeting, Shareholders participating through the audio facility will not be able to ask questions or vote but may submit questions in advance. Further details in relation to these arrangements will be made available on our website at www.innovaderma.com prior to the General Meeting.

The Board will continue to keep Government guidance under review and may, if necessary, make further changes to the arrangements for the General Meeting, including how it is conducted. Further announcements and information will be provided as required and Shareholders should continue to monitor the Company's website at www.innovaderma.com and announcements for any updates in relation to the General Meeting arrangements that may need to be provided.

15.1 **Shareholders' right to ask questions**

The Company has set up a dedicated electronic mailbox for Shareholders to ask written questions of the Board relating to the business to be conducted at the General Meeting. Shareholders should send their questions to innovaderma@tbcardew.com by no later than 10.00 a.m. on 21 April 2021, stating their full name and (as printed on the Form of Proxy) under the title "InnovaDerma Shareholder Questions". A selection of key questions relating to the business of the General Meeting and the Company's responses will be posted on the Company's website by close of business on 23 April 2021 so that shareholders may review these before confirming their proxy vote. The Company is not required to answer questions if: doing so would interfere unduly with the preparation on the General Meeting or involve the disclosure of confidential information; the answer has already been given on the Company's website in the form of an answer to another question; or if it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

15.2 **Voting**

Shareholders are encouraged vote by way of proxy in advance of the General Meeting and to appoint only the Chair of the General Meeting as their proxy rather than appointing a named person(s) to ensure their votes are duly cast. It is important that you complete, sign and return a Form of Proxy in accordance with the instructions printed on it so that your vote can be counted. A Form of Proxy is enclosed with this document.

The Form of Proxy must be returned by post or by hand (during normal office hours only) to SLC Registrars of Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey KT13 0TS, United Kingdom or by email to proxy@slcregistrars.com. To be valid, the Form of Proxy should be received by SLC Registrars, accompanied by any Power of Attorney under which it is executed (if applicable), no later than 10.00 a.m. on 27 April 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any UK non-working days)).

CREST Shareholders who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST Shareholders who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

15.3 **The Resolutions**

A summary and explanation of the Resolutions proposed to be passed at the General Meeting are set out below, but please note that this does not contain the full text of the Resolutions and you should read this section in conjunction with the Resolutions in the "Notice of General Meeting" at the end of this document.

The purpose of the General Meeting is to consider and, if thought fit, to pass the Resolutions.

The Conditional Placing and the Open Offer are conditional upon, among other things, Shareholders' approval of all of the following Resolutions. Resolution 1 is an ordinary resolution and Resolution 2 is a special resolution.

For a resolution proposed as an ordinary resolution to be passed, more than half of the votes cast must be in favour of the resolution. For a resolution proposed as a special resolution to be passed, at least 75 per cent. of the votes cast must be in favour of the resolution.

If all of the Resolutions are not approved at the General Meeting the Company will be unable to complete the Conditional Placing and Open Offer.

The following resolution is being proposed as an ordinary resolution:

- (i) Authority to allot shares: Under section 551 of the Companies Act, the Board must receive authority from Shareholders before they can allot shares. Resolution 1 seeks approval from Shareholders to grant the Board authority to allot up to €1,019,532.50 new Shares for the purposes of the Conditional Placing and Open Offer (as well as the grant of certain warrants to subscribe for Shares to finnCap) and for further authority to allot up to €912,489.10 new Shares (representing approximately one third of the Enlarged Issued Share Capital. The authority granted by this Resolution 1 will expire at the conclusion of the next annual general meeting of the Company in 2021 (unless previously revoked or varied by the Company in a general meeting).

The following resolution is being proposed as a special resolution:

- (ii) Disapplication of pre-emption rights: Under section 561(1) of the Companies Act, if the Company wishes to allot shares for cash (other than in connection with employee share schemes) it must first offer to allot those shares to the existing Shareholders on the same or more favourable terms in proportion to their existing holdings. This Resolution 2 seeks approval of Shareholders to disapply the pre-emption rights by allowing the Board to allot equity securities pursuant to the authority conferred by Resolution 1 above for cash in connection with the Capital Raising and allowing the Board to allot further equity securities for cash up to an amount equal to €547,493.46 (representing approximately 20 per cent. of the Enlarged Share Capital as if the pre-emption rights in section 561(1) of the Companies Act did not apply. The authority granted by this Resolution 2 will expire at the conclusion of the next annual general meeting of the Company in 2021 (unless previously revoked or varied by the Company in a general meeting). This Resolution 2 is conditional upon Resolution 1 being passed.

16. Importance of your vote

Your attention is again drawn to the fact that the Conditional Placing and Open Offer are conditional and dependent upon, amongst other things, the Resolutions being passed at the General Meeting.

Shareholders are asked to vote in favour of all of the Resolutions at the General Meeting in order for the Conditional Placing and the Open Offer to proceed. Having assessed the Group's financial position in light of the implications of the COVID-19 pandemic for its short- and medium-term prospects, the Board believes that the Capital Raising will help ensure the Group maintains a strong financial base and is positioned to return to long-term growth as pandemic issues recede.

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

On 31 March 2021 the Company released their unaudited interim results for the six months ending 31 December 2020 in which it reported that the continued impact of COVID-19 and tighter restrictions in the UK over the important festive period had affected its performance and materially impacted the cash position of the Company. On 14 January 2021, the Company and Mark Ward entered into a Loan Agreement, pursuant to which Mark Ward provided the Company with a £500,000 working capital loan facility and was granted a debenture over all of the assets of the Company by way of security.

On 20 January 2021, the Company announced the Capital Raising and that Mark Ward intended, following Shareholder approval, to subscribe for 1,428,571 Conditional Placing Shares (as part of the Conditional Placing) in satisfaction of the Company's obligation to repay the principal amount of the Loan.

If the Conditional Placing and Open Offer do not successfully complete, the Group would not have sufficient working capital to continue to trade and would need to take immediate steps to protect the position of its creditors. In addition, the Loan Agreement would remain in effect and Mark Ward would not subscribe for further Shares at this time.

The Loan is repayable in full, along with accrued interest of approximately £15,000, on 13 July 2021 and if the Conditional Placing and Open Offer do not proceed, the Group would seek legal and financial advice to determine whether it should continue to trade and immediately enter into discussions with Mark Ward and other key creditors to try to agree extended terms of repayment until sufficient alternative funding solutions could be found. If no further alternative financing is procured by this time, the Company would be in default under the Loan and Mark Ward would be entitled to enforce his rights under the Loan Agreement and the debenture granted in his favour over all of the assets of the Company which was provided by the Company in relation to the Loan. In such circumstances and in the event that the Company is not able to reach an agreement with Mark Ward, the Board would expect at that time to place the Company into an administration or insolvency process, in which event it would be likely that the value of the Shares would reduce to nil, and Shareholders would lose the entire value of their investment in the Company.

On 28 February 2021, the Group had £364,385 of cash and without the Conditional Placing the Group would be unable to meet its financial obligations after 13 July 2021, (with a cash shortfall estimated at approximately £0.1 million before repayment of the Loan) which is the date when the principal amount of the Loan, in addition to any accrued interest, is payable in full. The Group has forecast that it will require £2.5 million to fulfil the working capital requirements of the Group for at least the next 12 months from the date of publication of this document.

The Board is very confident that the Conditional Placing will proceed and that the expected net proceeds of the Conditional Placing of £2.2 million and the release of the Company's obligation to repay the Loan, (when combined with the net proceeds of the Firm Placing of £0.9 million) will be sufficient for the working capital requirements of the Company for the next 12 months, which, as disclosed above, the Group has forecast will be £2.5 million. The Open Offer is expected to raise a further £0.5 million (assuming full take up of the Open Offer) but there can be no certainty that the Open Offer will be taken up in full.

17. Recommendation

The Board believes that the Conditional Placing and the Open Offer and the Resolutions are in the best interests of the Company and its Shareholders as a whole and unanimously recommends that you vote in favour of the Resolutions. Irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting have been received by each of the Directors and certain shareholders, namely Edale Capital LLP, and Rupert Dyson (founder of Edale Capital LLP) in respect of such holdings, amounting in aggregate to 4,385,697 Existing Shares, representing approximately 25.2 per cent. of the Existing Shares of the Company as at the Latest Practicable Date.

Yours faithfully

Ross Andrews
InnovaDerma PLC

PART X

SOME QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part X (*Some Questions and Answers about the Open Offer*) are intended to be in general terms only and, as such, you should not rely solely on them and also read Part XI (*Terms and Conditions of the Open Offer*) of this document for full details of the Open Offer and what action you should take if you wish to participate in the Open Offer. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, authorised under the FSMA, if you are resident in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

This Part X (*Some Questions and Answers about the Open Offer*) deals with general questions relating to the Open Offer and more specific questions primarily relating to Existing Shares held by persons resident in the United Kingdom who hold their Existing Shares in certificated form. If you are an Overseas Person, you should read paragraph 8 of Part XI (*Terms and Conditions of the Open Offer*) of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your entitlements. If you hold your Existing Shares in uncertificated form through CREST, you should read Part XI (*Terms and Conditions of the Open Offer*) of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

If you do not know whether your Existing Shares are in certificated or uncertificated form, please call the Shareholder Helpline on 0371 384 2050 (or +44 371 384 2050 if calling from overseas). The Shareholder Helpline will be open between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. The Shareholder Helpline cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

1. What is an open offer?

An open offer is a way for publicly listed companies to raise money. An open offer involves providing existing shareholders with a right to subscribe for or acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer).

2. What is the Company's Open Offer?

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of 1,449,469 Open Offer Shares at a price of 35 pence per Open Offer Share. If you hold Shares at the Record Date or have a *bona fide* market claim, and are not a Shareholder located in the United States or any other Excluded Territory (for further information, see paragraph 8 of Part XI (*Terms and Conditions of the Open Offer*) of this document), you will be entitled to apply for New Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share for every 12 Existing Shares held by Qualifying Shareholders at the Record Date. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. In addition and subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

If Qualifying Shareholders do not take up all of the Open Offer Shares, the Company and finnCap may agree that finnCap should use their reasonable efforts to procure subscribers for such Open Offer Shares at the Issue Price. There is no guarantee that this will occur or that finnCap would be successful in so procuring any such subscribers for such shares.

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

If your entitlement to the Open Offer Shares is not a whole number, your fractional entitlement will be rounded down in calculating your entitlement to the Open Offer Shares. Any fractional entitlements to Open Offer Shares will be aggregated and made available under the Excess Application Facility. Any such fractional entitlements will not be allotted to Shareholders.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will be not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

The Open Offer Shares for which application can be made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer.

However, Shareholders should note that the Open Offer is conditional upon:

- (i) all of the Resolutions being passed by Shareholders at the General Meeting;
- (ii) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been rescinded or terminated in accordance with its terms prior to Admission; and
- (iii) Admission occurring not later than 8.00 a.m. on the third Business Day following the General Meeting or such later time and/or date (being not later than 30 April 2021) as the Company and finnCap may agree.

3. What is an Application Form?

It is a form sent to those Qualifying Shareholders who hold their Shares in certificated form. It sets out the maximum number of Open Offer Shares for which Shareholders are entitled to apply and the amount to be paid if Shareholders wish to take up all of their Open Offer Entitlements. The Application Form must be completed if you want to participate in the Open Offer. The Application Form must also be completed if you wish to apply for Excess Open Offer Entitlements.

4. What if I have not received an Application Form?

If you do not receive an Application Form but hold your Existing Shares in certificated form, this probably means that you are not able to subscribe for Open Offer Shares under the Open Offer. However, some Qualifying Shareholders holding their Shares in certificated form will not receive an Application Form but may still be able to participate in the Open Offer, namely:

- (i) Qualifying Shareholders who hold their Existing Shares in uncertificated form (i.e. in CREST);
- (ii) Qualifying Shareholders who hold Existing Shares in certificated form and who bought Shares before the Ex-Entitlements Date but were not registered as the holders of those Shares at the Record Date (see question 5 below); and
- (iii) certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one, please contact the Shareholder Helpline. Contact details for the Shareholder Helpline are set out at the start of this Part XI (*Some Questions and Answers about the Open Offer*). The Shareholder Helpline will only be able to provide information contained in this document (and, in addition, information relating to the Company's Register) and will be unable to give advice on the merits of the Open Offer or to provide legal, financial, tax or investment advice.

5. If I bought shares before 12 April 2021 (the Ex-Entitlements Date) will I be eligible to participate in the Open Offer?

If you bought Shares before the Ex-Entitlements Date but you are not registered as the holder of those Shares at close of business on 8 April 2021 you may still be eligible to participate in the Open Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to the Open Offer Shares in respect of any Existing Shares acquired on or after the Ex-Entitlements Date.

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

CREST members should follow the instructions set out in Part XI (*Terms and Conditions of the Open Offer*) of this document. Persons who hold Shares through a CREST member should be informed by the CREST member through whom they hold their Shares of the number of the Open Offer Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

7. I hold my Existing Shares in certificated form. How do I know if I am able to subscribe for Open Offer shares under the Open Offer?

If you receive an Application Form and, subject to certain exceptions, you are not a holder with a registered address, or are not resident, in any of the Excluded Territories, then you should be eligible to participate in the Open Offer (as long as you have not sold all of your Existing Shares before the relevant Ex-Entitlements Date). If you are in any doubt as to whether you are eligible to participate, you are recommended to seek your own independent legal advice.

8. I hold my Existing Shares in certificated form. What do I need to do in relation to the Open Offer?

If you hold your Existing Shares in certificated form and, subject to certain limited exceptions, do not have a registered address in the United States or any other Excluded Territory, you will be sent an Application Form that shows:

- (i) In Box 1, how many Existing Shares you held at the Record Date;
- (ii) In Box 2, how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- (iii) In Box 3, how much you need to pay in Pounds Sterling if you want to apply for all of your Open Offer Entitlement.

If you would like to apply for any Excess Open Offer Shares (i.e. the Open Offer Shares in excess of your Open Offer Entitlement which have not been applied for by other Qualifying Shareholders) pursuant to the Excess Application Facility, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document.

Qualifying Shareholders who hold their Existing Shares in certificated form should also see Question 11 of this Part X (*Some Questions and Answers about the Open Offer*), regarding their choices in respect of taking up entitlements.

9. I hold my Existing Shares in certificated form and am eligible to receive an Application Form. What are my choices and what should I do with the Application Form?

9.1 If you do not want to take up your Open Offer Entitlement

If you do not want to take up your Open Offer Entitlement, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money if the Open Offer Shares you could have taken up are sold, as could happen under a rights issue. You cannot sell your Open Offer Entitlement or Excess Open Offer Entitlement to anyone else. If you do not return your Application Form applying for the Open Offer Shares to which you are entitled by 11.00 a.m. on 27 April 2021, such Open Offer Shares will be made available for subscription under the Excess Application Facility. Shareholders who do not wish to take up their Open Offer Entitlements are, however, encouraged to vote at the General Meeting by completing and returning the enclosed Form of Proxy (either in hard copy or by email) or by completing and transmitting a CREST Proxy Instruction.

9.2 If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement

If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement, you should write the number of New Shares you want to take up in Box 4 of your Application Form; for example, if you have an Open Offer Entitlement for 50 Open Offer Shares but you only want to apply for 25 Open Offer Shares, then you should write “25” in Box 4.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, “25”) by 35 pence giving you an amount of £8.75 in this example.

You should write this total sum in Box 7, rounding down to the nearest whole pence, and this should be the amount your cheque or banker’s draft is made out for. You should then return the completed Application Form, together with a cheque or banker’s draft for that amount, in the accompanying pre-paid envelope by post to Equiniti, at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, to be received by 11.00 a.m. on 27 April 2021, after which time Application Forms will not be valid. If you post your Application Form by first class post, it is recommended that you allow at least four Business Days for delivery.

A definitive share certificate will be sent to you following completion of the Open Offer representing Open Offer Shares that you have subscribed for. Your definitive share certificate following completion of the Open Offer is expected to be despatched to you within ten Business Days of Admission.

9.3 If you want to take up all of your Open Offer Entitlement

If you want to take up all of the entitlements to subscribe for the Open Offer Shares, as shown in Box 2 on the Application Form, all you need to do is sign page 1 of the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker’s draft in pounds sterling for the full amount payable on acceptance, payable to “Equiniti Limited Re InnovaDerma Open Offer” and crossed “A/C payee only”, by post to Equiniti Limited, at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 27 April 2021. A pre-paid envelope for use within the UK only will be sent with the Application Form. Full instructions are set out in Part XI (*Terms and Conditions of the Open Offer*) of this document and the Application Form.

A definitive share certificate will be sent to you following completion of the Open Offer representing Open Offer Shares that you have subscribed for. Your definitive share certificate following completion of the Open Offer is expected to be despatched to you within ten Business Days of Admission.

9.4 If you want to take up Excess Open Offer Shares pursuant to the Excess Application Facility

If you want to apply for Excess Open Offer Shares, you may do so by completing Boxes 4, 5, 6 and 7 of the Application Form and then signing page 1 of the Application Form. However, the total number of Open Offer Shares to be issued under the Open Offer is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application

Facility will therefore only be satisfied to the extent of any basic entitlements not taken up by other Qualifying Shareholders.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility

Excess monies in respect of applications that are not met in full will be returned as soon as reasonably practicable after such allocation, without payment of interest and at the applicant's sole risk.

9.5 **Payment**

All payments must be in Pounds Sterling and must be made by cheque or banker's draft made payable to "Equiniti Limited Re InnovaDerma Open Offer" and crossed 'A/C payee only'. Cheques must be for the full amount payable on acceptance, and sent by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 27 April 2021. A pre-paid envelope for use within the UK only will be sent with the Application Form.

Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the relevant Qualifying Shareholder has title to the underlying funds, but which will be subject to the Money Laundering Regulations which will delay Qualifying Shareholders receiving their Open Offer Shares. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments will be paid to the Company. It is a term of the Open Offer that cheques or banker's draft must be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques or banker's draft are not honoured. Return of the Application Form with a cheque or banker's draft will constitute a warranty that the cheque or banker's draft will be honoured on first presentation.

10. I am a Qualifying Shareholder, do I have to apply for all the Open Offer shares I am entitled to apply for?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement, and you can also apply for Excess Shares pursuant to the Excess Application Facility. Your maximum Open Offer Entitlement is shown on your Application Form in Box 2. Any applications by a Qualifying Shareholder for a number of Open Offer Shares that is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their pro-rata entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced to a greater extent than if you had decided to take up your full entitlement.

11. What if the number of New Shares to which I am entitled is not a whole number: am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date (other than in the case of those who bought shares after the Record Date but prior to 7.00 a.m. on 12 April 2021 who may be eligible to participate in the Open Offer). If your entitlement to Open Offer Shares is not a whole number, your fractional entitlement will be rounded down in calculating your entitlement to Open Offer Shares and such fractional entitlements will be aggregated and made available under the Excess Application Facility.

12. Will I be taxed if I take up my Entitlements?

If you are resident in the United Kingdom for tax purposes and hold your Shares as an investment, rather than for the purposes of a trade, you should not generally be required to pay UK tax when you take up your entitlement to apply for Open Offer Shares, although the Open Offer will affect the amount of UK tax you may pay when you subsequently sell your Shares.

Persons who do not hold their Shares as an investment should contact a professional tax adviser.

Further information for Qualifying Shareholders who are resident in the United Kingdom for tax purposes is contained in Part XV (*Taxation*) of this document. This information is intended as a general guide to the current tax position in the United Kingdom and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Open Offer in light of their own circumstances.

Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser as soon as possible. Please note that the Shareholder Helpline will not be able to assist you with taxation issues.

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

Whilst you have an entitlement to participate in the Open Offer, your ability to take up rights to subscribe for Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your entitlements. Subject to certain exceptions, Shareholders resident or with registered addresses in any of the Excluded Territories are not able to subscribe for the Open Offer Shares. Your attention is drawn to the information in paragraph 8 of Part XI (*Terms and Conditions of the Open Offer*) of this document.

14. What should I do if I need further assistance?

If you have any other questions, please call the Shareholder Helpline on 0371 384 2050 (or +44 371 384 2050 if calling from overseas). The Shareholder Helpline will be open between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. The Shareholder Helpline cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Your attention is drawn to the further terms and conditions in Part XI (*Terms and Conditions of the Open Offer*) of this document.

PART XI

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Summary of the Capital Raising

The Company is proposing to raise proceeds of up to £4 million and the release of the Company's obligation to repay the Loan by the issue of up to 12,878,040 New Shares at the Issue Price through the Capital Raising. The Capital Raising consists of:

- (i) a Firm Placing of 2,897,000 Shares which have been issued and were listed on the Official List of the FCA and admitted to dealings of the Main Market of the London Stock Exchange on 26 January 2021;
- (ii) a Conditional Placing of 8,531,571 New Shares; and
- (iii) an Open Offer for up to 1,449,469 New Shares.

The Conditional Placees will not be able to participate in the Open Offer in respect of their Conditional Placing Shares. The Open Offer is an opportunity for Qualifying Shareholders to apply for in aggregate 1,449,469 Open Offer Shares *pro rata* to their current holdings at the Issue Price.

The Open Offer Shares will together represent approximately 5.3 per cent. of the Enlarged Issued Share Capital immediately following the Capital Raising (assuming the Open Offer is taken up in full).

The Issue Price of 35 pence per Open Offer Share represents a discount of 28.6 per cent. to the LSE Closing Price of 49 pence per Share on 19 January 2021 (being the Business Day prior to the announcement of the Capital Raising). The Board, having taken advice from its advisors, believes that the Issue Price (including the discount) is appropriate in the circumstances.

The Conditional Placing and Open Offer are conditional upon:

- (i) all of the Resolutions being passed by Shareholders at the General Meeting;
- (ii) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been rescinded or terminated in accordance with its terms prior to Admission; and
- (iii) Admission occurring not later than 8.00 a.m. on the third Business Day following the General Meeting or such later time and/or date (being not later than 30 April 2021) as the Company and finnCap may agree.

If any of the conditions are not satisfied then the Conditional Placing and the Open Offer will not take place. In such circumstances, application monies will be returned (at the applicant's risk) without payment of interest, as soon as practicable thereafter.

The Open Offer Shares will be in registered form. The Existing Shares are admitted to CREST. It is expected that all of the Open Offer Shares will be capable of being held and transferred by means of CREST. Times and dates referred to in this Part XI (*Terms and Conditions of the Open Offer*) have been included on the basis of the expected timetable for the Capital Raising set out in Part VII (*Expected Timetable for Principal Events*) of this document. Such times and dates should be read as subject to adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates or times.

2. Terms and Conditions of the Open Offer

2.1 Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), each Qualifying Shareholder is being given an opportunity to apply for the Open Offer Shares at the Issue Price (payable in full and free of all expenses) on the following *pro rata* basis:

1 Open Offer Share at 35 pence per share for every 12 Existing Shares

held by and registered in the names of Qualifying Shareholders at the close of business on the Record Date.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Open Offer Entitlements. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlements will be rounded down to the nearest whole number. Any fractional entitlements to Open Offer Shares will be aggregated and made available under the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than 12 Existing Shares will not be entitled to take up any Open Offer Shares but may be able to apply for Excess Open Offer Shares under the Excess Application Facility. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements.

Provided they choose to take up their Open Offer Entitlements in full, Qualifying Shareholders may also apply for Excess Open Offer Shares, at the Issue Price, through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares will be rounded down to the nearest whole number. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

If Qualifying Shareholders do not take up all of the Open Offer Shares, the Company and finnCap may agree that finnCap should use their reasonable efforts to procure subscribers for such Open Offer Shares at the Issue Price. There is no guarantee that this will occur or that finnCap would be successful in so procuring any such subscribers for such shares.

The Issue Price of 35 pence per Open Offer Share represents a discount of 28.6 per cent. to the LSE Closing Price of 49 pence per Share on 19 January 2021 (being the Business Day prior to the announcement of the Capital Raising).

Holdings of Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating the Open Offer Entitlements and Excess Open Offer Entitlements.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer (including the Excess Application Facility) will not be sold in the market for the benefit of those who do not apply under the Open Offer (including the Excess Application Facility) and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer.

The attention of Qualifying Shareholders and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the UK is drawn to paragraph 8 of this Part XI (*Terms and Conditions of the Open Offer*). In particular, Shareholders with a registered address, or who are resident or located, in any Excluded Territory will not be sent the Application Form and will not have their CREST stock accounts credited with Open Offer Entitlements or Excess Open Offer Entitlements.

The Open Offer Shares will be issued pursuant to the Resolutions proposed at the General Meeting. The Open Offer Shares when issued will rank *pari passu* in all respects with the Existing Shares, including the right to receive dividends or distributions made, paid or declared after the date of issue of the Open Offer Shares.

Applications have been or will be made to the FCA for the Open Offer Shares to be admitted to the standard listing segment of the Official List and to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings in the Open Offer Shares will commence on the London Stock Exchange by 8.00 a.m. on 30 April 2021 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

No temporary documents of title will be issued in respect of the Open Offer Shares held in uncertificated form.

The Open Offer Shares will be in registered form and can be held in certificated form or uncertificated form via CREST. The Existing Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the Open Offer Shares and all the Open Offer Shares when issued and fully paid may be held and transferred by means of CREST. Applications will be made for the Open Offer Entitlements and Excess Open Offer Entitlements to be admitted to CREST as participating securities. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Entitlements and Excess Open Offer Entitlements are expected to be credited to their CREST stock accounts, as soon as possible after 8.00 a.m. on 14 April 2021.

Subject to, amongst other things, the conditions of the Conditional Placing and Open Offer noted in paragraph 1 of this Part XI (*Terms and Conditions of the Open Offer*) being satisfied and save as otherwise provided in this Part XI (*Terms and Conditions of the Open Offer*), it is expected that:

- (i) the Receiving Agent will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders with such Shareholders' Open Offer Entitlements and Excess Open Offer Entitlements, as soon as practicable after 8.00 a.m. on 14 April 2021;
- (ii) Open Offer Shares in uncertificated form will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders who validly take up their Open Offer Entitlements and/or Excess Open Offer Entitlements by 8.00 a.m. on 30 April 2021;
- (iii) share certificates for the Open Offer Shares will be dispatched within ten Business Days of Admission to relevant Qualifying Non-CREST Shareholders who validly take up their Open Offer Entitlements and/or Excess Open Offer Entitlements. Such certificates will be dispatched at the risk of such Shareholders; and
- (iv) in the event that the Excess Application Facility is oversubscribed, a refund in an amount equal to the number of Excess Open Offer Shares applied and paid for but not allocated multiplied by the Issue Price will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk. Qualifying CREST Shareholders will receive the refund not later than four Business Days following the date that the results of the Open Offer are announced. Qualifying Non-CREST Shareholders will receive the refund either as a cheque by first class post to the address set out on the Application Form or payment will be returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, not later than ten Business Days following the date that the results of the Open Offer are announced.

All Qualifying Shareholders taking up their Open Offer Entitlements and/or Excess Open Offer Entitlements will be deemed to have given the representations and warranties set out in paragraph 4.8 of this Part XI (*Terms and Conditions of the Open Offer*) (in the case of Qualifying Non-CREST Shareholders) and paragraph 5.11 of this Part XI (*Terms and Conditions of the Open Offer*) (in the case of Qualifying CREST Shareholders) unless, in each case, such requirement is waived in writing by the Company and finnCap. All Qualifying Shareholders taking up their Open Offer Entitlements and/or Excess Open Offer Entitlements under the Open Offer will be deemed to have given the representations and warranties set out in paragraph 8 of this Part XI (*Terms and Conditions of the Open Offer*).

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees (or their agents, as appropriate) will be posted at their own risk.

The attention of Overseas Persons is drawn to paragraph 8 of this Part XI (*Terms and Conditions of the Open Offer*).

3. Action to be taken by Qualifying Shareholders in connection with the Open Offer

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser who, if you are taking advice in the United Kingdom, is duly authorised under FSMA, or, if not, from another appropriately authorised independent financial adviser who specialises in advising on the acquisition of shares and other securities.

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of their entitlement under the Open Offer or has had their Open Offer Entitlements and Excess Open Offer Entitlements credited to their CREST stock account

If you are a Qualifying Shareholder and you have any queries about the Open Offer or the procedure for acceptance and payment, you should call the Shareholder Helpline on 0371 384 2050 (or +44371 384 2050 if calling from overseas). This helpline is available from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. The Shareholder Helpline cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Please note that calls to a Shareholder Helpline may be monitored or recorded and that different charges may apply to calls made from mobile telephones. For legal reasons, the Shareholder Helplines will only be able to provide you with information contained in this document and as such will be unable to give advice on the merits of the Open Offer or to provide legal, financial, tax or investment advice. Shareholder Helpline staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly.

If you are a Qualifying Non-CREST Shareholder and you do not have a registered address, or are not resident or located, in any Excluded Territory, please refer to paragraphs 4 and 6 to 13 (inclusive) of this Part XI (*Terms and Conditions of the Open Offer*).

If you are a Qualifying CREST Shareholder and you do not have a registered address, or are not resident or located, in any Excluded Territory, please refer to paragraphs 5 to 13 (inclusive) of this Part XI (*Terms and Conditions of the Open Offer*) and to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer in respect of the Open Offer Entitlements and/or Excess Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to above.

4. Action to be taken by Qualifying Non-CREST Shareholders in connection with the Open Offer

4.1 General

Save as provided in paragraph 8 of this Part XI (*Terms and Conditions of the Open Offer*), Qualifying Non-CREST Shareholders will have received an Application Form with this document.

The Application Forms set out:

- (i) in Box 1, on the Application Form, the number of Existing Shares registered in such person's name on the Record Date (on which a Qualifying Non-CREST Shareholder's entitlement to Open Offer Shares is based);
- (ii) in Box 2, the maximum number of Open Offer Shares for which such persons are entitled to apply under their Open Offer Entitlements, taking into account they will not be entitled to take up any fraction of an Open Offer Share arising when their entitlement was calculated, such fractions being aggregated and made available under the Excess Application Facility;
- (iii) in Box 3, how much they would need to pay in Pounds Sterling if they wish to take up their Open Offer Entitlements in full;

- (iv) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of their entitlement or to convert all or part of their entitlement into uncertificated form; and
- (v) instructions regarding acceptance and payment, consolidation and splitting.

Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold an Application Form by virtue of a *bona fide* market claim.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlements and will be aggregated and made available under the Excess Application Facility.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlements in full, Qualifying Non-CREST Shareholders may apply for Excess Open Offer Shares should they wish to do so. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

The latest time and date for acceptance of the Application Forms and payment in full will be 11.00 a.m. on 27 April 2021.

The Open Offer Shares are expected to be issued on 30 April 2021. After such date the Open Offer Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the enclosed Form of Proxy (either in hard copy or by email) or by completing and transmitting a CREST Proxy Instruction.

4.2 ***Bona Fide Market Claims***

Applications to acquire Open Offer Shares may only be made using the Application Form and may only be made by the Qualifying Non-CREST Shareholder named on it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Shares through the market prior to 7.00 a.m. on 12 April 2021 (the time at which the Shares were marked 'ex' the entitlement to participate in the Open Offer). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims prior to 3.00 p.m. on 23 April 2021.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of their holding of Shares prior to the Ex-Entitlements Time, being 7.00 a.m. on 12 April 2021, should consult their broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold all of their registered holdings prior to 7.00 a.m. on 12 April 2021 should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Application Form should not, however, be forwarded to or transmitted in or into any of the Excluded Territories, including the United States. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5 of this Part XI (*Terms and Conditions of the Open Offer*).

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Shares shown on Box 1 of their Application Form prior to 7.00 a.m. on 12 April 2021 should, if the market claim is to be settled outside CREST, complete Box 8 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 1 of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 2), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Equiniti Limited at Corporate Actions, Aspect house, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received by no later than 3.00 p.m. on 23 April 2021. The Receiving Agent will then create new Application Forms, mark the Application Forms 'Declaration of sale or transfer duly made' and send them by post to the person submitting the original Application Form. The Application Form should not, however, be forwarded to or transmitted in or into any of the Excluded Territories, including the United States.

4.3 **Application Procedures**

Qualifying Non-CREST Shareholders who wish to apply to subscribe for all or any of the Open Offer Shares in respect of their Open Offer Entitlements must return the Application Form in accordance with the instructions thereon. Qualifying Non-CREST Shareholders may only apply for Excess Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. Completed Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) to Equiniti Limited of Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received by Equiniti Limited by no later than 11.00 a.m. on 27 April 2021, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in this document, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

Completed Application Forms should be returned together with payment in accordance with paragraph 4.4 of this Part XI (*Terms and Conditions of the Open Offer*).

4.4 **Payment**

All payments must be in Pounds Sterling and must be made by cheque or banker's draft made payable to "Equiniti Limited Re InnoVaDerma Open Offer" and crossed 'A/C payee only'. Cheques must be for the full amount payable on acceptance, and sent by post to Equiniti Limited, at Corporate Actions, Aspect house, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 27 April 2021. A pre-paid envelope for use within the UK only will be sent with the Application Form.

Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the relevant Qualifying Shareholder has title to the underlying funds, but which will be subject to the Money Laundering Regulations which will delay Qualifying Shareholders receiving their Open Offer Shares. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments will be paid to the Company. It is a term of the Open Offer that cheques or banker's drafts must be honoured on first presentation and the Company and finnCap may elect to treat as invalid any acceptances in respect of which cheques or banker's drafts are not honoured. Return of the Application

Form with a cheque or banker's draft will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in an interest-bearing account retained for the Company until all conditions are met. If the Open Offer do not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk) to applicants, without payment of interest, either as a cheque by first class post to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, in each case, as soon as practicable following the lapse of the Open Offer. The interest earned on such monies, if any, will be retained for the benefit of the Company.

If Open Offer Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, the Company may and finnCap may (at their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part XI (*Terms and Conditions of the Open Offer*) in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

4.5 **Discretion as to the validity of acceptances**

If payment is not received in full by 11.00 a.m. on 27 April 2021, the offer to subscribe for Open Offer Shares will be deemed to have been declined and will lapse. However, the Company and finnCap may, but shall not be obliged to, treat as valid:

- (i) Application Forms and accompanying remittances that are received through the post not later than 5.00 p.m. on 27 April 2021 (the cover bearing a legible postmark not later than 11.00 a.m. on 27 April 2021); and
- (ii) acceptances in respect of which a remittance is received prior to 11.00 a.m. on 27 April 2021 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of Open Offer Shares to be acquired and undertaking to lodge the relevant Application Form, duly completed, by 5.00 p.m. on 27 April 2021 and such Application Form is lodged by that time.

The Company and finnCap may also (at their absolute discretion) treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company and finnCap reserve the right to treat as invalid any application or purported application for the Open Offer Shares pursuant to the Open Offer that appears to the Company, finnCap or their respective agents to have been executed in, dispatched from, or that provides an address for delivery of definitive share certificates for Open Offer Shares in, any of the Excluded Territories, including the United States.

4.6 **Excess Application Facility**

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Issue Price through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares shall be rounded down to the nearest whole number. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Qualifying Non-CREST Shareholders who wish to apply for Excess Open Offer Shares in excess of their Open Offer Entitlements must complete the Application Form in accordance with the instructions set out on the Application Form. Qualifying Non-CREST Shareholders may only apply for Excess Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full.

If Qualifying Shareholders do not take up all of the Open Offer Shares, the Company and finnCap may agree that finnCap should use their reasonable efforts to procure subscribers for such Open Offer Shares at the Issue Price. There is no guarantee that this will occur or that finnCap would be successful in so procuring any such subscribers for such shares.

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

In the event that the Excess Application Facility is oversubscribed, each Qualifying Shareholder who has made a valid application for Excess Open Offer Shares under the Excess Application Facility and from whom payment in full for Excess Open Offer Shares has been received will receive a refund in an amount equal to the number of Excess Open Offer Shares applied and paid for but not allocated multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk. Qualifying Non-CREST Shareholders will receive the refund either as a cheque by first class post to the address set out on the Application Form or payment will be returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn not later than ten Business Days following the date that the results of the Open Offer are announced.

4.7 Effect of application

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

- (i) represents and warrants to each of the Company and finnCap that they have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights, and perform their obligations, under any contracts resulting therefrom and that they are not person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with each of the Company and finnCap that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations relating thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iii) confirms to each of the Company and finnCap that in making the application they are not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document including any documentation incorporated by reference, they will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);
- (iv) confirms to each of the Company and finnCap that in making the application they are not relying and have not relied on finnCap or any other person affiliated with finnCap in connection with any investigation of the accuracy of any information contained in this document or their investment decision;

- (v) represents and warrants to each of the Company and finnCap that if they have received some or all of their Open Offer Entitlements and/or Excess Open Offer Entitlements from a person other than the Company, they are entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) represents and warrants to each of the Company and finnCap that they are the Qualifying Shareholder(s) originally entitled to the Open Offer Entitlements and/or Excess Open Offer Entitlements or that they have received such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to each of the Company and finnCap that they are not, nor are they applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any of the Excluded Territories or any jurisdiction in which the application for Open Offer Shares is prevented by law, and (b) they are not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of their application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any of the Excluded Territories or any jurisdiction in which the application for Open Offer Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (viii) represents and warrants to each of the Company, finnCap and the Receiving Agent that: (a) they are not in the United States and will not be within the United States at the time that any buy order for Open Offer Shares is originated by them, nor are they applying for the account of any person who is located in the United States; and (b) they are not applying for the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares into the United States;
- (ix) represents and warrants to each of the Company and finnCap that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (x) requests that the Open Offer Shares to which they will become entitled be issued to them on the terms set out in this document, subject to the Articles of Association.

4.8 **Money Laundering Regulations**

To ensure compliance with the Money Laundering Regulations, Equiniti Limited may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the 'verification of identity requirements'). If an application is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of Equiniti Limited. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment (in this subsection, the "applicant"), including any person who appears to Equiniti Limited to be acting on behalf of some other person, shall thereby be deemed to agree to provide Equiniti Limited with such information and other evidence as Equiniti Limited may require to satisfy the verification of identity requirements. Submission of an Application Form shall constitute a warranty to the Company and finnCap that the Money Laundering Regulations will not be breached by the acceptance of remittance and an undertaking by the applicant to provide promptly to Equiniti Limited such information as may be specified by Equiniti Limited as being required for the purpose of the Money Laundering Regulations.

If Equiniti Limited determines that the verification of identity requirements apply to any applicant or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. Equiniti Limited is entitled, at its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither Equiniti Limited nor the Company nor

finnCap will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, Equiniti Limited has not received evidence satisfactory to it as aforesaid, the Company and finnCap may, at their absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

- (i) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (ii) the applicant is an organisation required to comply with the EU Money Laundering Directive (No. 2015/849/EC);
- (iii) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations;
- (iv) the applicant (not being an applicant who delivers their application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or
- (v) the aggregate subscription price for the relevant Open Offer Shares is less than €15,000 (or its Pounds Sterling equivalent).

Submission of the Application Form with the appropriate remittance will constitute a warranty to each of the Company and finnCap from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft drawn on a branch of a bank or building society in the UK and bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Equiniti Limited Re InnovaDerma Open Offer" and crossed "A/C payee only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted the full name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as that shown on the Application Form;
- (ii) if the Application Form is lodged with payment by an agent which is an organisation required to comply with the EU Money Laundering Directive (No. 2015/849/EC or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, the Gulf Co-operation Council, Hong Kong, Iceland, India Israel, Korea, Japan, Malaysia, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Equiniti Limited and/or any relevant regulatory or investigatory authority; or
- (iii) if an Application Form is lodged by hand by the applicant in person, they should ensure that they have with them evidence of identity bearing their photograph (for example, their passport) and evidence of their address.

Equiniti Limited will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the applicant is suspected of anything illegal. The checks made at credit reference agencies leave an 'enquiry footprint' – an indelible record so that the applicant can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-money laundering checks appear as an enquiry/soft search on the applicant's credit report. The report may contain a note saying, "Identity Check to comply with Anti Money Laundering Regulations".

To confirm the acceptability of any written assurance referred to in paragraph 4.9(b) of this Part XI (*Terms and Conditions of the Open Offer*), or in any other case, the applicant should contact Equiniti Limited on 0371 384 2050 (or +44 371 384 2050 if calling from overseas). This helpline is available from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. Equiniti Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

4.9 Issue of Open Offer Shares in certificated form

Definitive share certificates in respect of the Open Offer Shares to be held in certificated form are expected to be dispatched by post within ten Business Days of Admission, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

5. ACTION TO BE TAKEN BY QUALIFYING CREST SHAREHOLDERS IN CONNECTION WITH THE OPEN OFFER

5.1 General

Save as provided in paragraph 8 of this Part XI (*Terms and Conditions of the Open Offer*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to their CREST stock account of their Open Offer Entitlements equal to the number of Open Offer Shares for which they are entitled to apply to acquire under the Open Offer together with a credit of Excess Open Offer Entitlements equal to ten times their total number of Existing Shares held in such Qualifying CREST Shareholder's name as at the Record Date.

Qualifying CREST Shareholders subject to a market claim should note that Excess CREST Open Offer Entitlements will not transfer as part of the market claim and if they wish to apply for such Excess Open Offer Entitlements then they should contact Shareholder Helpline on 0371 384 2050 (or +44 371 384 2050 if calling from overseas). This helpline is available from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. The Shareholder Helpline cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Qualifying CREST Shareholders, when requesting an increased credit, should ensure that they leave sufficient time for the additional Excess Open Offer Entitlements to be credited to their account and for an application to be made in respect of those entitlements before the application date.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlements and will be aggregated and made available under the Excess Application Facility.

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

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 14 April 2021 or such later time as the Company and finnCap agree otherwise, Application Forms shall, unless the Company and finnCap determine otherwise, be sent out in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may, with the consent of finnCap, be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

Qualifying CREST Shareholders who wish to take up all or part of their Open Offer Entitlements and Excess Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlements in respect of Open Offer Shares. If you have any queries on the procedure for acceptances and payment, you should contact the Shareholder Helpline on 0371 384 2050 (or +44 371 384 2050 if calling from overseas). This helpline is available from 8.30 a.m. to 5.30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. The Shareholder Helpline cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Qualifying CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the enclosed Proxy Form (either in hard copy or by email) or by completing and transmitting a CREST Proxy Instruction

In accordance with the instructions in this Part XI (*Terms and Conditions of the Open Offer*) of this document the CREST instruction must have been settled by 11.00a.m. on 27 April 2021.

5.2 **Bona Fide market claims**

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

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements will generate an appropriate market claim and the relevant Open Offer Entitlements will thereafter be transferred accordingly. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim. Please note that an additional USE Instruction must be sent in respect of any application under the Excess Open Offer Entitlements.

A Qualifying CREST Shareholder who has made a valid application for Excess New Open Offer Shares under the Excess Application Facility which is not met in full, and from whom payment in full for Excess Open Offer Shares has been received, will receive an amount equal to the number of Excess Open Offer Shares applied and paid for, but not allocated to, the relevant Qualifying CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant’s sole risk.

5.3 **USE Instructions**

Qualifying CREST Shareholders who are CREST members and who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 5.3(a) of this Part XI (*Terms and Conditions of the Open Offer*).

5.4 **Content of USE Instructions in respect of Open Offer Entitlements**

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

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlements being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlements. This is GB00BMQ8335;
- (iii) the CREST participant ID of the CREST member;
- (iv) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA91;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA364701;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 27 April 2021;
- (ix) the Corporate Action Number (as this term is defined in the CREST Manual) for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 27 April 2021. CREST members and, in the case of CREST, sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 27 April 2021 in order to be valid is 11.00 a.m. on that day.

If the conditions to the Conditional Placing and Open Offer are not fulfilled on or before 8.00 a.m. on the Business Day following the General Meeting, or such other time and/or date (being not later than 30 April 2021) as may be agreed between the Company and finnCap, the Conditional Placing will not proceed, the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest as soon as practicable thereafter.

The interest earned on such monies, if any, will be retained for the benefit of the Company.

5.5 **CREST procedures and timings**

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that their CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00a.m. on 27 April

2021. Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5.6 **Validity of application**

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11.00 a.m. on 27 April 2021 will constitute a valid application under the Open Offer.

5.7 **Incorrect or incomplete applications**

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

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

5.8 **Excess Application Facility**

Qualifying CREST Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Issue Price through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares shall be rounded down to the nearest whole number. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The CREST accounts of Qualifying CREST Shareholders will be credited with Excess Open Offer Entitlements to enable applications for Excess Open Offer Shares to be settled through CREST. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities. Neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements will generate an appropriate market claim and the relevant Open Offer Entitlements will thereafter be transferred accordingly. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim. Please note that an additional USE Instruction must be sent in respect of any application under the Excess Open Offer Entitlements. Excess Open Offer Entitlements will not be subject to Euroclear UK’s market claims process. Qualifying CREST Shareholders claiming Excess Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account. Please note that an additional USE instruction must be sent in respect of any application under the Excess Entitlement.

In the event that the Excess Application Facility is oversubscribed, each Qualifying Shareholder who has made a valid application for Excess Open Offer Shares under the Excess Application Facility and from whom payment in full for Excess Open Offer Shares has been received will receive a refund in an amount equal to the number of Excess Open Offer Shares applied and paid for but not allocated

multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk. Qualifying CREST Shareholders will receive the refund not later than four Business Days following the date that the results of the Open Offer are announced.

5.9 **Content of USE Instructions in respect of Excess Open Offer Entitlements**

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

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess Open Offer Entitlements. This is GB00BMQ83468;
- (iii) the CREST participant ID of the CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA92;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA364702;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 27 April 2021;
- (ix) the Corporate Action Number (as this term is defined in the CREST Manual) for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 27 April 2021. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 27 April 2021 in order to be valid is 11.00 a.m. on that day.

5.10 **Effect of application**

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

- (i) represents and warrants to each of the Company, and finnCap that they have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights, and perform their obligations, under any contracts resulting therefrom and that they are not person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with each of the Company and finnCap to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application);
- (iii) agrees with each of the Company and finnCap that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations relating thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;

- (iv) confirms to each of the Company and finnCap that in making the application they are not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, they will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);
- (v) confirms to each of the Company and finnCap that in making the application they are not relying and have not relied on finnCap or any other person affiliated with finnCap in connection with any investigation of the accuracy of any information contained in this document or their investment decision;
- (vi) represents and warrants to each of the Company and finnCap that if they have received some or all of their Open Offer Entitlements and/or Excess Open Offer Entitlements from a person other than the Company, they are entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to each of the Company and finnCap that they are the Qualifying Shareholder(s) originally entitled to the Open Offer Entitlements and/or Excess Open Offer Entitlements or that they have received such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) represents and warrants to each of the Company and finnCap that they are not, nor are they applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any of the Excluded Territories or any jurisdiction in which the application for Open Offer Shares is prevented by law; and (b) they are not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of their application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any of the Excluded Territories or any jurisdiction in which the application for Open Offer Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (ix) represents and warrants to each of the Company, finnCap and the Receiving Agent that: (a) they are not in the United States and will not be within the United States at the time that any buy order for Open Offer Shares is originated by them, nor are they applying for the account of any person who is located in the United States; and (b) they are not applying for the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares into the United States;
- (x) represents and warrants to each of the Company and finnCap that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xi) requests that the Open Offer Shares to which they will become entitled be issued to them on the terms set out in this document, subject to the Articles of Association.

5.11 **Discretion as to rejection and validity of acceptances**

The Company and finnCap may agree to:

- (i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in paragraph 5.10 of this Part XI (*Terms and Conditions of the Open Offer*). Where an acceptance is made as described in this paragraph 5 which is otherwise valid, and the USE Instruction concerned fails to settle by 11.00 a.m. on 27 April 2021 (or by such later time and date as the Company and finnCap may determine), the Company and finnCap shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 5.11(i), that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 5.9 of this Part XI (*Terms and Conditions of the Open Offer*) above unless the

- Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;
- (ii) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5;
 - (iii) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as the Company and finnCap may determine;
 - (iv) treat a properly authenticated dematerialised instruction (in this sub-section, the “first instruction”) as not constituting a valid acceptance if, at the time at which Equiniti Limited receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or Equiniti Limited has received actual notice from Euroclear UK of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
 - (v) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor, a Qualifying CREST Shareholder is unable validly to take up all or part of their Open Offer Entitlements and/or Excess Open Offer Entitlements by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Equiniti Limited in connection with CREST.

5.12 **Money Laundering Regulations**

If you hold your Existing Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), then, irrespective of the value of the application, Equiniti Limited is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact Equiniti Limited before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to the Company, finnCap to provide promptly to Equiniti Limited any information Equiniti Limited may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Equiniti Limited as to identity, Equiniti Limited, having consulted with the Company and finnCap, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, Equiniti Limited will not permit the USE Instruction concerned to proceed to settlement (without prejudice to the right of the Company and/or finnCap to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence).

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

A Qualifying Non-CREST Shareholder’s entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in their Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, (in the case of a deposit into CREST) as set out in the Application Form.

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign and complete Box 11 of their Application Form, entitled ‘CREST Deposit Form’ and then deposit their Application

Form with the CREST Courier and Sorting Service (“**CCSS**”). In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the Open Offer Entitlements and Excess Open Offer Entitlements may be deposited into CREST. A Qualifying Non-CREST Shareholder may also deposit only some of their entitlement into CREST where they have sold part of their existing holding of Shares prior to the ex-entitlement date by applying for a split Application Form in accordance with the instructions in the Application Form.

If you have received your Application Form by virtue of a *bona fide* market claim, the declaration in Box 8 must be made or (in the case of an Application Form which has been split) marked ‘Declaration of sale duly made’. If you wish to take up your Open Offer Entitlements, the CREST Deposit Form in Box 11 of your Application Form must be completed and deposited with the CCSS in accordance with the instructions above. A holder of more than one Application Form who wishes to deposit Open Offer Entitlements shown on those Application Forms into CREST must complete Box 11 of each Application Form.

In particular, having regard to normal processing times in CREST and on the part of Equiniti Limited, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled wishes to hold the Open Offer Entitlements set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. On 22 April 2021.

Delivery of an Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company, finnCap and Equiniti Limited by the relevant CREST member(s) that they are not in breach of the provisions of the notes under the section headed Application Form on page 3 of the Application Form, and a declaration to the Company, finnCap and the Receiving Agent from the relevant CREST member(s) that they are not located in, or citizen(s) or resident(s) of, any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law, and that they are not located in the United States and, where such deposit is made by a beneficiary or a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

5.14 Right to allot and issue Open Offer Shares in certificated form

Despite any other provision of this document, the Company and its agents reserve the right to allot and to issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by Equiniti Limited in connection with CREST.

6. Taxation

Information on United Kingdom and United States taxation with regard to the Open Offer is set out in Part XV (*Taxation*) of this document, and is intended only as a general guide to the current tax position in the United Kingdom. If you are in any doubt as to your tax position, you should consult your own independent adviser immediately.

7. Withdrawal Rights

Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders or who have the right to withdraw their acceptances under Article 23(2) of the UK Prospectus Regulation after a supplementary prospectus (if any) has been published and who wish to exercise such right of withdrawal must deposit a written notice of withdrawal or email to offer@equiniti.com (which shall not include a notice sent by facsimile), which must include the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST member, the participant ID and the member account ID of such CREST member, by post to the Receiving Agent, so as to be received before the end of the period of two Business Days beginning with the first Business Day after the date on which the supplementary prospectus (if any) was published. Notice of withdrawal of acceptance given by any other means or which is deposited with, or

received by, the Receiving Agent after the end of the period of two Business Days beginning with the first Business Day after the date on which the supplementary prospectus (if any) was published will be invalid.

Furthermore, it is the Company's view that Qualifying Shareholders who have validly taken up their entitlements in accordance with the procedure laid down for acceptance and payment in this Part XI (*Terms and Conditions of the Open Offer*) shall not be entitled to withdraw any such acceptance. In such circumstances, any such accepting Qualifying Shareholder, wishing to withdraw is advised to seek independent legal advice.

8. Overseas Persons

This document has been approved by the FCA, being the competent authority in the United Kingdom. The making of the proposed offer of Open Offer Shares (whether pursuant to the Open Offer or otherwise) to persons resident in or who have a registered address in countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction. Any Overseas Person who is in any doubt as to its, his or her position should consult an appropriate professional adviser without delay.

The comments set out in this paragraph 8 are intended as a general guide only and any Overseas Persons who is in doubt as to its, his or her position should consult its, his or her professional adviser without delay and take independent professional advice in relation thereto.

8.1 General

The distribution of this document and the Application Form and the making of the Open Offer to persons who have registered addresses outside the United Kingdom, or who are located or resident in countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlement. Any Shareholder who is in any doubt as to its, his or her position should consult an appropriate professional adviser without delay.

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to take up their entitlement under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. Receipt of this document or an Application Form or the crediting of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST will not constitute an offer in those jurisdictions in which it would be illegal to make or accept an offer and, in those circumstances, this document, the Application Form must be treated as sent (or made available) for information only and should not be copied or redistributed.

Save as set out in this paragraph 8 no action has been or will be taken in any jurisdiction (other than the United Kingdom) that would permit a public offer or distribution of the Open Offer Shares, the Application Forms, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Open Offer Shares and the Application Forms may not be distributed, offered or sold, directly or indirectly, and this document may not be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer to subscribe for, or a distribution of, any of the Open Offer Shares or the Application Forms to any person in any jurisdiction to whom it is unlawful to make or accept such offer, distribution or solicitation in such jurisdiction.

Save for at the sole discretion of the Company, the Application Form may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into any of the United States of America or any of the other Excluded Territories.

Any person with a registered address, or who is resident or located, in the United States or in any of the Excluded Territories who obtains a copy of this document or an Application Form is required to disregard them, except with the consent of the Company.

No person receiving or being given access to a copy of this document, an Application Form and/or whose stock account in CREST is credited with Open Offer Entitlements and/or Excess Open Offer Entitlements in any territory other than the UK may treat the same as constituting an invitation or offer to it, him or her nor should it, he or she in any event use the Application Form or deal with Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST unless such an invitation or offer could lawfully be made to and accepted by it, him or her or the Application Form could lawfully be used or dealt with without contravention of any registration or other legal requirements. In such circumstances, this document, the Application Form is to be treated as sent (or made available) for information only and should not be copied or redistributed.

Accordingly, persons (including, without limitation, custodians, nominees and trustees) receiving or being given access to a copy of this document and/or an Application Form or whose stock account in CREST is credited with Open Offer Entitlements and/or Excess Open Offer Entitlements should not, in connection with the Open Offer, distribute or send the same or transfer Open Offer Entitlements and/or Excess Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations including, but not limited to, those of the Excluded Territories. If an Application Form or a credit of Open Offer Entitlements or Excess Open Offer Entitlements is received by any person in any such territory, or by its, his or her agent or nominee, it, he or she must not seek to take up the entitlements referred to in the Application Form, or in this document or transfer the Open Offer Entitlements or Excess Open Offer Entitlements unless the Company and finnCap determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or an Application Form or transfer Open Offer Entitlements or Excess Open Offer Entitlements into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 8.

The Company and finnCap reserve the right to treat as invalid and will not be bound to allot or issue any Open Offer Shares in respect of any acceptance or purported acceptance of the offer of Open Offer Shares which:

- (i) appears to the Company, finnCap or their respective agents to have been executed, effected or despatched from any of the Excluded Territories;
- (ii) in the case of an Application Form, provides an address for delivery of the definitive share certificates in or, in the case of a credit of Open Offer Shares in CREST to a CREST member or CREST sponsored member, whose registered address is, or who is resident, in any of the Excluded Territories or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such definitive share certificates or make such a credit or which does not make the warranty set out in the Application Form to the effect that the person accepting and/or otherwise disposing of the entitlement does not have a registered address and is not otherwise located in one of the Excluded Territories and is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares in one of the Excluded Territories or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or
- (iii) appears to either the Company or its agents to have been executed or despatched in a manner that may involve a breach of the securities legislation of any jurisdiction.

The attention of Overseas Shareholders resident or with registered addresses in any of the Excluded Territories is drawn to paragraphs 8.2 to 8.4 of this Part XI (*Terms and Conditions of the Open Offer*).

Despite any other provision of this document or the Application Form, the Company and finnCap reserve the right to permit any Overseas Shareholder to take up its, his or her entitlements if it is established to the satisfaction of the Company and finnCap that the transaction in question will not violate applicable laws. If the Company and finnCap are so satisfied, the Company will arrange for the relevant Overseas Shareholder to be sent an Application Form if they are reasonably believed to be a Qualifying Non-CREST Shareholder or, if they are reasonably believed to be a Qualifying CREST

Shareholder, arrange for the Open Offer Entitlements and/or Excess Open Offer Entitlements to be credited to the relevant CREST stock accounts.

Overseas Shareholders should note that all subscription monies must be in pounds sterling by cheque or banker's draft and should be drawn on a bank in the United Kingdom. For more information regarding payment details see paragraph 4.4 of this Part XI (*Terms and Conditions of the Open Offer*).

8.2 **United States**

The Open Offer Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Open Offer Shares in the United States.

8.3 **European Economic Area**

In relation to each EEA State (each, a "relevant member state"), no Open Offer Shares have been offered or will be offered pursuant to the Open Offer to the public in that relevant member state prior to the publication of a prospectus in relation to the Open Offer Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the UK Prospectus Regulation, except that offers of Open Offer Shares may be made to the public in that relevant member state:

- (i) to any legal entity which is a qualified investor as defined in the UK Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of finnCap for any such offer; or
- (iii) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation provided that no such offer of Open Offer Shares shall result in a requirement for the publication by the Company or finnCap of a prospectus pursuant to Article 3 of the Prospectus Regulation or any measure implementing the Prospectus Regulation in that relevant member state.

8.4 **Excluded Territories and Other Overseas Territories**

Due to restrictions under the securities laws of the Excluded Territories and subject to certain exceptions, no Application Form will be sent to, and no Open Offer Entitlements and/or Excess Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders with a registered address, or resident, in any of the Excluded Territories. The Open Offer Shares and the Application Forms, also have not been and will not be registered under the securities laws of any Excluded Territory and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption, from and in compliance with (or in a transaction not subject to), any applicable securities laws. There will be no public offer of the Open offer Shares in any of the Excluded Territories and no offer of Open Offer Shares is being made by virtue of this document or the Application Form into the Excluded Territories.

Any person in an Excluded Territory who obtains a copy of this document or an Application Form is required to disregard them, except with the consent of the Company and finnCap.

Notwithstanding the foregoing, if a Qualifying Shareholder with a registered address, or resident, in any of the Excluded Territories can demonstrate to the satisfaction of the Company and finnCap that receipt, and acceptance, of the offer in such jurisdiction will not breach applicable securities laws then the Company and/or finnCap in their absolute discretion may either arrange for such Qualifying Shareholder to be sent an Application Form if it, he or she is a Qualifying Non-CREST Shareholder or, if it, he or she is a Qualifying CREST Shareholder arrange for Open Offer Entitlements and/or Excess Open Offer to be credited to the relevant CREST stock account.

8.5 **Further representations and warranties**

8.5.1 *Qualifying Non-CREST Shareholders*

Any person accepting an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to each of the Company and finnCap that: (i) such person is not accepting an Application Form from within the United States or any other Excluded Territory; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the Excluded Territories or any territory referred to in (ii) above at the time the instruction to accept or renounce was given, and in particular such person is not accepting for the account or benefit of any person who is located in the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the person giving such instruction has confirmed that it has the authority to give such instruction, and either (x) has investment discretion over such account or (y) is an investment manager or investment company that is acquiring the New Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares into the United States or any other Excluded Territory or any territory referred to in (ii) above.

The Company and finnCap may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in, or renunciation or purported renunciation of, an Application Form if it: (a) appears to the Company and finnCap to have been executed in or despatched from the United States or any other Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in any Excluded Territory, including the United States, for delivery of definitive share certificates for New Shares (or any jurisdiction outside the UK in which it would be unlawful to deliver such certificates); or (c) purports to exclude the representations and warranties required by this section.

8.5.2 *Qualifying CREST Shareholders*

A Qualifying CREST Shareholder who makes a valid acceptance in accordance with the procedure set out in paragraph 5 of this Part XI (*Terms and Conditions of the Open Offer*) represents and warrants to each of the Company and finnCap that: (i) they are not within any of the Excluded Territories, including the United States; (ii) they are not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for Open Offer Shares; (iii) they are not acting on a non-discretionary basis for a person located within the Excluded Territories or any territory referred to in (ii) above at the time the instruction to accept was given, and in particular such person is not accepting for the account or benefit of any person who is located in the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the person giving such instruction has confirmed that it has the authority to give such instruction, and either (x) has investment discretion over such account or (y) is an investment manager or investment company that is acquiring the Open Offer Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act; and (iv) they are not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into the United States or any other Excluded Territory or any territory referred to in (ii) above.

The Company and finnCap may treat as invalid any USE Instruction which: (a) appears to the Company and finnCap to have been despatched from the United States or any other Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or which they or their agents believe may violate any applicable legal or regulatory requirement; or (b) purports to exclude the representations and warranties required by this section.

9. Times and dates

The Company shall at its discretion and after consultation with finnCap, be entitled to amend the dates that Application Forms are despatched or dealings in Open Offer Shares commence and amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document. In such circumstances, the Company will make an appropriate announcement to a Regulatory Information Service and, if appropriate, will notify Shareholders.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the date specified in this document as the latest date for acceptance and payment in full under the Open Offer (or such later date as may be agreed between the Company and finnCap), the latest date of acceptance under the Open Offer shall be extended to the date which is three Business Days after the date of issue of the supplementary prospectus (or such later date as may be agreed between the Company and finnCap), and the dates and times of principal events due to take place following such date shall be extended accordingly.

10. Waiver

The provisions of paragraph 8 of this Part XI (*Terms and Conditions of the Open Offer*) and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Qualifying Shareholder(s) or on a general basis by the Company and finnCap in their absolute discretion. Subject to this, the provisions of this paragraph 10 which refer to Qualifying Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form the provisions of paragraph 8 of this Part XI (*Terms and Conditions of the Open Offer*) and this paragraph 10 shall apply jointly to each of them.

11. Governing law

The terms and conditions of the Open Offer as set out in this document and the Application Form shall be governed by, and construed in accordance with, the laws of England and Wales (including, without limitation, any non-contractual obligations arising out of or in connection with the Open Offer and, where appropriate, the Application Form). The Open Offer Shares will be created pursuant to the Articles and under the Act.

12. Jurisdiction

The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document, and/or, where appropriate, the Application Form (including, without limitation, disputes arising relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document and/or the Application Form). By accepting rights under the Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders (but no other Qualifying Shareholders), the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART XII

BUSINESS OVERVIEW OF THE GROUP

1. INTRODUCTION

1.1 Overview of the Group

InnovaDerma is a public company limited by shares, incorporated in England and Wales, with registered number 09226823 and registered office at 27 Old Gloucester Street, London, WC1N 3AX. The Company operates under the Act. The Company's telephone number is +44 800 014 8895 and its Legal Entity Identifier is 213800WRAP6W8VDL6B38. The Company has a standard listing of shares on the Official List maintained by the FCA and those shares are admitted to trading on the Main Market of the London Stock Exchange trading under the "IDP" ticker symbol.

1.2 The Company's purpose and strategy

Group Strategy

The Group's strategy can be summarised as follows:

Simplify operations

The Company's objective is to increase return on investment efficiency and deliver enhanced shareholder value. Key areas currently under review are the brand portfolio; brand architectures; organisational roles and responsibilities; inventory management and as well as business systems. The Company expects to have a fuller view on how best to enhance shareholder value by the end of the financial year.

Build on the Company's strengths

Building Strong Brands

The Board has expertise in the hair and skincare sectors and all of the Company's brands target specific consumer needs. The Company's priority growth brand is Skinny Tan which continues to have large growth potential in its existing markets as well as new geographical markets. The Company intends to operate a strategy of incubation for the less mature brands whereby it optimises the brand proposition in a home country before launching into other markets. The Company intends to focus on augmenting its successful digital media investment with enhanced brand building insight and storytelling.

New Product Innovation

Creating innovative, consumer-centric, high quality products that appeal to consumers has always been core to InnovaDerma's historical growth. This will continue to be the focus, in the knowledge that product innovation is central to success in the beauty care space. The recent launch of Skinny Tan Notox Beauty Elixir is an example of the Company's innovation, combining a skin plumping serum with the radiant glow from a gradual tanner. The Company will also explore product and package sustainability as a key parameter for future innovation to complement its existing cruelty free and vegan friendly beliefs.

Digital Media

InnovaDerma has developed a multi-market social media focused customer acquisition model with Skinny Tan. This model enables the Company to drive awareness, consideration and brand purchase in one step via combining strong messaging with a high value offering all within the predominantly paid social media digital channel. The model delivers a clearly measurable ROAS (return on advertising spend) which the Company flexes according to season. This model has been successfully reapplied to Australia and the US. The Company expects to drive higher returns via delivering greater targeting and digital channel optimisation.

Geographic expansion

Initially, the Company intends to focus on its DTC operations in its existing markets (being the UK, US and Australia). In due course it will expand into new markets such as Europe, New Zealand and Canada. In preparation for this expansion, the Company also intends to strengthen its order fulfilment network capacity and capabilities, in parallel to ongoing website optimisation with the view of maximising visitor conversion and basket spend. The Company will manage all international markets out of either our UK or Australia business hubs. InnovaDerma intends to complement its DTC focus with market specific distributor and retail partnerships including global e-commerce players THG and Amazon. The Board believes that these partnerships benefit from the brand and product awareness the Company builds through its digital media campaigns and will enable consumers to conveniently purchase products when they are in stores.

Investing in the organisation and systems

With new leadership in place, the focus is on digital and beauty expertise as key enablers for rapid business growth as the nation begins exiting from COVID restrictions. The Board is reviewing the organisational structure and clarifying roles and responsibilities. The Company intends to build two complimentary business hubs, in the UK and Australia, ensuring the right roles are in the right locations, supported by the right internal systems, to manage the Group's global business efficiently. The Board has recently recruited a UK based Finance Director to oversee the groups finance operations.

1.3 Investments

There are no material investments made since 30 June 2020 which are in progress and or which firm commitments have already been made, together with the anticipated source of funds.

1.4 Trend Information

Impact of the COVID-19 pandemic on the beauty sector

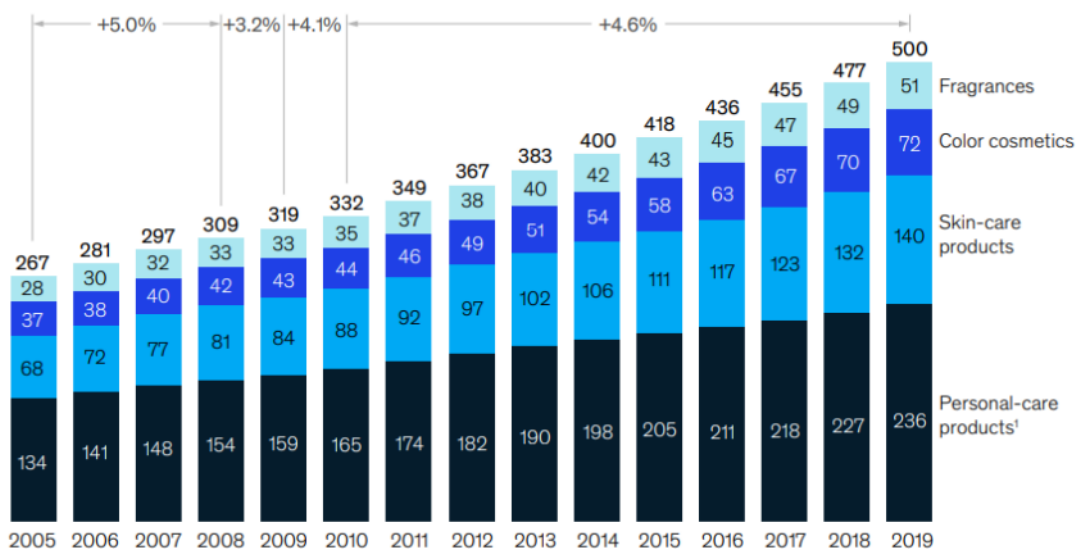
The COVID-19 has had a profound impact on the beauty sector, affecting both short term sector consumption levels as well as where and how consumers shop.

From a category consumption standpoint, countries that have been hardest hit by COVID-19, and have thereby also suffered more from lockdown/reduced social interaction restrictions, have seen their beauty category consumption hardest hit. For example, Prestige Beauty Sales in the UK have declined 24 per cent. in 2020 (The NPD Group/Covid-19 Study), with bricks and mortar sales declining 44 per cent., though total sales remain >£2 billion annually.

From a shopping standpoint, the trends witnessed in previous years have accelerated during the pandemic. This includes the growth of online sales, the importance of a multi-channel retail approach, and the influence of social media on a consumer's path to purchase.

Whilst the short-term sales outlook for the beauty sector remains depressed, the Board believes that the long-term attractiveness of the global beauty industry remains. Not only has it historically grown steadily, it has consistently created generations of loyal consumers.

Global beauty-industry retail sales, \$ billion



Note: Figures may not sum to listed totals, because of rounding.

¹Includes bath, hair-care, men's shaving, oral-care, shower, and adults' sun-care products; deodorants; and depilatories.

Source: Euromonitor

Although the impact of the COVID-19 is significant, there are signs that the beauty industry will prove relatively resilient. As the vaccine roll out in the UK progresses, the Board expects that social interaction restrictions will slowly ease. Indeed, in the UK, 39 per cent. of consumers aged 18-34 plan to buy beauty products to celebrate the end of lockdown (The NPD Group/Covid-19 Study).

Announcement of interim results for the six months ending 31 December 2020

On 31 March 2021 the Company announced its unaudited interim results for the six month period ending 31 December 2020 and the impact of COVID -19 can be seen on the Company's financial performance.

Net revenue for the period was £4.1 million, a decline of 19.6 per cent. on the prior year (H1 19: £5.1 million). A decline in UK sales H1 20: £2.9 million (H1 19: 4.3 million, down 32.3 per cent.), was partially offset by encouraging growth in InnovaDerma's key international markets H1 20: US £0.4 million, (H1 19: £0.3 million, up 17.4 per cent.); and Australia £0.8 million, up 52.1 per cent.) led by Skinny Tan. Both retail as well as DTC sales have been impacted by a reduction in beauty category consumption, particularly in the tanning category, due to COVID-19 restrictions. The Company expects the tanning category consumption to significantly improve as COVID-19 restrictions ease, and moreover as the peak tanning season from April to June begins.

Skinny Tan sales have declined across both retail and DTC to £3.4 million (H1 19: £4.4 million, down 23.9 per cent.). Both channels have been severely impacted by the reduction in consumer consumption of the tanning category as mentioned above. However, the launches of Notox Beauty Elixir and Strawberry & Cream Pink Whipped Gradual Tanner have been very successful on InnovaDerma's UK DTC platform in December 2020. Notox Beauty Elixir was sold at full retail price and was the Company's best-selling item. Skinny Tan remains well positioned to perform with a strong roster of new products to be launched during 2021.

Charles & Lee continued to grow and show its scale potential in Australia across both retail and DTC, H1 20: £0.3 million, (H1 19: £0.2 million, up 50 per cent.), despite the pandemic. Key drivers have been new product introductions as well as a very successful retail multipack promotion, particularly in Myer and David Jones. The brand was launched in the UK through our DTC channel last year and the Group plans to further expand the brand internationally in 2021.

Roots revenues declined 29.1 per cent. H1 20: £0.3 million, (H1 19: £0.4 million) due to its predominant UK Retail focus. New brand packaging has started rolling out in the UK and the pricing repositioning has been completed in Boots and is expected to follow with Superdrug over the coming months.

Nothing sales have been subdued as the UK hair removal category is very reliant on physical retail and has been severely impacted by category consumption decline. The 2020 Nothing brand launch coincided with the March 2020 lockdown in the United Kingdom and InnovaDerma has therefore planned further in-store enhanced visibility during 2021. The Nothing Black Cherry & Kiwi scented hair removal Wax Strips, InnovaDerma's first product in the largest hair removal category, launched in February 2021 in Superdrug.

Life sciences revenues remain relatively modest and the Board remains focused on the US market whilst it awaits CE accreditation which has been delayed by COVID-19.

The Board believes that the macroeconomic environment is set to remain uncertain for the remainder of the financial year. Whilst the Government's reopening road map has been published, and vaccination rates are promising, the exact speed of a return of consumer category consumption, particularly in tanning, will only be known over the coming months as we enter peak tanning season in the UK. The Board remains confident that historic consumption levels will return quickly as restrictions on social interactions are lifted and that InnovaDerma will emerge from the pandemic a stronger, more digitally agile business with the right leadership to compete and win in the digital commerce world of today. In the UK, 39 per cent. of consumers aged 18-34 plan to buy beauty products to celebrate the end of lockdown (The NPD Group/Covid-19 Study).

2. Corporate governance

The Board is responsible for corporate governance and has established this structure to enable effective leadership and oversight of the Company's activities. For more information on the Group's management team, see Part XIII (*Directors, Senior Managers and Corporate Governance*) of this document.

3. Legal and regulatory framework

There have been no material changes in the Company's regulatory environment since the period covered by the latest published audited financial statements.

PART XIII

DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. Directors

The Directors of the Company as at the date of this document and their respective roles are set out below:

| <i>Name</i> | <i>Position</i> |
|---------------------------|-----------------|
| Executive Director | |
| Blake Hughes | Chief Executive |

Non-Executive Directors

| | |
|----------------------------|------------------------|
| Ross Martin Hilton Andrews | Non-Executive Chair |
| Simon John Pyper | Non-Executive Director |
| Mark Michael Ward | Non-Executive Director |

The business address of each Director is 27 Old Gloucester Street, London, WC1N 3AX.

A short biography for each Director is set out below. Further information on the Directors, including the companies of which each of the Directors has been a director at any time in the past five years, is set out in further detail in paragraph 8 of Part XVI (*Additional Information*) of this document.

Blake Hughes, Chief Executive

Blake has over 25 years of leadership experience in the beauty and personal care sectors and has extensive experience in eCommerce, digital marketing and product innovation. Most recently, he held the roles of CEO and Chief Marketing Officer of Philip Kingsley, the award-winning premium hair care range. Prior to that, Blake was Managing Director of Murad Europe Limited, the prestigious skin care brand and has also worked in a variety of business and marketing leadership roles for blue chip companies including Procter & Gamble, Elizabeth Arden and Marks & Spencer. He holds a Masters in Chemistry from Oxford University.

Ross Martin Hilton Andrews, Non-Executive Chair

Ross is an experienced corporate adviser with 30 years' investment banking and stockbroking experience, advising companies and management teams on public market transactions. He was a main board director of Zeus Capital during which time the firm grew from a small corporate finance advisory business in the North West of England to an established investment banking operation based in London, Manchester and Birmingham. He is a non-executive director of several listed companies and brings extensive commercial, financial and corporate governance experience to the Board. Most recently, he established Guild Financial Advisory Limited, an independent corporate finance boutique focused on advising fast growing companies (both private and listed).

Simon John Pyper, Non-Executive Director

Simon has strong experience as an executive director of public companies being formerly chief executive officer and chief financial officer of digital marketing group Be Heard Group PLC. Prior to Be Heard, he was chief financial officer of AIM-listed GlobalData PLC from 2007 to 2017. During his tenure, Simon oversaw GlobalData's reverse takeover of TMN PLC and admission to AIM and facilitated its acquisition led growth strategy.

Simon is currently the chief financial officer of Xenia Broking, one of the largest credit insurance brokers in the UK.

Mark Michael Ward, *Non-Executive Director*

Mark is a successful and experienced digital and technology professional with strong links to the consumer and service industries. He founded Hunter Macdonald, a digital transformation and services company in 2013 and under his leadership, the business employed more than 400 employees within 5 years. In 2017, Hunter Macdonald was recognised as being one of the fastest-growing companies in the UK, and in October of the same year, the business merged with Scandinavian based Netcompany before listing in 2018 on the Nasdaq OMX. Mark began his career at PwC working in M&A and operations and spent 13 years in senior operational director roles for Reckitt Benckiser, Verizon, BT, and Friends Life.

2. Senior Managers

The names and roles of the Senior Managers, along with a short biography as at the date of this document are set out below:

Andrew Dunderdale, *Group Finance Director*

Andrew was previously the London Finance Director at AIM-listed digital marketing group Be Heard Group plc. Prior to this role, Andrew spent 7 years at the advertising conglomerate, WPP plc. Andrew is a Chartered Accountant.

The business address of Andrew Dunderdale is 27 Old Gloucester Street, London, WC1N 3AX.

Warren Dockary, *Chief Financial Officer*

Warren has had over 3 decades experience working in Accounting/Finance roles primarily across the manufacturing and logistics sectors. He brings extensive Commercial and Financial experience to the organisation and was the lead on the implementation of a new ERP System. Warren is a member of the Institute of Chartered Accountants Australia & New Zealand.

The business address of Warren Dockary is InnovaDerma AUS&NZ, Suite 1031, 1 Queens Road, Melbourne, VIC 3004, Australia.

Warren Dockary has not been a director of any company at any time in the past five years.

3. Corporate governance

3.1 *Compliance with the UK Corporate Governance Code*

The Board is committed to the highest standards of corporate governance and complies in full with the UK Corporate Governance Code. The Board also takes account of institutional shareholder and governance rules and guidance on disclosure and shareholder authorisation. The Board meets at least five times a year and may meet at other times at the request of one or more of the Directors.

3.2 *Board composition*

The Group is managed by the Board, which currently comprises four Directors and is responsible to Shareholders for proper management of the Company. The Board's main roles are to create value for Shareholders, to provide entrepreneurial leadership of the Company, to approve the Company's strategic objectives and to ensure that the necessary financial and other resources are made available to enable the Company to meet those objectives.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding its chair, should comprise non-executive directors determined by the board to be independent. For the purposes of assessing compliance with the UK Corporate Governance Code, the Board considers that Simon Pyper is a non-executive director who is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board also considers that the chair of the Company was independent on appointment.

3.3 **Board committees**

As required by the UK Corporate Governance Code the Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee, with formally delegated duties and responsibilities and with written terms of reference.

The members of each Committee are as follows:

| <i>Committee</i> | <i>Chair</i> | <i>Other Members</i> |
|------------------|--------------|----------------------|
| Audit | Simon Pyper | Ross Andrews |
| Remuneration | Simon Pyper | Ross Andrews |
| Nomination | Ross Andrews | Simon Pyper |

Audit Committee

The Audit Committee is chaired by Simon Pyper and has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial controls is maintained.

The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will normally meet at least twice a year at the appropriate times in the reporting and audit cycle. The responsibilities of the Audit Committee covered in the terms of reference are external audit, internal audit, financial reporting and internal controls and risk management. The terms of reference also set out the authority of the committee to carry out its responsibilities.

Remuneration Committee

The Remuneration Committee is chaired by Simon Pyper and is responsible for determining of the terms and conditions of employment, remuneration and benefits of each of the Chairman, Executive Directors, members of the executive and the company secretary, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for senior management and the implementation of share option or other performance-related schemes. The Remuneration Committee will meet at least once a year.

The responsibilities of the Remuneration Committee covered in its terms of reference are determining and monitoring policy on and setting levels of remuneration, early termination, performance-related pay and pension arrangements; authorising claims for expenses from the Directors; reporting and disclosure of remuneration policy; share schemes (including the annual level of awards); obtaining information on remuneration in other companies; and selecting, appointing and terminating remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its responsibilities.

Nomination Committee

The Nomination Committee is chaired by Ross Andrews and is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary.

The responsibilities of the Nomination Committee covered in its terms of reference include: review of the Board composition; appointing new Directors; reappointment and re-election of existing Directors; succession planning, considering the skills and expertise that will be needed on the Board in the future; reviewing time required from Non-Executive Directors; determining membership of other Board committees; and ensuring external facilitation of the evaluation of the Board. The Nomination Committee meets at least once a year.

PART XIV

HISTORICAL FINANCIAL INFORMATION

The following audited and unaudited historical financial information of the Group has been incorporated by reference:

Unaudited interim financial information for the six months ended 31 December 2020

The Group's unaudited interim financial information for the six months ended 31 December 2020 can be viewed on the Group's website at www.innovaderma.com.

The unaudited interim financial information available includes the following:

Statement of profit or loss and other comprehensive income for the six months ended 31 December 2020 (page 20);

Statement of financial position as at 31 December 2020 (page 21);

Statement of changes in equity for the six months ended 31 December 2020 (page 22); and

Statement of cash flows for the six months ended 31 December 2020 (page 23).

Audited historical financial information for the year ended 30 June 2020

The Group's audited historical financial information for the year ended 30 June 2020 can be viewed on the Group's website at www.innovaderma.com.

The audited historical financial information available includes the following:

Corporate directory (page 1);

Strategic report (page 2);

Chairman's statement (page 4);

Directors report (page 8);

Directors' remuneration report (page 11);

Independent auditor's report (page 15);

Statement of profit or loss and other comprehensive income for the year ended 30 June 2020 (page 19);

Statement of financial position as at 30 June 2020 (page 20);

Statement of changes in equity for the year ended 30 June 2020 (page 21);

Statement of cash flows for the year ended 30 June 2020 (page 22); and

Notes to the financial statements the year ended 30 June 2020 (page 25).

PART XV

TAXATION

The following information is based on UK tax law and HM Revenue and Customs practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (i) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- (ii) who intend to acquire Shares as part of tax avoidance arrangements; or
- (iii) who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

Dividends

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

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

Disposals of Shares

Any gain arising on the sale, redemption or other disposal of Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Shares by basic rate taxpayers is 10 per cent., and 20 per cent. for upper rate and additional rate taxpayers.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Shares, but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to taxable profits is currently 19 per cent.

Further information for Shareholders subject to UK income tax and capital gains tax

“Transactions in securities”

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax will be payable on the allotment and issue of New Shares.

Most investors will purchase existing ordinary shares using the crest paperless clearance system and these acquisitions will be subject to stamp duty reserve tax at 0.5 per cent. Where ordinary shares are acquired using paper (i.e. non-electronic settlement) stamp duty will become payable at 0.5 per cent. if the purchase consideration exceeds £1,000.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

PART XVI

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names appear in paragraph 1 of Part XIII (*Directors, Senior Managers and Corporate Governance*) of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

2. Incorporation and registered office

InnovaDerma's legal and commercial name is InnovaDerma plc. InnovaDerma is a public limited company incorporated and registered in England and Wales on 19 September 2014 as a public limited company with the name InnovaDerma plc. The Shares are listed on the Official List and traded on the standard segment of the Main Market of the London Stock Exchange with ISIN GB00BT9PTW34. InnovaDerma operates under the Companies Act 2006 and its registered number is 09226823.

The Company is domiciled in the UK. Its registered office and head office is at 27 Old Gloucester Street, London, WC1N 3AX United Kingdom (Tel. No 0800 014 8895, or if dialling from outside the UK, +44 800 014 8895).

The principal laws and legislation under which the Company operates, and under which the Shares have been created, are the Companies Act 2006 and regulations made thereunder.

The Company's website is www.innovaderma.com. The information on the Company's website does not form part of this document unless it has been incorporated by reference into this document, as set out in Part V (*Documentation Incorporated by Reference*) of this document.

3. Organisational structure

The Company is the ultimate holding company of the Group.

3.1 Group

InnovaDerma's principal subsidiaries and associated undertakings as at the Latest Practicable Date are as follows:

| <i>Subsidiary Name</i> | <i>% owned by Company</i> |
|-----------------------------------|---------------------------|
| InnovaDerma AUS & NZ Pty Ltd | 100 |
| InnovaDerma International Limited | 100 |
| InnovaDerma NZ Limited | 100 |
| ID Philippines Inc | 100 |
| Bach Health Pty Ltd | 100 |
| InnovaScience Inc | 100 |
| Skinny Tan Pty Ltd | 95.5 |
| Ergon Medical Limited | 100 |

4. Share capital

4.1 Share capital

InnovaDerma has one class of share capital, which comprises of ordinary shares of €0.10 each.

4.2 Existing Shareholder authorities

It was resolved by the existing Shareholders at the Company's AGM held on 16 December 2020 that:

- (i) the Directors are authorised to allot shares that are equity securities (within the meaning of section 560(1) of the Act):
 - up to an aggregate amount of €724,831.60;

- up to a further amount of €724,831.60, provided they are offered by way of a rights issue to shareholders of Shares; and
 - the allotment authority shall expire on the earlier of (i) the next annual general meeting of InnovaDerma renewing this authority; or (ii) 31 December 2021.
- (ii) the Directors are authorised to allot equity securities (within the meaning of section 560 of the Act) for cash under the authority conferred above as if section 561 of the Act did not apply to the allotment and this power:
- up to an aggregate nominal value of €362,415.80 (representing approximately 25 per cent. of the total share capital in issue as at 20 November 2020) as if the pre-emption rights in company law did not apply; and
 - the allotment authority shall expire on the earlier of (i) the next annual general meeting of InnovaDerma renewing this authority; or (ii) 31 December 2021.

4.3 **Issued share capital**

4.3.1 *Latest Practicable Date*

The issued fully paid up share capital of the Company, as at the Latest Practicable Date comprised 17,393,633 Shares of €0.10 each.

4.3.2 *Immediately following the Conditional Placing and Open Offer*

The issued fully paid up share capital of the Company immediately following completion of the, Conditional Placing and Open Offer, (assuming that all of the New Shares are issued in connection with the Capital Raising and no other Shares are issued between the Latest Practicable Date and completion of the Capital Raising) is expected to be 27,374,673 Shares of €0.10 each.

4.4 **Details of the Shares**

The New Shares will, when issued, be in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of New Shares in uncertificated form and title to the New Share may be transferred by means of a relevant system (as defined in the CREST Regulations).

Where New Shares are to be held in certificated form, share certificates will be sent to the registered share owners by first class post in respect of Shareholders on the Register.

The New Shares will have the same rights in all respects as the Existing Shares (including the right to receive all dividends and other distributions declared after the date of their issue).

No temporary documents of title have been or will be issued in respect of the New Shares.

The Shares are currently listed on the standard listing segment of the Official List and traded on the LSE's Main Market.

No application has been made or is currently intended to be made for the New Shares to be admitted to listing or trading on any other exchange.

The Shares are, and the New Shares will be, ordinary shares in registered form and denominated in Euros.

Save as disclosed in this section, there are no acquisition rights or obligations in relation to the issue of any Shares in the capital of the Company or an undertaking to increase the capital of the Company.

There are no convertible securities, exchangeable securities or securities with warrants in the Company, save in respect of any options granted under the Employee Share Scheme and the finnCap Warrant Agreement.

5. **Dividend policy**

To date, the Company has not declared or paid any dividends on the Shares. The Company currently intends to pay dividends on future earnings, if any, only when it is commercially and financially appropriate to do so. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on,

amongst other things, the Company's results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board may consider relevant.

6. Rights attached to Shares

The following is a description of the rights attaching to the Shares, including any limitations of those rights, and procedure for the exercise of those rights:

6.1 Voting rights

Subject to any special terms as to voting upon which any Shares may have been issued or may for the time being be held or a suspension or abrogation of voting rights pursuant to the Articles, every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly appointed representative shall, on a show of hands, have one vote and, on a poll, have one vote for every Share held by him. A proxy need not be a member of the Company.

No voting rights attached to any Share may be exercised at a general meeting of the Company (or any adjournment of it), or on any poll called in relation to it, unless all amounts payable to the Company in respect of that Share have been paid up.

6.2 Variation of rights

Subject to the Act, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise). To every such separate meeting the provisions of the Articles relating to general meetings of the Company shall apply, except that the necessary quorum at any such meeting shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and at an adjourned meeting shall be one person holding shares of the class in question.

6.3 Transfer of shares

A shareholder may transfer all or any of his Shares:

- (i) In the case of certificated Shares, by means of an instrument of transfer in any usual form or any other form approved by the Directors which is executed by or on behalf of the transfer and (if any of the Shares are partly paid), the transferee.
- (ii) In the case of uncertificated shares, in accordance with the CREST Regulations (as amended from time to time).

The Directors may refuse to register the transfer of a certificated share if:

- (i) the Share is not fully paid or is a Share over which a company lien exists (unless, where any such Share is listed on a recognised investment exchange, to do so would prevent dealings in partly paid shares from taking place on an open and proper basis);
- (ii) the transfer is not lodged at the Company's registered office or such other place as the Directors have appointed;
- (iii) the transfer is not accompanied by the certificate for the Shares to which it relates (except in the case of a transfer of Shares in respect of which the Company is not required by the Act to issue a certificate), or such other evidence as the Directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
- (iv) the transfer is in respect of more than one class of Share;
- (v) the transfer is not, where required, duly stamped; or
- (vi) the transfer is in favour of more than four transferees (jointly).

Save for as set out in paragraph 6.5, below, the Articles contain no restrictions on the free transferability of fully paid Shares.

In respect of a Share held in uncertificated form, the Director may only register or refuse to register the transfer of such a Share in accordance with the Uncertificated Securities Regulations 2001 (as amended, consolidated and restated from time to time).

6.4 **Dividends**

Subject to the 2006 Act and other legislation relating to companies and affecting the Company, the Company may by ordinary resolution in general meeting declare a dividend to be paid to the members according to their respective rights and interests in the profits but no dividend shall be declared which exceeds the amount recommended by the Directors. In accordance with and subject to the provisions of the 2006 Act and other legislation relating to companies and affecting the Company, the Directors may declare and pay such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

Unless the members resolution to declare or the Directors' decision to pay a dividend, or the terms on which Shares are issued specify otherwise, a dividend must be paid by reference to each members holding of Shares on the date of the resolution or decision to declare or pay it. If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment any preferential dividend is in arrears.

6.5 **Suspension of rights**

If a member, or any other person appearing to be interested in Shares held by such member where the Shares which are the subject of such notice represent at least 0.25 per cent. in nominal value of the issued shares of their class, has been served by the Company with notice under section 793 of the 2006 Act and is in default in supplying to the Company within 14 days the information required by such notice, then:

- (i) the Directors may in their absolute discretion, refuse to register a transfer of Shares by or to the defaulting member, unless such transfer is an approved transfer, the member themselves is not in default of providing the required information and certifies as much, or the transfer is effected through CREST;
- (ii) the directors may retain any dividend or other monies otherwise payable on or in respect of those Shares; and
- (iii) such member will not be entitled to be present or vote at any general meeting (or any adjournment thereof) either personally or by proxy or to exercise any right in relation to meetings of the Company or voting in respect of such Share.

As set out in paragraph 6.1, shareholders of Shares which are not fully paid up will not be entitled to exercise voting rights in respect of such Shares.

6.6 **Return of capital**

A liquidator on any winding-up of the Company (whether voluntary or under supervision or compulsory) may, with the authority of a special resolution and after deduction of any provision made under section 187 of the Insolvency Act 1986 and section 247 of the 2006 Act, divide among the members in kind the whole or any part of the assets of the Company, and for such purpose may set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between members or classes of members. If any such division shall be otherwise than in accordance with the existing rights of the members, every member shall have the same right of dissent and other ancillary rights as if such resolution were a special resolution passed in accordance with section 110 of the Insolvency Act 1986.

6.7 **Pre-emption rights**

There are no rights of pre-emption under the Articles in respect of transfers of issued Shares. In certain circumstances, members may have statutory pre-emption rights under the 2006 Act in respect of the allotment of new Shares. Unless otherwise disapplied by a special resolution of shareholders at a general meeting of the Company, these statutory pre-emption rights would require the Company to offer new Shares for allotment by existing members on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such Shares would be offered to the members.

The rights attaching to the New Shares will, once issued, be uniform in all respects and they will form a single class together with the Existing Shares for all purposes, including with respect to voting, pre-emption rights and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. Subject to the provisions of the Act, or as disapplied in a general meeting of the Company, any equity securities issued by the Company for cash must first be offered to the holders of Shares in the capital of the Company in proportion to their holdings. On a show of hands, every shareholder who is present in person shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote per ordinary share held by it. Except as provided by the rights and restrictions attached to the Shares, upon Admission, Shareholders will under law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

7. Articles of Association

The Articles are available for inspection as described in paragraph 22 of this Part XVI (*Additional Information*).

8. Directors' and the Senior Managers' interests

8.1 Other Directorships

Save as set out below, none of the Directors or the Senior Managers have been a member of any partnerships or held any directorships of any other company (other than subsidiaries of the company of which those persons are also directors), at any time in the last five years prior to the date of this document:

| <i>Director</i> | <i>Current Directorships</i> | <i>Previous Directorships</i> |
|-------------------------------|---|---|
| Blake Hughes | None | Murad Europe Limited |
| Ross Martin Hilton Andrews | Vector Capital Plc Deepverge plc Orient Telecoms plc Golden Global Rock plc Samuel Heath and Sons plc RMA Consultancy Limited Montague Services Limited Guild Financial Advisory Limited | Kazai Capital Limited Minerva IHT Growth Holding Limited Minerva IHT Growth Lending Limited Minerva IHT Income Holding Limited Minerva IHT Income Lending Limited Minerva Lending plc Paxton Holdings Limited (Dissolved) |
| Simon Pyper | Xenia Broking Group Limited | BeHeard Group plc GlobalData plc Redkinetics.com Limited Progressive Digital Media EBT Limited Progressive Media Group (Holdings) Limited Compelo Media Ltd Estel Property Investment Limited Progressive Media Ventures Limited Financial News Polishing Limited Estel Property Investment No.3 Limited New Statesman Media Group Ltd Progressive Content Ltd GlobalData UK Ltd Be Heard Group Ltd MMT Ltd Walk In the Gate Ltd Agenda21 Digital Holding Limited Kameleon Worldwide Limited Freemavens Limited The Corner Communications (London) Limited |

| <i>Director</i> | <i>Current Directorships</i> | <i>Previous Directorships</i> |
|-------------------|------------------------------|--|
| Mark Ward | None | Hunter Macdonald Ltd |
| Andrew Dunderdale | None | Oakley Young Associates Limited (Dissolved) Set Creative UK Limited SET Live Limited |
| Warren Dockary | None | None |

8.2 **Confirmations and conflicts of interest**

Save for their capacities as persons legally and beneficially interested in Shares, there are:

- (i) no actual or potential conflicts of interest between the duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties that they may also have; and
- (ii) no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Director or the Senior Managers were selected to their position as Director or Senior Manager.

Each of the Directors has a statutory duty under the Act to avoid conflicts of interests with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles of Association and, as permitted by the Act, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions as the Board deems appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles of Association.

Save as disclosed below, as at the date of this document, no Director or Senior Manager has during the last five (5) years:

- (i) had any convictions in relation to fraudulent offences;
- (ii) has been associated with any bankruptcy, receivership, liquidation or companies put into administration while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company;
- (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of any company.

Andrew Dunderdale, a Senior Manager, was a Director at Oakley Young Associates Limited, which was dissolved in January 2017 by way of voluntary strike-off.

There are no family relationships between any of the Directors or the Senior Managers.

8.3 **Transactions with Directors and Senior Managers**

- (i) Save as disclosed below, no Director or Senior Manager has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or which is, or was, significant in relation to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year, or during any earlier financial year, and remains in any respect outstanding or underperformed.
- (ii) As announced on 14 January 2021, the Company entered into a Loan Agreement to provide the Company with a working capital loan facility of £500,000 with Mark Ward, a non-executive Director of the Company and substantial shareholder. Please refer to paragraph 11.2 of this section for further details of the Loan Agreement.

8.4 **Director appointment arrangements**

There are no arrangements or understandings with major Shareholders, customers, suppliers or others pursuant to which any Director or Senior Manager was selected as a director or senior manager (as the case may be).

8.5 **Share interests**

The Directors have the following interests in the Existing Shares as at the Latest Practicable Date:

Based on the total number of Existing Shares in issue at the Latest Practicable Date, which was 19 January 2021, an aggregate of 2,390,924 Shares.

- (i) Blake Hughes holds 37,728 Shares;
- (ii) Ross Andrews holds 157,741 Shares;
- (iii) Mark Ward holds 2,174,495 Shares; and
- (iv) Simon Pyper holds 20,960 Shares.

The Directors intend to subscribe for an aggregate of 1,721,286 Shares pursuant to the Conditional Placing as set out below:

- (i) Blake Hughes intends to subscribe for 90,843 Conditional Placing Shares;
- (ii) Ross Andrews intends to subscribe for 151,404 Conditional Placing Shares;
- (iii) Simon Pyper intends to subscribe for 50,468 Conditional Shares;

It has also been agreed that following shareholder approval, the obligation to repay the £500,000 loan facility provided by Mark Ward will be satisfied by the issue of 1,428,571 Conditional Placing Shares to him.

The Senior Managers do not beneficially own any Shares in the Company.

9. **Significant shareholders**

In so far as it is known to the Company as at the Latest Practicable Date, the following persons were directly or indirectly interested (within the meaning of the Companies Act 2006) in 3 per cent. or more of the Company's issued share capital:

As at the Latest Practicable Date, in so far as it is known to the Company, the following persons were directly or indirectly interested (within the meaning of the Companies Act 2006) in 3 per cent. or more of the Company's issued share capital:

| <i>Shareholder</i> | <i>Number of Shares</i> | <i>Approximate % of Existing Shares</i> |
|--------------------------------------|-------------------------|---|
| Mark Michael Ward | 2,174,495* | 12.5 |
| Edale Capital** | 1,994,773*** | 11.47 |
| Octopus Investments Nominees Limited | 749,385**** | 4.3 |

* Mark Ward has additionally subscribed for 1,428,571 New Shares pursuant to the Conditional Placing

** Edale Capital's interest has been aggregated and represents 1,625,371 Shares held by Edale Capital LLP and 369,402 Shares held by Rupert Dyson who is the founder of Edale Capital LLP

*** Edale Capital has additionally subscribed for 902,370 New Shares pursuant to the Conditional Placing (with 735,264 New Shares being subscribed for by Edale Capital LLP and 167,106 New Shares being subscribed for by Rupert Dyson)

**** Octopus Investments Nominees Limited has additionally subscribed for 1,804,348 New Shares pursuant to the Conditional Placing

Save as disclosed above, the Directors are not aware of any interest which will represent an interest in InnoVaDerma's share capital or voting rights which is notifiable under the Disclosure Guidance and Transparency Rules following Admission occurring.

So far as InnovaDerma is aware, on Admission, no person or persons, directly or indirectly, jointly or severally, will exercise or could exercise control over InnovaDerma.

So far as InnovaDerma is aware, there are no arrangements known to InnovaDerma which may at a subsequent date result in a change of control of InnovaDerma.

There are no differences between the voting rights enjoyed by the Shareholders described in this paragraph 9 and those enjoyed by any other holder of Shares.

10. Mandatory bids and compulsory acquisition

The Takeover Code is issued and administered by the Panel on Takeovers and Mergers. The Company is subject to the Takeover Code and therefore Shareholders are entitled to the protection afforded by the Takeover Code.

10.1 Mandatory bids

Under Rule 9 of the Takeover Code (1) when a person acquires an interest in shares which (taken together with the shares in which it, he or she and persons acting in concert with it, him or her are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or where a person, together with persons acting in concert with it, him or her is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of the voting rights of the company subject to the Takeover Code, and such person, or any persons acting in concert with it, him or her, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which it, he or she is interested, then in either case, that person together with the person acting in concert with it, him or her, is normally required to extend offers in cash, at the highest price paid by it, him or her (or any persons acting in concert with him or her) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital of that company whether voting or non-voting and also to the holders of any other transferable securities carrying voting rights.

10.2 Squeeze-out

Under the Act, if a “takeover offer” (as defined in section 974 of the Act) is made for a company’s shares and the offeror were to acquire or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights attached to those shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their shares to which the offer relates and then, six weeks later, it would execute a transfer of the outstanding shares under the takeover offer in its favour and pay the consideration to the company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are acquired compulsorily under the Act must, in general, be the same as the consideration that was available under the takeover offer.

10.3 Sell-out

The Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any shareholder notice of its, his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its, his or her rights, the offeror is bound to acquire those shares, on the terms of the offer or on such other terms as may be agreed.

11. Material contracts in respect of the Group

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company or any member of the Group is a party, for the two years

immediately preceding the date of publication of this document and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

11.1 **Placing Agreement**

On 20 January 2021, the Company entered into the Placing Agreement with finnCap.

In consideration of the services of finnCap under the Placing Agreement, and subject to their obligations under the Placing Agreement having become unconditional and the Placing Agreement not being terminated, the Company has agreed to pay certain fees and conditions to finnCap.

The Company has agreed to pay the costs and expenses of, or in connection with, the Capital Raising.

The Company has given certain customary representations and warranties to finnCap as to the accuracy of the information contained in this document and other relevant documents, and in relation to other matters relating to the Group. In addition, the Company has given customary indemnities to finnCap and certain indemnified persons connected with finnCap.

The obligations of finnCap under the Placing Agreement are subject to certain customary conditions including, amongst others:

- (i) all of the Resolutions being passed by Shareholders at the General Meeting;
- (ii) the fulfilment by the Company of certain of its obligations under the Placing Agreement including the delivery of certain documents to finnCap, by the times and dates specified in the Placing Agreement; and
- (iii) Admission occurring on or before 8.00 a.m. (London time) on the third Business Day following the General Meeting (or such later time and date as finnCap and the Company may agree, but in any event, not later than 30 April 2021).

In certain circumstances, including where any of the conditions are not satisfied (or, where capable of being waived, are not waived by finnCap) or shall have become incapable of being satisfied by the required time and date, finnCap may terminate the Placing Agreement. The Capital Raising will become fully unconditional at Admission. Following Admission, the Placing Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights).

The Company has given certain undertakings including an undertaking that it will not, without the prior written consent of finnCap, undertake certain actions in relation to its share capital, including issuing further Shares, for a period of 90 days from the date for settlement of finnCap's payment obligations to the Company in respect of the New Shares pursuant to the Placing Agreement, subject to certain exceptions, including the issue of the New Shares.

11.2 **Loan Arrangement with Mark Ward**

As announced on 14 January 2021, the Company entered into a Loan Agreement to provide the Company with a working capital loan facility of £500,000 with Mark Ward, a non-executive Director of the Company and substantial shareholder.

Under the Loan Agreement, the Loan attracts interest at 5 per cent. above LIBOR and is repayable on 13 July 2021. As stated at the time, Mark Ward can require the Loan to be repaid early in the event that the Company raises in excess of £2 million through debt or equity issuance. Pursuant to the Loan, Mark Ward was granted a debenture over all of the assets of the Company by way of security.

Pursuant to a subscription letter dated 9 April 2021, Mark Ward has agreed that following shareholder approval he will subscribe for 1,428,571 Conditional Placing Shares (as part of the Conditional Placing) in satisfaction of the Company's obligation to repay the principal amount of Loan.

If the Conditional Placing and Open Offer do not successfully complete, the Group would not have sufficient working capital to continue to trade and would need to take immediate steps to protect the

position of its creditors. In addition, the Loan Agreement would remain in effect and Mark Ward would not subscribe for further Shares at this time.

The Loan is repayable in full on 13 July 2021 and if the Conditional Placing and Open Offer do not proceed, the Group would seek legal and financial advice to determine whether it should continue to trade and immediately enter into discussions with Mark Ward and other key creditors to try to agree extended terms of repayment until sufficient alternative funding solutions could be found. If no further alternative financing is procured by this time, the Company would be in default under the Loan and Mark Ward would be entitled to enforce his rights under the Loan Agreement and the debenture granted in his favour over all of the assets of the Company which was provided by the Company in relation to the Loan.

11.3 *finnCap Warrant Agreement*

On 9 April 2021, finnCap and the Company entered into a warrant agreement (the “**finnCap Warrant Agreement**”) as partial consideration for finnCap’s services under their engagement in relation to the Capital Raising. Under the finnCap Warrant Agreement, the Company awarded finnCap with a warrant in respect of 214,285 Shares, exercisable at the Issue Price for a period of 24 months following the date of Admission.

12. Irrevocable Undertakings

Irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting have been received by each of the Directors and certain shareholders, namely Edale Capital LLP, and Rupert Dyson (founder of Edale Capital LLP) in respect of such holdings, amounting in aggregate to 4,385,697 Existing Shares, representing approximately 25.2 per cent. of the Existing Shares of the Company as at the Latest Practicable Date.

13. Significant change

Save as in respect of the Capital Raising, and the Loan Agreement, there has been no significant change in the financial position or financial performance of the Group since 31 December 2020, being the date to which the latest consolidated historical financial information for the Group was published, to the date of this document.

14. Related party transactions

Directors’ participation in the Capital Raising

The Directors have agreed to subscribe for an aggregate of 1,842,855 Placing Shares as set out below:

| <i>Direction</i> | <i>Position</i> | <i>Total number of Firm Placing Shares subscribed for in the Capital Raising</i> | <i>Total number of Conditional Placing Shares subscribed for in the Capital Raising</i> | <i>Resultant holding of the Enlarged Share Capital</i> |
|--------------------------|-------------------------|--|---|--|
| Blake Hughes | Chief Executive Officer | 37,728 | 90,843 | 128,571 |
| Ross Andrews | Non-Executive Chairman | 62,881 | 151,404 | 309,145 |
| Simon Pyper | Non-Executive Director | 20,960 | 50,468 | 71,428 |
| Mark Ward ⁽ⁱ⁾ | Non-Executive Director | – | 1,428,571 | 3,603,066 |

(i) Following shareholder approval, the obligation to repay the £500,000 loan facility provided by Mark Ward will be satisfied by the issue of 1,428,571 Placing Shares to him.

The participation in the Placing by the Directors will constitute related party transactions as defined under DTR 7.3. General Meeting and the Resolutions.

Edale

In addition, Edale Capital LLP and Rupert Dyson (who is the founder of Edale Capital LLP) have agreed to subscribe for an aggregate of 1,277,143 Placing Shares as set out below:

| <i>Placee</i> | <i>Total number of Firm Placing Shares subscribed for in the Capital Raising</i> | <i>Total number of Conditional Placing Shares subscribed for in the Capital Raising</i> | <i>Resultant holding of the Enlarged Share Capital</i> |
|-------------------|--|---|--|
| Edale Capital LLP | 305,371 | 735,264 | 2,360,635 |
| Rupert Dyson | 69,402 | 167,106 | 536,508 |

15. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

16. Regulatory Disclosures

Below is a summary of the information disclosed in accordance with the Company's obligations under MAR and UK MAR (as applicable) over the last 12 months, which is relevant as at the date of this document.

16.1 Trading Update

On 11 January 2021, the Company released a trading update in respect of the six months ended 31 December 2020. The update detailed the material impact of COVID-19 and associated social distancing measures imposed across the UK on the Company's performance.

In addition, the trading update announced various directorate changes including the resignation of Joe Bayer and the appointment of Ross Andrews, an existing non-Executive Director as Chair.

16.2 Loan Agreement

On 14 January 2021, the Company entered into a Loan Agreement to provide the Company with a working capital loan facility of £500,000 with Mark Ward, a non-executive Director of the Company and substantial shareholder.

Under the Loan Agreement, the loan attracts interest at 5 per cent. above LIBOR and is repayable on 13 July 2021. As stated at the time, Mark Ward can require the loan to be repaid early in the event that the Company raises in excess of £2 million through debt or equity issuance. As announced in the Launch Announcement, Mark Ward has agreed with the Company that, following shareholder approval, the obligation to repay the £500,000 loan facility will be satisfied by the issue of 1,428,571 Conditional Placing Shares to him.

16.3 Launch Announcement

On 20 January 2021 the Board announced a proposal to raise gross proceeds of up to approximately £4 million and the release of the Company's obligation to repay the Loan by way of the Firm Placing of 2,897,000 Shares, the Conditional Placing and the Open Offer.

16.4 Response to Creightons

On 2 February 2021, Creightons plc ("**Creightons**") confirmed that they had made a preliminary approach on 26 January 2021 to the Board of the Company regarding a possible offer for the Company. In response to this announcement, the Company published a statement on 2 February 2021 confirming their unanimous rejection of Creighton's possible offer. On 24 February 2021, Creightons made a further announcement confirming it did not intend to make an offer for the Company.

16.5 **Announcement of Interim Results for the six months ended 31 December 2020**

On 31 March, the Company announced its unaudited half year results for the six month period ended 31 December 2020.

17. **Auditors**

Elderton Audit UK (formerly Greenwich & Co UK), which is registered to carry out, audit work by the Institute of Chartered Accounts in England and Wales, is the Company's auditor and audited the financial statements of the Company for the years ended 30 June 2020.

18. **Consents**

finnCap has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and in the context in which they appear.

19. **Takeover Bids**

On 2 February 2021, Creightons published an announcement under Rule 2.4 (the "**Rule 2.4 Announcement**") of the City Code on Takeover and Mergers (the "**Code**"). In this announcement, Creightons confirmed that they had made a preliminary approach on 26 January 2021 to the Board of the Company regarding a possible offer for the Company (the "**Possible Offer**"), which was rejected by the Board on 29 January 2021. Creightons affirmed their interest in a possible offer in the 2.4 Announcement which was made on the basis of an all share offer of 2 Creightons' ordinary shares for every 3 InnovaDerma Shares.

In response to Creightons' 2.4 Announcement, the Company published a statement on 2 February 2021 (the "**Response to Creightons**"). In the Response to Creightons, the Board affirmed their unanimous rejection of the Possible Offer. In accordance with Rule 2.6(a) of the Code, Creightons had until no later than 5.00 p.m. on 2 March 2020 (or such later time and/or date as may be agreed by the Panel on Takeovers and Mergers) to announce either a firm intention to make an offer for InnovaDerma in accordance with Rule 2.7 of the Code or that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. On 24 February 2021, Creightons made a further announcement confirming it did not intend to make an offer for the Company.

20. **General**

The total costs and expenses (excluding recoverable VAT) payable by the Group in connection with the Capital Raising are estimated to be approximately £420,000. There are no amounts payable to financial intermediaries.

21. **Documents available for inspection**

Copies of the following documents will be available for inspection on the Company's website at www.innovaderma.com for a period of 12 months following Admission:

- (i) the Articles of Association;
- (ii) the 2020 Annual Report;
- (iii) the interim financial information for the six months ending 31 December 2020; and
- (iv) this document.

This Prospectus is dated 12 April 2021.

PART XVII

DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:

| | |
|--|--|
| “2020 Annual Report” | the Company’s annual report for the year ended 30 June 2020 incorporated by reference into this document; |
| the “Act” or the “Companies Act” | the UK Companies Act 2006, as amended, modified or re-enacted from time to time, and the regulations made thereunder; |
| “Admission” | the admission of the New Shares to the standard listing segment of the Official List in accordance with the Listing Rules and to trading on the LSE’s Main Market in accordance with the Admission and Disclosure Standards; |
| “Admission and Disclosure Standards” | the requirements contained in the publication “Admission and Disclosure Standards” dated 16 May 2013 containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the LSE’s Main Market; |
| “AGM” or “Annual General Meeting” | the annual general meeting of the Company held on 16 December 2020, or any previous or subsequent annual general meeting of the Company, as the context requires; |
| “Application Form” | the personalised application letter on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer; |
| “Articles of Association” or “Articles” | the articles of association of the Company; |
| “Audit Committee” | the audit committee established by the Board to carry out the functions described in paragraph 3.3 of Part XIII (<i>Directors, Senior Managers and Corporate Governance</i>); |
| “Auditors” | Elderton Audit UK; |
| “BACS” | the UK scheme for electronic processing of financial transactions; |
| “Board” | the board of directors of the Company; |
| “Business Day” | any day (other than a Saturday or Sunday or public holiday in England and Wales) on which banks are open for general business in London; |
| “Capital Raising” | the Firm Placing, the Conditional Placing and the Open Offer; |
| “CCSS” | the CREST Courier and Sorting Service established by Euroclear UK to facilitate, amongst other things, the deposit and withdrawal of securities; |
| “certificated” or “in certificated form” | a share or other security which is not in uncertificated form (that is, not in CREST); |
| “Chair” | the Chair of InnovaDerma, Ross Andrews; |
| “CHAPS” | Clearing House Automated Payment System; |

| | |
|---|--|
| “City Code” or “Takeover Code” | the UK City Code on Takeovers and Mergers; |
| “Committee” | a committee of the Board; |
| “Company” | InnovaDerma PLC, a company registered in England and Wales with registered number 09226823; |
| “Conditional Placee” | any person who agrees to conditionally subscribe Conditional Shares (pursuant to the Conditional Placing); |
| “Conditional Placing” | the subscription by Conditional Placees for the Conditional Placing Shares; |
| “Conditional Placing Shares” | the 8,531,571 New Shares which are to be issued by the Company pursuant to the Conditional Placing; |
| “COVID-19” | means the Corona Virus Disease 2019 as designated by the World Health Organization; |
| “CREST” | the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear is the operator; |
| “CREST Proxy Instruction” | has the meaning given to it in the notes to the Notice of General Meeting; |
| “CREST Manual” | the CREST International Manual; |
| “CREST” member | a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations); |
| “CREST Participant” | a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations); |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001; |
| “CREST Shareholder” | a Shareholder holding Shares in CREST in uncertificated form; |
| “CREST sponsor” | a CREST participant admitted to CREST as a CREST sponsor; |
| “CREST sponsored member” | a CREST member admitted to CREST as a sponsored member; |
| “Directors” | the Executive Directors and the Non-Executive Directors details of whom are set out in Part XII (<i>Directors, Senior Managers and Corporate Governance</i>) of this document; |
| “Disclosure Guidance and Transparency Rules” | the disclosure guidance and transparency rules made by the FCA under Part 6 of the FSMA; |
| “Employee Share Schemes” | means the EMI Share Option Plan adopted by the Company/Group on 22 January 2020; |
| “Enlarged Issued Share Capital” | the Company’s issued ordinary share capital following completion of the Capital Raising; |
| “EU” or “European Union” | the European Union; |
| “EU Member State” | a member state of the European Union; |
| “Euro” or “€” | means the lawful currency of the EU; |

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| “Euroclear” | Euroclear UK & Ireland Limited, the operator of CREST; |
| “Excess Application Facility” | the facility for Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements; |
| “Excess CREST Open Offer Entitlements” | in respect of each Qualifying CREST Shareholder, an entitlement equal to the maximum number of Open Offer Shares available through the Open Offer has been credited (in addition to their Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on them taking up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document; |
| “Excess Open Offer Entitlements” | in respect of each Qualifying Shareholder, the conditional entitlement to apply for Open Offer Shares under the Excess Application Facility, which are subject to allocation in accordance with this document; |
| “Excess Open Offer Shares” | the Open Offer Shares which Qualifying Shareholders will be invited to subscribe for pursuant to the Excess Application Facility; |
| “Excess Shares” | New Shares which may be applied for by Qualifying Shareholders in addition to their Open Offer Entitlements pursuant to the Excess Application Facility; |
| “Excluded Territories” | Australia, Canada, Japan, the United States, New Zealand, South Africa and any other jurisdiction where the extension or availability of the Open Offer (and any other transaction contemplated thereby) would breach any applicable law or regulation; |
| “Executive Directors” | means the executive directors of the Company details of whom are set out in paragraph 1 of Part XIII (<i>Directors, Senior Managers and Corporate Governance</i>); |
| “Ex-Entitlements Time” | the time at which the Existing Shares are marked ex-entitlement, being 7.00 a.m. on 12 April 2021; |
| “Existing Shares” | the 17,393,633 Shares existing as at the date of this document; |
| “FCA” | the Financial Conduct Authority; |
| “finnCap” | finnCap Ltd; |
| “Firm Placing” | the placing of the Firm Placing Shares which became unconditional on 26 January 2021; |
| “Firm Placing Shares” | the 2,897,000 Shares issued by the Company pursuant to the Firm Placing; |
| “Form of Proxy” | the form of proxy for use at the General Meeting which accompanies this document; |
| “FSMA” | the Financial Services and Markets Act 2000 (as amended); |
| “GDPR” | the retained EU General Data Protection Regulation and the Data Protection Act 2018; |
| “General Meeting” | the general meeting of the Company to be held on 29 April 2021, or any adjournment thereof, to consider and, if thought fit, to approve the Resolutions; |

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| “Government” | Her Majesty’s Government of the United Kingdom; |
| “Group” | the Company together with its subsidiaries and subsidiary undertakings; |
| “HMRC” | Her Majesty’s Revenue and Customs; |
| “IFRS” | International Financial Reporting Standards as adopted by the EU; |
| “ISIN” | International Security Identification Number; |
| “Issue Price” | 35 pence per New Share; |
| “Latest Practicable Date” | the latest practicable date prior to the publication of this document, being 9 April 2021; |
| “Launch Announcement” | the announcement published by the Company dated 20 January 2021 concerning the Capital Raising; |
| “Listing Rules” | the listing rules made by the FCA pursuant to Part 6 of the FSMA; |
| “Loan” | the working capital loan facility of £500,000 provided by Mark Ward to the Company, pursuant to the Loan Agreement; |
| “Loan Agreement” | the agreement between Mark Ward and the Company entered into on 14 January 2021 concerning the Loan; |
| “London Stock Exchange” or “LSE” | London Stock Exchange plc; |
| “LSE Closing Price” | the closing middle-market price in pounds sterling of an Existing Share trading on the LSE; |
| “Main Market” | the London Stock Exchange’s Main Market for listed securities; |
| “MAR” | the Market Abuse Regulation (Regulation (EU) 596/2014) and its delegated and implementing regulations; |
| “Member account ID” | the identification code or number attached to any member account in CREST; |
| “MiFID II” | the retained EU Directive 2014/65/EU on markets in financial instruments, as amended; |
| “MiFID II Product Governance Requirements” | the retained product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures; |
| “Money Laundering Regulations” | the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019; |
| “New Shares” | the new Shares to be issued by the Company pursuant to the Conditional Placing and the Open Offer; |
| “Nomination Committee” | the nomination committee established by the Board to carry out the functions described in paragraph 3.3 of Part XIII (<i>Directors, Senior Managers and Corporate Governance</i>); |

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| “Non-Executive Directors” | means the non-executive directors of the Company details of whom are set out in paragraph 1 of Part XIII (<i>Directors, Senior Managers and Corporate Governance</i>); |
| “Notice of General Meeting” | the notice of the General Meeting attached to this document; |
| “Official List” | the Official List of the FCA; |
| “Open Offer” | the conditional invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form; |
| “Open Offer Entitlements” | entitlements to subscribe for Open Offer Shares allocated to a Qualifying Shareholder pursuant to the Open Offer; |
| “Open Offer Shares” | 1,449,469 New Shares for which Qualifying Shareholders are being invited to apply to be issued pursuant to the terms of the Open Offer; |
| “Overseas Persons” | Overseas Shareholders or other investors with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the United Kingdom; |
| “Overseas Shareholders” | Shareholders or Qualifying Shareholders, as the context so requires, with registered addresses outside the UK or who are citizens or residents of, or located in, countries outside the UK; |
| “Participant ID” | the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant; |
| “Placing” | the Firm Placing and the Conditional Placing, by finnCap, as agent of and on behalf of the Company on the terms and subject to the conditions contained in the Placing Agreement; |
| “Placing Agreement” | the placing agreement dated 20 January 2021 between and among the Company, and finnCap; |
| “pounds Sterling” or “GBP” or “£” or “pence” or “p” | the lawful currency of the United Kingdom; |
| “Prospectus” | this document; |
| “Prospectus Regulation Rules” | the prospectus rules made by the FCA under Part 6 of the FSMA; |
| “Qualifying CREST Shareholders” | Shareholders whose Existing Shares are on the Register on the Record Date and which are held in uncertificated form and held through CREST (other than certain Overseas Shareholders); |
| “Qualifying Non-CREST Shareholders” | Shareholders whose Existing Shares are on the Register on the Record Date and which are held in certificated form (other than certain Overseas Shareholders); |
| “Qualifying Shareholders” | Qualifying CREST Shareholders and/or Qualifying Non-CREST Shareholders, as the case may be; |
| “Receiving Agent” | Equiniti Limited |
| “Record Date” | 8 April 2021; |

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| “Register of Members” or “Register” | the statutory register of all current holders of Shares, required to be maintained by the Company under section 113 of the Act; |
| “Registrar of Companies” | the Registrar of Companies in England and Wales; |
| “Registrars” | SLC Registrars; |
| “Regulation S” | Regulation S under the US Securities Act; |
| “relevant member state” | a state which is a contracting party to the agreement on the European Economic Area signed on 2 May 1992, as it has effect for the time being; |
| “Remuneration Committee” | the remuneration committee established by the Board to carry out the functions described in paragraph 3.3 of Part XIII (<i>Directors, Senior Managers and Corporate Governance</i>); |
| “Resolutions” | the resolutions set out in the Notice of General Meeting; |
| “RIS” | Regulatory Information Service, one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies; |
| “SDRT” | stamp duty reserve tax; |
| “SEC” | the US Securities and Exchange Commission; |
| “Shareholder” | a holder of Shares; |
| “Shares” | ordinary shares of €0.10 each in the capital of the Company; |
| “Stock Account” | an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited; |
| “subsidiary” | has the meaning given in section 1159 of the Companies Act 2006; |
| “subsidiary undertaking” | has the meaning given in section 1162 of the Act; |
| “Takeover Code” | City Code; |
| “UK Corporate Governance Code” | the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018; |
| “UK MAR” | the UK Market Abuse Regulation (Regulation (EU) 596/2014) and its delegated and implementing regulations; |
| “UK Prospectus Regulation” | the UK version of EU Prospectus Regulation (EU) 2017/1129 which forms part of domestic law pursuant to the European Union (Withdrawal) Act 2018; |
| “United Kingdom” or “UK” | the United Kingdom of Great Britain and Northern Ireland; |
| “United States” or “US” | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; |
| “USE Instruction” | Unmatched Stock Event instructions, as defined in the CREST Regulations; |
| “US Securities Act” | US Securities Act of 1933 (as amended); and |

“Withdrawal Agreement”

the agreement between the United Kingdom and the European Union setting out the terms of the United Kingdom’s exit from the European Union, which became effective on 31 December 2020.

PART XVIII

NOTICE OF GENERAL MEETING

InnovaDerma PLC

(Incorporated in England and Wales with registered number 09226823)

Notice is hereby given that a General Meeting of InnovaDerma PLC (the “**Company**”) will be held at 10.00 a.m. on 29 April 2021 at Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT (the “**General Meeting**”) for the purpose of considering and, if thought fit, passing, the following resolutions.

Resolution 1 will be proposed as an ordinary resolution. Resolution 2 will be proposed as a special resolution.

Unless expressly stated otherwise, terms defined in the prospectus of the Company dated 12 April 2021 shall have the same meaning in this Notice of General Meeting.

Ordinary resolution

Authority to allot shares

Resolution 1:

That, the Company’s board of directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company in accordance with section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “relevant securities”):

- (a) up to an aggregate nominal amount equal to €1,019,532.50 in connection with the Conditional Placing and Open Offer; and
- (b) up to a further amount equal to €912,489.10 (and being approximately one third of the aggregate nominal amount of the Company’s Enlarged Issued Share Capital,

The authority conferred by this resolution shall be in substitution to the existing authority conferred on the Company’s board of directors on 16 December 2020 and shall expire at the conclusion of the Company’s next annual general meeting in 2021 (unless previously revoked or varied by the Company in a general meeting), save that the Company may, before such expiry, revocation or variation, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Company’s board of directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.

Special resolution

Disapplication of pre-emption rights

Resolution 2:

That, subject to and conditional upon Resolution 1, set out in this Notice of General Meeting being passed, the Company’s board of directors be and are hereby generally and unconditionally authorised pursuant to section 571 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash, pursuant to the authority conferred by Resolution 1 above, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment:

- (a) up to an aggregate nominal amount equal to €1,019,532.50 (in connection with the Conditional Placing and Open Offer);

- (b) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities made (i) to holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on the record date for such offer and (ii) to holders of other equity securities as may be required by the rights attached to those securities or, if the directors consider it desirable, as may be permitted by such rights, but subject in each case to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- (c) up to a further amount equal to €547,493.46 (and being approximately 20 per cent. of the aggregate nominal amount of the Company's Enlarged Issued Share Capital).

This authorisation shall expire at the conclusion of the Company's next annual general meeting in 2021 (unless previously revoked or varied by the Company in a general meeting), save that the Company may, before such expiry, revocation or variation, make an offer or enter into an agreement which would, or might, require equity securities to be allotted after such expiry, revocation or variation and the Company's board of directors may allot equity securities in pursuance of such offer or agreement as if the authority hereby conferred by this resolution had not expired or been revoked or varied.

By order of the Board

Registered office:
27 Old Gloucester Street
London
England
WC1N 3AX

12 April 2021

General Notes

Entitlement to attend and vote

1. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only Shareholders registered in the Register of Members as at 6.30 p.m. on 27 April 2021 (or, in the event of any adjournment, 6.30 p.m. on the day which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after the relevant deadline shall be disregarded in deciding the rights of any person to attend or vote at the General Meeting.
2. In light of the COVID-19 outbreak, the Board takes the well-being of the Company's employees and Shareholders very seriously. The Government has introduced measures to deal with the coronavirus crisis, which include guidance on social distancing and restrictions on non-essential travel and public gatherings, which affect the manner in which the General Meeting can be conducted.
3. The Board strongly encourage Shareholders to attend virtually via the Investor Meet Company Platform rather than attend in person, and to vote on all resolutions in advance of the General Meeting by completing their Form of Proxy or submitting their vote via CREST if applicable. Shareholders should appoint the Chair of the General Meeting (and not any named individual) to act as their proxy, to ensure their votes are duly cast.
4. The Board will continue to keep Government guidance under review and may, if necessary, make further changes to the arrangements for the General Meeting, including how it is conducted. Further announcements and information will be provided as required and Shareholders should continue to monitor the Company's website at www.innovaderma.com and announcements for any updates in relation to the General Meeting arrangements that may need to be provided.

Explanatory notes to the Resolutions

5. An explanation of the reasons for each of the Resolutions and why they are required for the Capital Raising can be found at paragraph 15.3 of Part IX (*Chair's Letter*) of the Prospectus.

Appointment of proxies

6. Under normal circumstances, Shareholders may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. However, given the current restrictions concerning social distancing, Shareholders are encouraged to appoint only the Chair of the General Meeting as their proxy rather than appointing a named person(s) to ensure their votes are duly cast. A Form of Proxy which may be used to make the appointment and give proxy instructions accompanies this notice. If Shareholders do not have a Form of Proxy and need one, or if Shareholders need additional forms, please contact our registrar, SLC Registrars (details provided under the heading "General" below).
7. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who has been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the Shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
8. In the case of a Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorized officer of the company or attorney of the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included in the Form of Proxy.
9. The Form of Proxy must be returned by post, by hand (during normal office hours only) to SLC Registrars at Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS or by scanning a signed Form of Proxy and emailing this to proxy@slcregistrars.com. To be valid, the Form of Proxy should be received by SLC Registrars, accompanied by any Power of Attorney under which it is executed (if applicable), no later than 10.00 a.m. on 27 April 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any UK non-working days)).

Appointment of Proxies through CREST

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be viewed at www.euroclear.com. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, whether it is an appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA01) by the latest time(s) for receipt of proxy appointments specified in Note 9 above. The time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company and finnCap may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

14. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a shareholder but no two representatives can act in relation to the same shares. However as per Notes 2 & 3 & 4 above, attendance at the meeting is restricted and shareholders are requested to appoint the Chairman of the meeting as their proxy to ensure their votes are duly cast.

Voting

15. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as Shareholders' votes are counted according to the number of shares held. Shareholders are strongly encouraged to vote on all resolutions in advance of the General Meeting by completing the form of proxy or by completing and transmitting a CREST Proxy Instruction as early as possible and, in any event, in advance of the General Meeting. Given the restrictions on attendance, Shareholders should appoint the Chair of the General Meeting (and not any named individual, to ensure their votes are duly cast. As soon as practicable following the General Meeting, the results of the voting at the General Meeting and the numbers of proxy votes cast for and against and the number of votes withheld in respect of each of the resolutions will be published on the Company's website and notified to the FCA once the votes have been counted and verified.
16. When appointed as proxy, the Chair of the General Meeting will cast Shareholder votes as directed by the relevant Shareholder(s).
17. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the Shareholder's proxy will vote or abstain from voting at his or her discretion. The Shareholder's proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

Shareholders' right to ask questions

18. In light of the COVID-19 outbreak and the Government's measures, arrangements have been made to provide a listen-only audio facility for the General Meeting to allow Shareholders to listen to the proceedings remotely. Please note that during the General Meeting, Shareholders participating through the audio facility will not be able to ask questions or vote during the meeting but have the opportunity to ask questions in advance. Further details in relation to these arrangements, will be made available on our website at www.innovaderma.com prior to the General Meeting.
19. The Company has set up a dedicated electronic mailbox for Shareholders to ask written questions of the Board relating to the business to be conducted at the General Meeting. Shareholders should send their questions to innovaderma@tbcardew.com by no later than 10.00 a.m. on 21 April 2021, stating their full name (as printed on the Form of Proxy) under the title "InnovaDerma Shareholder Questions". A selection of key questions relating to the business of the General Meeting and the Company's responses will be posted on the Company's website by close of business on 23 April 2021 so that shareholder may review these before confirming their proxy vote. The Company is not required to answer questions if: doing so would interfere unduly with the preparation on the General Meeting or involve the disclosure of confidential information; the answer has already been given on the Company's website in the form of an answer to another question; or if it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

Documents for inspection

20. A copy of this Notice of General Meeting and other information required the Companies Act 2006 can be found on the Company's website at www.innovaderma.com. Shareholders may not use any electronic address provided either in this Notice of General Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

Total voting rights

21. As at the Latest Practicable Date, the Company's issued share capital consists of 17,393,633 Shares, carrying one vote. There are no treasury shares. Therefore, total voting rights in the Company at this date are 17,393,633 votes.

Registrar details

22. Our registrar is SLC Registrars. They may be contacted at Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS or by telephone at 0203 890 2122 (international +44 203 890 2122.) Lines open 9.00 a.m. to 5.00 p.m., Monday to Friday (excluding public holidays in England and Wales).

