

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. 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 Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are resident in a territory outside the United Kingdom.**

If you have sold or otherwise transferred all of your Existing Ordinary Shares in Collagen Solutions plc before the date that the Existing Ordinary Shares are marked “ex-entitlement” to the Open Offer by the London Stock Exchange, please immediately forward this document, together with the accompanying Application Form and Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact immediately your stockbroker, bank or other agent through whom the sale or transfer was effected. However, this document and any accompanying documents should not be sent or transmitted in or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, the United States, Canada, Japan, Australia, New Zealand, the Republic of Ireland or the Republic of South Africa.

This document must not be distributed to a US Person (as such term is defined in the US Securities Act of 1933, as amended (the “Securities Act”)) or within or into the United States, Canada, Japan, South Africa, or Australia. The New Ordinary Shares, Open Offer Entitlements or Excess Shares have not been and will not be registered under the Securities Act, and may not be offered or sold or subscribed, directly or indirectly, within the United States Canada, the Republic of Ireland, Japan, South Africa, New Zealand or Australia or to or by any US Person (as such term is defined in Regulation S promulgated under the Securities Act) or any national resident or citizen of Canada, the Republic of Ireland, Japan, South Africa, New Zealand, or Australia or any corporation, partnership or other entity created or organized under the laws thereof.

The Company and the Directors, whose names are set out on page 4 of this document, accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. No application has been made or is currently intended to be made for the New Ordinary Shares to be admitted to trading or dealt in on any other exchange. It is expected that, subject to, *inter alia*, the passing of the Resolution at the General Meeting, admission to AIM will become effective in respect of, and that dealings on AIM will commence in, the New Ordinary Shares, on or around 7 March 2017.



## **Collagen Solutions plc**

**(Incorporated in England & Wales under the Companies Act 2006 with registered number 8446337)**

**Proposed Placing of 123,799,999 new Ordinary Shares at 5 pence per share  
Proposed Open Offer of up to 35,924,258 new Ordinary Shares at 5 pence  
per share**

**and**

### **Notice of General Meeting**

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Your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which recommends that you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Cenkos Securities plc (“**Cenkos**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker exclusively for the Company and no one else in relation to the Placing and Open Offer. Cenkos is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to clients of Cenkos or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. The responsibility of Cenkos as nominated adviser under the AIM Rules is owed solely to the London Stock Exchange and not the Company or its Directors or any other person. Cenkos has not authorised the contents of this document and no liability is accepted by Cenkos for the accuracy of any information or opinions contained in or for the omission of any information from this document, for which the Company and the Directors are solely responsible.

**Notice of a general meeting of the Company to be held at the offices of Shepherd and Wedderburn LLP, 1 West Regent Street, Glasgow G2 1RW at 2.00 p.m. on 6 March 2017 (London time) is set out at the end of this document. A form of proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it so as to be received by Capita Asset Services at PXS 1, 34 Beckenham Road, Beckenham BR3 4ZF no later than 2.00 p.m. on 2 March 2017.**

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the Placing and Open Offer and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, or Cenkos or their respective associates, directors, officers or advisers.

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

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.**

The total consideration under the Open Offer will be less than €5 million (or an equivalent amount) in aggregate and the Placing Shares will only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Therefore, in accordance with section 85 and schedule 11A of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the FCA, pursuant to section 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

**The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed on or endorsed the merits of the Placing and Open Offer or the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.**

**The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 2 March 2017. The procedure for acceptance and payment is set out in Part 3 of this document and, where relevant, in the Application Form.**

Qualifying Non-CREST Shareholders will find an Application Form accompanying this document. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 7 March 2017. 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 Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked "ex-entitlement" by the London Stock Exchange. If the Open Offer Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 7 March 2017, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. 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. Applications for Excess Shares pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

## **FORWARD-LOOKING STATEMENTS**

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "anticipates", "projects", "expects", "intends", "may", "will", "seeks", "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's prospects, growth and strategy.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Company's results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. Any forward-looking statements that the Company makes in this document speak only as of the date of such statement and (other than in accordance with their legal or regulatory obligations) neither the Company, nor Cenkos nor any of their respective associates, directors, officers or advisers undertakes any obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## DIRECTORS AND ADVISERS

<b>Directors</b>	David Evans ( <i>Non-Executive Chairman</i> ) Jamal Rushdy ( <i>Chief Executive Officer</i> ) Gillian Black ( <i>Chief Financial Officer</i> ) Dr. Stewart White ( <i>Chief Scientific Officer</i> ) Geoffrey Bennett ( <i>Non-Executive Director</i> ) Malcolm Gillies ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Gillian Black
<b>Registered Office</b>	c/o Shepherd and Wedderburn LLP Condor House 10 St Paul's Churchyard London EC4M 8AL
<b>Nominated Adviser and Broker</b>	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
<b>Lawyers to the Company</b>	Shepherd and Wedderburn LLP Condor House 10 St Paul's Churchyard London EC4M 8AL
<b>Lawyers to the Nominated Adviser and Broker</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
<b>Registrars and Receiving Agent</b>	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	5.00 p.m. on 10 February 2017
Announcement of the Transaction, publication and posting of this document, the Application Form and Form of Proxy	14 February 2017
Ex-entitlement Date	14 February 2017
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	15 February 2017
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 24 February 2017
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST	3.00 p.m. on 27 February 2017
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 28 February 2017
Latest time and date for acceptance of the Open Offer and receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (if appropriate)	11.00 a.m. on 2 March 2017
Latest time and date for receipt of completed Forms of Proxy to be valid at the General Meeting	2.00 p.m. on 2 March 2017
General Meeting	2.00 p.m. on 6 March 2017
Announcement of result of General Meeting and Open Offer	6 March 2017
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 7 March 2017
New Ordinary Shares credited to CREST members' accounts	7 March 2017
Despatch of definitive share certificates in certificated form	within 10 business days of Admission

**Note:**

Each of the times and dates in the above table is a reference to the time in London and is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by amendment by the Company on a regulatory information service.

## PLACING AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares	179,621,290
Number of Placing Shares	123,799,999
Number of Offer Shares*	35,924,258
Offer Price	5p
Basis of Open Offer	1 Offer Share for every 5 Existing Ordinary Shares
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares*	47 per cent.
Gross Proceeds of the Placing and Open Offer*	approximately £8.0 million
Estimated net proceeds of the Placing and Open Offer*	approximately £7.6 million
Enlarged Share Capital following the Placing and Open Offer*	339,345,547
Market Capitalisation of the Company immediately following the Placing and Open Offer at the Offer Price*	approximately £17.0 million
Open Offer Basic Entitlements ISIN	GB00BD362J87
Open Offer Excess Applications ISIN	GB00BD362K92

## BOND FACILITY STATISTICS

Gross proceeds of the Bond Facility**	£4.0 million
Estimated net proceeds of the Bond Facility**	£3.8 million

## TRANSACTION STATISTICS

Gross proceeds of the Transaction* and **	approximately £12.0 million
Estimated net proceeds of the Transaction* and **	approximately £11.4 million

\* on the assumption that the Open Offer is fully subscribed

\*\* on the assumption that all three tranches of the Bond Facility are drawn

## DEFINITIONS

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

<b>“Act”</b>	the Companies Act 2006
<b>“Admission”</b>	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
<b>“AIM”</b>	the market of that name operated by London Stock Exchange
<b>“AIM Rules”</b>	the rules published by London Stock Exchange entitled “AIM Rules for Companies”
<b>“Application Form”</b>	the application form which accompanies this document for Qualifying Non-CREST Shareholders for use in connection with the Open Offer
<b>“Board” or “Directors”</b>	the directors of the Company
<b>“Bond(s)”</b>	senior secured private bonds (with an interest rate of the higher of either 10% or 935 basis points above the three year GBP Swap/Rate inclusive) with a term of up to 42 months and final repayment (depending on the date drawn down) of 2021, issued pursuant to the Bond Facility
<b>“Bond Facility”</b>	the facility to issue up to £4,000,000 in Bonds in three contingent tranches with Warrants
<b>“BSE”</b>	bovine spongiform encephalopathy
<b>“Company” or “Collagen Solutions”</b>	Collagen Solutions plc
<b>“CSNZL”</b>	Collagen Solutions NZ Limited
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations)
<b>“CREST member”</b>	a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the CREST Regulations)
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
<b>“CREST payment”</b>	shall have the meaning given in the CREST Manual issued by Euroclear UK & Ireland
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended, and any applicable rules made under those regulations
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
<b>“enabled for settlement”</b>	in relation to Open Offer Entitlements or entitlements to Excess Shares, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear UK & Ireland)
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company, as enlarged by the issue of the New Ordinary Shares, assuming that the Open Offer is fully subscribed
<b>“Euroclear UK &amp; Ireland” or “Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Excess Application Facility”</b>	the arrangement pursuant to which Qualifying Shareholders may apply for Offer Shares in excess of their Open Offer Entitlements

<b>“Excess CREST Open Offer Entitlement”</b>	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Offer Shares in addition to his Open Offer Entitlement credited to that Shareholder’s stock account in CREST, pursuant to the Excess Application Facility, which is conditional on the Shareholder taking up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
<b>“Excess Open Offer Entitlement”</b>	an entitlement for each Qualifying Shareholder to apply to subscribe for Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
<b>“Excess Shares”</b>	Offer Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
<b>“Ex-entitlement Date”</b>	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 14 February 2017
<b>“Existing Ordinary Shares”</b>	all issued Ordinary Shares of the Company prior to the issue of the New Ordinary Shares
<b>“FCA”</b>	the UK Financial Conduct Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“GBP SwapRate”</b>	the GBP Swap Rate (ask side) (as reported by ICE Benchmark Administration Limited or comparable body)
<b>“General Meeting”</b>	the general meeting of the Company convened for 2.00 p.m. on 6 March 2017 to approve the Resolution (or any adjournment thereof), notice of which is set out at the end of this document
<b>“Form of Proxy”</b>	the form of proxy for use in connection with the General Meeting accompanying this document
<b>“Group”</b>	the Company and its subsidiaries and subsidiary undertakings
<b>“ISIN”</b>	International Securities Identification Number
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Money Laundering Regulations”</b>	the Money Laundering Regulations 2007 (as amended)
<b>“New Ordinary Shares”</b>	the Placing Shares and the Offer Shares
<b>“Nominated Adviser” or “Cenkos”</b>	Cenkos Securities plc, the Company’s nominated adviser and broker
<b>“Norgine Ventures”</b>	Norgine Ventures Fund I S.C.A. SICAR Registered number B205399 Luxembourg
<b>“Offer Price”</b>	5 pence per New Ordinary Share
<b>“Open Offer”</b>	the conditional invitation by the Company to Qualifying Shareholders to apply to subscribe for the Offer Shares at the Offer Price on the terms and subject to the conditions set out in this document and, where relevant, in the Application Form
<b>“Open Offer Entitlement”</b>	the individual entitlements of Qualifying Shareholders to apply to subscribe for Offer Shares allocated to Qualifying Shareholders pursuant to the Open Offer
<b>“Offer Shares”</b>	up to 35,924,258 new Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the capital of the Company

<b>“Overseas Shareholders”</b>	Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
<b>“participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
<b>“Placing”</b>	the conditional placing by Cenkos, as agent for the Company, of the Placing Shares at the Offer Price on the terms and subject to the conditions set out in the Placing Agreement
<b>“Placing Agreement”</b>	the placing agreement dated 14 February 2017 between the Company and Cenkos in connection with the Placing
<b>“Placing Shares”</b>	123,799,999 new Ordinary Shares to be issued pursuant to the Placing (which number includes the 99,999,999 VCT/EIS Shares)
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA pursuant to section 73A of FSMA
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders holding Existing Ordinary Shares in a CREST account
<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders holding Existing Ordinary Shares in certificated form
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding, subject to certain exceptions, any Overseas Shareholder who is located or resident or who has a registered address in, or who is a citizen of, the United States of America or any other Restricted Jurisdiction)
<b>“Receiving Agent”</b>	Capita Asset Services, 71 Victoria Street, Westminster, London, SW1H 0XA
<b>“Record Date”</b>	5.00 p.m. on 10 February 2017 in respect of the entitlements of Qualifying Shareholders under the Open Offer
<b>“Regulatory Information Service”</b>	has the meaning given in the AIM Rules
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting
<b>“Restricted Jurisdiction”</b>	the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan or the Republic of Ireland, and any of their territories or possessions
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“Shareholder”</b>	a holder of Ordinary Shares
<b>“Transaction”</b>	the Placing and Open Offer
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“VCT/EIS Shares”</b>	99,999,999 Placing Shares issued to investors seeking EIS relief and for the purposes of investment by VCTs pursuant to the Placing
<b>“Warrants”</b>	the warrants to purchase up to 6,767,044 Ordinary Shares at a price of 5.911p per Ordinary Share issued pursuant to the Bond Facility
<b>“£”, “pence” or “p”</b>	the lawful currency of the United Kingdom
<b>“\$”, “US\$” or “dollar”</b>	the lawful currency of the United States

## PART 1

### LETTER FROM THE CHAIRMAN

# Collagen Solutions plc

(Incorporated in England & Wales under the Companies Act 2006 with registered number 8446337)

*Directors:*

David Evans (*Non-Executive Chairman*)  
Jamal Rushdy (*Chief Executive Officer*)  
Gillian Black (*Chief Financial Officer*)  
Dr Stewart White (*Chief Scientific Officer*)  
Geoffrey Bennett (*Non-Executive Director*)  
Malcolm Gillies (*Non-Executive Director*)

*Registered Office:*

c/o Shepherd and Wedderburn LLP  
Condor House  
10 St Paul's Churchyard  
London  
EC4M 8AL

14 February 2017

*To the holders of Ordinary Shares and, for information only, to the holders of options over Ordinary Shares*

Dear Shareholder

#### **PROPOSED PLACING AND OPEN OFFER AND NOTICE OF GENERAL MEETING**

#### **1. Introduction**

The Company has today announced a conditional Placing to raise approximately £6.2 million (before expenses) by the issue of 123,799,999 new Ordinary Shares at the Offer Price of 5 pence per Ordinary Share.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of New Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe at the Offer Price for an aggregate of 35,924,258 Offer Shares, to raise up to approximately £1.8 million, on the basis of 1 New Ordinary Share for every 5 Existing Ordinary Shares held on the Record Date, at the Offer Price, payable in full on acceptance.

Furthermore, the Company has received a conditional commitment from Norgine Ventures to subscribe for up to £4.0 million in senior secured private bonds with Warrants. The notes are issuable in three tranches:

- (i) Tranche A (£2.0 million) with a term of 42 months; and
- (ii) Tranche B (£1.0 million) with a term of 42 months; and
- (iii) Tranche C (£1.0 million) with a term of 36 months

The interest rate on Tranche A is 10%. The interest rate on Tranches B and C is the higher of:

- (i) 10%; and
- (ii) the three year GBP Swap/Rate plus 935 basis points.

On completion of the bond transaction, Norgine Ventures shall be issued with Warrants to purchase up to 6,767,044 Ordinary Shares at a price of 5.911p per ordinary share.

The Transaction is conditional, *inter alia*, upon:

- (i) Shareholders approving the Resolutions at the General Meeting that will grant to the Directors the authority to allot the New Ordinary Shares, as well as Ordinary Shares in satisfaction of the Warrants and certain additional shares as described therein and the power to disapply pre-emption rights in respect of such shares, and

(ii) Admission.

The Resolutions are contained in the Notice of General Meeting at the end of this document. Admission is expected to occur no later than 8.00 a.m. on 7 March 2017 (or such later time and/or date as Cenkos and the Company may agree, being no later than 8.00 a.m. on 21 March 2017). The Transaction is not underwritten.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the New Ordinary Shares on a pre-emptive basis whilst providing the Company with additional capital to invest in the business of the Group. The Offer Price is at a discount of 11.1 per cent. to the closing market price of 5.625 pence per Existing Ordinary Share on 13 February 2017 (being the last practicable date before publication of this document).

The purpose of this document is to explain the background to and reasons for the Transaction, the use of proceeds, the details of the Transaction and to recommend that you vote in favour of the Resolutions.

## **2. Background to Collagen Solutions and reasons for the Transaction**

### ***Background to Collagen Solutions***

Collagen Solutions plc is a global supplier, manufacturer and developer of biomaterials and medical device components based on natural biomaterials. Its principal raw materials are bovine collagen and tissues sourced from negligible BSE risk countries. These materials are used in a wide variety of currently marketed and in-development advanced medical products in multiple specialties including orthopaedic soft tissue, bone and cartilage repair; cardiovascular heart valves and haemostats; dental bone void fillers and membranes; wound management products and healing scaffolds; and in other applications including regenerative medicine.

Regenerative medicine has gained a high profile in recent years based on the promise of curative treatments for unmet medical needs, with approximately 700 companies receiving \$2.9 billion in funding according to the Alliance for Regenerative Medicine. Collagen scaffolds, such as those made from Collagen Solutions' materials, are a critical component of regenerative medicine products in that they provide both physical support and a conducive environment for cellular migration and growth.

Collagen Solutions' current products range from simple formulations of medical grade biopolymers to complex medical devices, which combine different collagen materials in the form of gels, foams and films to either coat synthetic products, or to fabricate a device which will ultimately be absorbed by the body during the healing and/or regenerative process.

In addition to products manufactured from purified forms of collagen, the Company also derives revenues from the sale of pericardium, a delicate yet tough membrane which forms a protective sac in which the heart sits and which can be used to make synthetic replacement heart valves. The Company also supplies tendons to various medical device companies who utilise this material in the manufacture of collagen-based medical devices.

The Company is also developing its own line of products based on its core biomaterials know-how as well as acquired intellectual property, including devices to repair cartilage defects of the knee, encourage wound healing and regenerate bone. The Directors believe these "finished devices" will enable the Company to move up the value chain and capture incremental business from customers that have demonstrated demand for these devices in their product portfolio and will value an immediately available and differentiated product.

The Company's scientific and management team has expertise in collagen biomaterials as well as finished medical devices. The Group's core collagen expertise includes manufacturing (including collagen chemistry, sterile processing, medical device manufacture and collagen characterisation) as well as the development of new collagen-based biomaterials, enabling the Company to offer research and development services to external contract manufacturers which take a product from concept to the clinic including technology transfer. The Company's management team also has experience directly in its customers' markets, with over 85% of the Company's executive, commercial and research and development teams having experience in the medical device and/or research industries.

The Company sells its biomaterial products and services primarily to medical device manufacturers. Collagen Solutions works with established, as well as emerging, medical device companies to support the development of biomaterials with specified properties which are used in new or

improved products for market. Customers range in size from academic groups and start-up firms to larger blue-chip companies. The Company's manufactured collagen materials are intrinsically linked to products under development by their customers; once a product has begun clinical development overseen by regulatory authorities, it is costly and time consuming for the customer to change suppliers. The Company believes that if it continues to provide its customers with superior service and quality, combined with high customer switching costs, it will maintain a sustainable revenue stream from its core business. Establishing relations early in a customer's product development programme is therefore key to securing repeating revenue streams.

### ***History of the Group***

Healthcare Investment Opportunities plc, a vehicle established to make acquisitions in the sector was formed in March 2013 and changed its name to Collagen Solutions plc in December 2013. The Company has grown significantly by acquisition. These acquisitions have brought access to safe and certified raw materials; the scientific knowledge to convert these raw materials into functional formulations; and the expertise and equipment to undertake the clean room manufacturing to make medical grade materials required by regulatory agencies. These businesses, now integrated, have a good strategic fit and the ability to furnish medical device manufacturers with a specialist end-to-end development solution. The acquisitions have comprised:

- i. In December 2013, the Company acquired Collbio Limited, a Glasgow-based contract manufacturer of medical-grade collagen components and soluble collagen, for use in regenerative medicine, medical devices and in-vitro diagnostics. The acquisition also provided the Company with a 6,500 sq ft leased manufacturing facility and clean rooms, together with additional laboratory and office space.
- ii. In parallel to this transaction, Collbio established a US subsidiary which entered into an agreement to acquire certain assets and liabilities of Collagen Solutions LLC, a San Jose, California-based business which provided medical grade bovine collagen, corium and tendon. Collagen Solutions LLC also provided contract research and laboratory-scale product development services relating to collagen-based devices, working with customers from concept to clinical trial stage and subsequently transferring the technology and know-how to outside contract manufacturing facilities.
- iii. In December 2014, the Company acquired Southern Lights Ventures 2002 Limited (now renamed CSNZL). Based at an ISO 13485 certified production and engineering facility at Marton on the North Island of New Zealand, it provides an international client base of medical device manufacturers with processed and semi processed bovine biomaterials and also produces preserved pericardium, which is widely used to form the leaves in prosthetic heart valves. In addition, CSNZL provides consultancy services focussing on collagen, collagen-related services and regulatory support to its customers. CSNZL also benefits from having access to a ready and consistent source of bovine tissue from New Zealand, which is ranked by the World Health Organisation as presenting a "negligible BSE risk".
- iv. In September 2015, the Company acquired all of the assets relating to ChondroMimetic from Orthomimetics Limited together with an exclusive worldwide licence to the intellectual property ("IP") from Cambridge Enterprise Limited. These assets have transformed the commercial opportunity for the Company: Orthomimetic's intellectual property details the integration of collagen scaffolds with regenerative techniques. The acquisition also gives Collagen Solutions access to a portfolio of patents and patent applications covering a range of additional collagen-based orthopaedic product technologies. These technologies may potentially promote the structural repair of bones and joints as well as the delivery of biological agents such as stem cells and other therapeutic agents. The first manifestation of this IP is ChondroMimetic, an off-the-shelf collagen based implant for the treatment of small osteochondral (cartilage and underlying bone) defects.

### ***Market***

The global biomaterials market at end-user prices is estimated to be in excess of US\$50 billion. The biomaterials market serves many clinical segments such as cardiovascular, orthopaedics, neurology, dental, tissue engineering, plastic surgery, urogenital, wound healing and others. The Company has identified two broad end markets in which it will focus: medical devices, inclusive of regenerative medicine technologies, and research/diagnostics supply. Within medical devices, the Company's emphasis is on the orthopaedic, dental, cardiovascular, and wound care segments.

The Company's addressable market is difficult to ascertain and is a sub-set of this global biomaterials market as it sells its products and services to intermediary customers who in turn sell to end-users, focussing on tissue and collagen rather than all biomaterials. The Directors believe the end-user market value of devices that utilise its products is at least US\$15 billion growing in excess of 10% annually, and that it could potentially capture at least 10% of this value as a supplier, developer, and contract manufacturer, implying an addressable market of at least US\$1.5 billion. The Directors believe that by seeking to move up the value chain, from supply of raw materials to development of higher added-value collagen formulations and customers' medical devices, to contract manufacturing services and ultimately to the development of proprietary products, a larger addressable market can be targeted.

### **Future Growth Driver**

The Company's growth strategy is based on (i) accelerating its core supply, development and manufacturing business by implementing a global sales and marketing organization along with improved processes for scalable growth, and (ii) developing and commercialising a programme of finished devices for partnering/distribution through medical device companies starting with its ChondroMimetic technology for cartilage regeneration.

The Company has set out a plan which, the Directors believe, will see it exceed the market's growth rate. The Directors have identified multiple drivers of growth which they believe could be capable of delivering 5x YE 2016 revenue within the next 5 years (although many factors, some of which are outside of the Company's control, will determine whether such growth is achieved and there can be no assurance that the Company will achieve such growth). Such drivers include:

### **Organic Growth of Core Business**

Today all of the Company's revenues are derived from the sale of bovine collagen and tissue materials, customised collagen-based formulations and components, and related services. As described earlier, once established into the customers' supply chain for its end-products, this can lead to sustainable long-term revenue streams, although the sales cycles can be long and complex. The Company has established key core customers already in North America, Europe, and Asia through management's historical network and acquired businesses, and recently established a regionally-focused sales team and global marketing and sales support group. The recent above market growth has been driven by these investments as well as maturation of its historical core business and therefore the Directors believe that further investment in the resourcing and geographic scope of marketing within the sales channel will enable it to access new customers and to continue to expand its core business at above market rate.

### **Higher Value Finished Device products**

The Company's expertise, experience, and infrastructure in collagen and tissue engineering can be leveraged to move up the value chain to produce its own finished devices, which can address current customer needs to improve their own product portfolios with immediately available and differentiated products. The Company expects to invest in developing those higher value finished device products as part of a longer term collaborative relationship with its customers. The Directors believe that further investment in development and commercialisation of these products via partners will realise greater value from its core biomaterials manufacturing and development platform. The Company has established a multi-year development programme to develop multiple finished devices, starting with the following.

#### **(a) Launch of ChondroMimetic**

ChondroMimetic represents a near-term opportunity to establish and realise revenue from the Company's first wholly-owned medical device. ChondroMimetic is a collagen based implant for the treatment of small osteochondral (cartilage and underlying bone) defects and having previously received CE-mark approval for the treatment of small chondral and subchondral lesions, with approximately 1,000 units previously supplied into European markets, and had what the Directors consider to be successful clinical results as documented in an early-use six month clinical study of 17 patients. ChondroMimetic benefits from being a single surgery costing less than 10% of current two-surgery cell therapy devices. It also addresses the cause of the lesion in both the chondral and the underlying osseous (bony) tissue. The cost to the healthcare system of an ageing, but more active population means that the ability to effectively repair joints, rather than replacing them, could deliver substantial savings and represents a clear commercial opportunity for Collagen

Solutions. The addressable market is estimated to be in excess of US\$500m. The Company is already seeking to collect follow-up data from some of the original clinical trial participants which should give it up to six years of data evidencing the effectiveness of ChondroMimetic. Such retrospective data should provide a valuable marketing tool upon reissue of the CE mark and market launch with a strategic partner, which is expected in 2017.

#### **(b) Launch of bone graft**

The treatment of post-traumatic or post-surgical orthopaedic conditions where there has been a loss of bone is challenging. Surgeons must pack those areas where there has been bone loss with materials which provide a scaffold for the regrowth of bone into the void. Various forms of bone-graft substitutes are available including allografts (bone removed from the patient); demineralized bone matrices (prepared from real bone) and synthetic graft materials. The Company is developing a synthetic bone graft substitute comprising a natural osteoconductive collagen matrix which has the potential to compete in this US\$1.3 billion market. The product is expected to benefit from superior handling and a price point which will position it between basic synthetic materials and the more expensive biological materials and is currently expected to receive market clearance in 2018.

#### **(c) Launch of wound treatment**

There are several types of wounds, including chronic non-healing wounds such as diabetic foot ulcers and venous stasis ulcers and burns, for which there are few effective therapeutic options. These wounds are often associated with injury or underlying conditions, such as diabetes or circulatory insufficiency, which undermine the migration of cells to the wound-site and the rebuilding of those tissue structures required to close the wound. The Company's fibrillar Type 1 collagen gel has good handling characteristics and the promise of providing a scaffold material which may accelerate wound closure in the treatment of partial and full thickness wounds. The product, which also has potential in combination with cell therapies and other therapeutics, is currently expected to receive market clearance in 2018.

#### **Private Bond Issue**

Conditional on Admission and subject to the satisfaction of certain conditions to drawdown, the Group will issue up to £4,000,000 in private bonds in three tranches as follows:

- (a) Tranche A: comprises £2,000,000 in senior secured bonds repayable over the 42 months following drawdown and will be issued upon the closing of a successful equity fundraise of over £3,500,000 (inclusive of the proceeds from the Placing and Open Offer); and
- (b) Tranche B: comprises £1,000,000 in senior secured bonds repayable over the 42 months following drawdown and will be issued at the Company's option between May 1, 2017 and July 31, 2017, provided that the Group has achieved certain revenue targets in the 12 months prior to drawdown; and
- (c) Tranche C: comprises £1,000,000 in senior secured bonds repayable over 36 months, and will be issued at the Company's option between November 1, 2017 and December 31, 2017, provided that either: the Group has achieved certain revenue targets in the 12 months prior to the drawdown and the Group has raised a further £1,000,000 in equity finance in the 12 months prior to the drawdown or alternatively £2,000,000 in equity finance in that period against a lower level of revenue achievement. Those proceeds in excess of £3,500,000 from the Placing and Open Offer will contribute to the fundraising requirements stipulated for Tranche C.

The interest rate on the Tranche A Bonds will be 10%. The interest rate on Tranches B and C will be the higher of 10% or 935 basis points above the three year GBP Swap/Rate, and will be fixed upon issuance. The Bonds are secured against the assets of the Group, but contain no other financial covenants in relation to the operation of the business during the term of the Bonds.

#### **Warrants**

As a condition of the issue of the Bonds, the Company has agreed to issue to Norgine Ventures 10 year Warrants to purchase Ordinary Shares, comprising Warrants for 5,075,283 Ordinary Shares and an additional 1,691,761 Ordinary Shares if the Company draws down Tranche C (as described above), in all cases exercisable at 5.911p per Ordinary Share over the 10 years from drawdown or, if earlier, on sale of the whole share capital of the Company, after which they shall

lapse. The terms of the Warrants are subject to adjustment in certain circumstances including a share capital reorganisation of the Company.

### **Call Option**

In addition, a Call Option has been granted to Norgine Ventures by the Company's Chairman, David Evans, in tandem with the Warrants, exercisable at an aggregate cost of £1, over a maximum of 20,000,000 of his Ordinary Shares. The Call Option is only exercisable following any further fundraising having raised over £2,000,000 during the term of the Bonds at a price per share lower than 5.911p, with the number of Options capable of exercise increasing the greater the difference between the price per Ordinary Share at which the further funding is conducted and 5.911p. An exercise of Warrants following a fundraising at or above the Warrant Price would not trigger a right under the Call Option for David Evans to deliver any shares, while his maximum liability would only arise as a result of a fundraising round as described above and subsequent exercise of the option when the fundraising price was below 1.5785p.

### **3. Use of proceeds**

The net proceeds of the Transaction together with the proceeds of the Bond Facility will, in the opinion of the Directors, provide the Company with sufficient working capital to fund the Group until it achieves cash flow positive operations expected after 2019, including the milestones set out below (subject to final protocol designs and regulatory approvals not already received). There can be no assurance that such milestones or positive cashflow will be achieved in that timeline (or at all) and your attention is drawn to Part 2 (Risk factors) of this document.

#### ***ChondroMimetic completion, R&D expansion and product pipeline development***

ChondroMimetic had previously been sold by Orthomimetics Limited under a CE Mark. The Company is in the process of compiling existing and new supplementary data in order to regain the CE Mark under its current ISO 14385 manufacturing operations. Furthermore, the Company is initiating a 6+ year retrospective study of up to 17 patients from an original study to provide long term evidence of ChondroMimetic's incorporation and remodeling ability. The Company believes that this follow up study will, if successfully completed, provide it with a compelling additional data-set which will make it attractive to a commercial partner for full launch in European markets and support for clinical trials required for entry into the United States. The elements of this plan can be achieved for relatively modest investment with a relatively large potential return. In addition to ChondroMimetic, the Company acquired a suite of IP relating to additional collagen-based orthopaedic products for tendon, ligament, meniscus, and bone that the Company may also potentially finish and commercialise via a commercial partner.

In addition to ChondroMimetic, the Company has a pipeline of potential new products which it wishes to progress to commercialisation. The first of these additional products include a flowable collagen matrix for wound healing and a collagen-ceramic bone graft substitute for use in multiple orthopaedic indications. The Company plans to invest a portion of the Transaction proceeds for these projects as well as additional next-stage collagen-based products in its pipeline to create additional value.

#### ***Expansion of its core business activities***

The Company's core business activities focus on providing standard and custom-developed collagen and tissue biomaterials and components for an array of medical device developers, regenerative medicine companies, and researchers. In addition, the Company provides development services to these customers for products based on its collagen and tissue biomaterials in advance of supply agreements for such materials, once the products are commercialised by the customers. This business forms all of the existing Group revenues and it is believed that there are significant opportunities to further develop these activities, especially in Asia, Europe and the US. In particular, the Company aims to expand its commercial channels both in terms of breadth of customer relationships and geographic scope. The Company intends to utilise a portion of the Placing to Open Offer proceeds to expand its recently established sales and marketing operation.

#### ***Payment of deferred consideration for CSNZL and working capital***

Some of the Transaction proceeds will be used to pay deferred consideration primarily to the vendors of CSNZL. The acquisition of CSNZL included a provision for deferred consideration of

NZ\$4 million (circa £2.3 million)\* to be satisfied in cash depending on the achievement of certain future performance criteria. If CSNZL's sales reach NZ\$6.5 million (equivalent to circa £3.7 million)\* in any of the years to the year ended 31 March 2017, and they are sustained in any of the following years during the period ended 31 March 2018, a maximum of NZ\$4 million (equivalent to circa £2.3 million)\* is payable. If the target sales are not met in that period a *pro rata* amount is payable subject to sales exceeding the base level of NZ\$2.5 million (equivalent to circa £1.4 million)\*.

The Transaction proceeds will also provide additional working capital and general corporate facilities for the Group.

#### **4. Current Trading and Outlook**

The Company separately announced on 19 December 2016 the interim unaudited financial statements for the period ended September 30, 2016 and provided in such announcement an update regarding its therapeutic programmes and other activities. A copy of this announcement is available from the Company's website. Since this date, the Company has continued to trade in line with market expectations.

#### **5. The Placing and Open Offer**

The Board believes that raising the majority of the equity finance using the flexibility provided by a non-pre-emptive placing is the most appropriate and optimal structure for the Company at this time. This combined with the Open Offer (which is on a pre-emptive basis) allows both existing Shareholders and new institutional and other investors the opportunity to participate in the equity financing. The Placing Shares and Offer Shares when issued will rank *pari passu* with the Ordinary Shares and will rank in full for any dividends and distributions paid or made in respect of the Ordinary Shares.

##### ***Details of the Placing***

The Company proposes to raise gross proceeds of up to approximately £6.2 million (£5.8 million net of expenses) through the issue of the Placing Shares at the Offer Price by way of the Placing to certain institutional and other investors. The Offer Price represents a discount of 11.1 per cent. to the closing market price of 5.625 pence on 13 February 2017, being the last practicable date prior to this document. The Placing Shares will represent 36.5 per cent. of the Company's Enlarged Share Capital (assuming the Open Offer is fully subscribed).

As part of the Placing, the Company proposes to issue 99,999,999 VCT/EIS Shares to certain investors seeking EIS relief and for the purposes of investment by VCTs pursuant to the Placing. It is not anticipated that EIS/VCT relief will be available in respect of the Offer Shares.

Application will be made for the Placing Shares to be admitted to trading on AIM. It is expected that dealings in the Placing Shares will commence on AIM on 7 March 2017.

It is anticipated that the EIS/VCT Placing Shares will be issued unconditionally to investors on the day prior to Admission.

##### ***Placing Agreement***

Under the Placing Agreement, Cenkos has conditionally agreed to act as placing agent to the Company and to use reasonable endeavours to procure placees to acquire the Placing Shares at the Offer Price. The Placing has not been underwritten.

The Placing Agreement is conditional upon, *inter alia*, the satisfaction of the following conditions:

- (a) the passing of the Resolutions to be proposed at the General Meeting;
- (b) Admission taking place no later than 8.00 a.m. on 7 March 2017 (or such later time and date as the Company and Cenkos may agree, being no later than 8.00 a.m. 21 March 2017);
- (c) there being no breach of warranty in the Placing Agreement prior to Admission which is material in the context of the Placing;
- (d) the performance by the Company of its obligations under the Placing Agreement and/or other terms of or conditions to the Placing prior to Admission; and

\*NZ\$:£ FX rate of 1:0.57

(e) drawdown of Tranche A (as described above) under the Bond Facility having become unconditional in all respects (save for any condition relating to Admission).

The Placing Agreement contains certain warranties from the Company in favour of Cenkos in relation to, *inter alia*, the accuracy of the information contained in this document and certain other matters relating to the Group and its business. In addition, the Company has given certain undertakings to Cenkos and has agreed to indemnify Cenkos in relation to certain liabilities they may incur in respect of the Placing. Cenkos has the right to terminate the Placing Agreement in certain circumstances prior to Admission including *inter alia* (i) for certain force majeure events or other events involving certain material adverse changes or prospective material adverse changes relating to the Group or (ii) in the event of a breach of the warranties or other obligations of the Company set out in the Placing Agreement.

Under the Placing Agreement, the Company has agreed to pay certain commissions to Cenkos and certain other fees and expenses in connection with the Placing and Open Offer.

#### **Details of the Open Offer**

The Company is proposing to raise up to approximately £1.8 million before expenses under the Open Offer. A total of 35,924,258 new Ordinary Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Offer Price, payable in full on acceptance. Any Offer Shares not subscribed for by Qualifying Shareholders will be available to Qualifying Shareholders under the Excess Application Facility.

Qualifying Shareholders may apply for Offer Shares under the Open Offer at the Offer Price on the following basis:

1 Offer Share for every 5 existing Ordinary Shares

and so in proportion for any number of Existing Ordinary Shares held on the Record Date.

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Offer Shares. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders but will be made available under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement. Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Open Offer.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements will be credited to CREST on 15 February 2017. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 2 March 2017. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of *bona fide* market claims. The Offer Shares must be paid in full on application. The latest time and date for receipt of completed Application Forms or CREST applications and payment in respect of the Open Offer is 11.00 a.m. on 2 March 2017.

The Open Offer is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated before Admission (as the case may be).

Accordingly, if the Placing Agreement conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and the Offer Shares will not be issued and all monies received by Capita will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter. Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

Application will be made for the Offer Shares to be admitted to trading on AIM. It is expected that dealings in the Offer Shares will commence on AIM on 7 March 2017.

### **Directors'/PDMR dealings**

The following directors/PDMRs have agreed to subscribe for Placing Shares in the following amounts.

<b>Director/PDMR</b>	<b>Position</b>	<b>Existing Ordinary Shares held</b>	<b>Placing Shares subscribed for at Offer Price</b>	<b>Aggregate price paid for Placing Shares</b>	<b>Number of Ordinary Shares held following Admission</b>
David Evans	Chairman	18,874,167	16,500,000	£825,000	35,374,167
Jamal Rushdy*	Chief Executive Officer	0	1,000,000	£50,000	1,000,000
Gillian Black	Chief Financial Officer	357,143	500,000	£25,000	857,143
Malcolm Gillies	Non-Executive Director	1,653,000	2,000,000	£100,000	3,653,000

\* Note that Jamal Rushdy is in fact subscribing for such shares pursuant to a separate subscription letter with the Company and is not, strictly speaking, participating in the Placing. Nonetheless, for the purposes of this document, references to Placing and Placing Shares herein include references to the shares being subscribed for by Mr Rushdy and such terms should be construed accordingly (and, for the avoidance of doubt, the number of Placing Shares includes the shares being subscribed for by Mr Rushdy).

### **6. Related Party Transactions**

David Evans has agreed to subscribe for 16,500,000 Placing Shares in the Placing. This transaction is considered to be a related party transaction pursuant to AIM Rule 13 of the AIM Rules for Companies. The independent Directors (being those Directors other than Mr Evans) consider, having consulted with Cenkos, that the terms of the transaction are fair and reasonable insofar as shareholders of the Company are concerned.

### **7. Concert Party**

The existing Concert Party, as is detailed in the Company's Admission Document dated 10 December 2013, is currently interested in less than 30 per cent. of the Existing Ordinary Shares. Following Admission, the Concert Party's aggregate interest in the Enlarged Share Capital will be approximately 16.78 per cent. Assuming that the Open Offer has a zero take-up, the Concert Party's aggregate interest in the issued share capital immediately following Admission is expected to be approximately 18.77 per cent. Whilst the Concert Party holds less than 30 per cent. of the issued share capital, if any of the members were to purchase or subscribe for any shares in the Company which takes their or the Concert Party's aggregate interest above 30 per cent., under Rule 9 of the Code that person (and potentially the Concert Party in its entirety) will normally be required to make an offer to all Shareholders for those shares it does not own (in cash at the highest price paid in the last 12 months).

### **8. General Meeting**

A notice convening the General Meeting is set out at the end of this document. A summary and explanation of the Resolutions to be proposed at the General Meeting is set out below. Please note that the summary and explanation is not the full text of the Resolutions and Shareholders should review the full text of the Resolutions before deciding whether or not to approve them.

The first Resolution proposes to grant to the Directors a general authority pursuant to section 551 of the Act to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company.

The second Resolution proposes to confer upon the Directors a general power to allot equity securities for cash on a non pre-emptive basis pursuant to the authority granted to the Directors by the first Resolution. The second resolution is a special resolution. Accordingly, for the second resolution to be passed, not less than 75 per cent. of votes cast must be in favour.

If passed, the Resolutions will confer upon the Directors the authority to issue the New Ordinary Shares as well as certain additional shares as described therein. The Placing and the Open Offer are conditional upon the passing of the Resolutions and, accordingly, if the Resolutions are not passed, the Placing and Open Offer will not complete. If the Resolutions are passed, the authority and power conferred will, to the extent not used, expire at the end of the next annual general meeting of the Company to be held on in 2017.

## **9. Action to be taken**

### ***General Meeting***

A form of proxy for use at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, you are requested to complete and sign the form of proxy in accordance with the instructions printed on it and then to return it to the Company's Registrars, **Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham BR3 4ZF**. Completed forms of proxy should be returned to the Company's registrars so as to be received by no later than 2.00 p.m. on 2 March 2017. The completion and return of a form of proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

### ***Open Offer***

#### ***Qualifying Non-CREST Shareholders***

If you are a Qualifying Non-CREST Shareholder you will have received an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement or both your Open Offer Entitlement and any entitlement under the Excess Application Facility), you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 3 of Part 3 of this document and on the Application Form itself.

#### ***Qualifying CREST Shareholders***

If you are a Qualifying CREST Shareholder and do not hold any Ordinary Shares in certificated form, no Application Form accompanies this document and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Territory. Applications by Qualifying CREST Shareholders for Excess Shares in excess of their Open Offer Entitlements should be made in accordance with the procedures set out in paragraph 3 of Part 3 of this document, unless you are an Overseas Shareholder in which event, applications should be made in accordance with the procedures set out in paragraph 7 of Part 3 of this document.

**The latest time for applications under the Open Offer to be received is 11.00 a.m. on 2 March 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part 3 of this document.**

**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.**

## **10. Recommendation**

The Directors consider that the Placing and Open Offer and the Bond Facility are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions, as they intend to do in respect of their entire beneficial holdings of Ordinary Shares totaling in aggregate 32,228,217 Ordinary Shares and representing approximately 17.94 per cent. of the current issued share capital of the Company.

Yours sincerely

David Evans  
Chairman

## PART 2

### RISK FACTORS

An investment in the Company is subject to a number of risks and uncertainties. Accordingly, in evaluating whether to make an investment in the Company, potential investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including (but not limited to) the risk factors described below, before making any investment decision with respect to the New Ordinary Shares. The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Company is exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions and in legal, accounting, regulatory and tax requirements. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. If any of the following risks were to materialise, the Group's business, financial condition, results, prospects and/or future operations might be materially adversely affected. In such case, the value of the Ordinary Shares might decline and investors might lose all or part of their investment.

#### GENERAL RISKS

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making a decision to invest.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

#### RISKS RELATING TO THE GROUP

##### *Risk Regarding Bond Facility*

Conditional on Admission and subject to satisfaction of the relevant drawdown conditions, the Group will issue up to £4,000,000 in senior secured bonds under the Bond Facility as described in Part 1 of this document. The Group is presently loss making and there can be no assurance that the Group will reach a position of profitability during the term of the Bonds. There can be no assurance that the Group will remain able to service the Bonds during the term. Furthermore, in the event that the Group cannot service its Bonds, it may not be able to raise funds to refinance the Bond on similar terms, or at all.

##### *Drawdowns*

The Group may not be able to draw down all of the amounts envisaged under its Bond facility if it does not meet certain performance hurdles. In order to access higher levels of debt capital, the Group must meet minimum levels of sales and have raised equity. In the event that the Group is unable to access this capital, it may not be possible to deliver the operational performance which is envisaged has been envisioned and, in turn, this may further impact its ability to service and redeem the Bonds.

##### *Covenants*

The Group has entered into a number of covenants in relation to the issue of the Bond. These covenants may affect, limit or prohibit the Group's ability to incur additional indebtedness by way of borrowing, leasing commitments, factoring of debts or granting of guarantees; sell, transfer, lease

or otherwise dispose of all or a substantial part of its assets; or sell or license its IP other than on arms-length terms not adversely affecting Bondholders interests.

### ***Patents and Confidentiality***

The Group aims to protect its trade secrets with third parties through confidentiality agreements, which if breached could affect operations. The Group will be reviewing potential for exploiting any intellectual property (“IP”) discovered and may seek access to other intellectual property. This will require the Group to avoid infringement and protect IP developed in its own products. This may mean that the Group may face opposition from third parties which could require significant cost, management time and therefore distract it from delivering products and services to customers. The Board cannot guarantee success in any future patent submission or defence, nor can any guarantee be given as to future changes in worldwide patent legislation.

### ***Facilities***

Should the Group’s facilities becomes damaged or any trading entity in the Group is required to move to new facilities which requires notified body or competent authority certification, the ability to generate revenue may be affected. Any of the Group’s facilities and equipment could be rendered inoperable as a result of natural or man-made disasters making it difficult or impossible to operate for an extended period of time. The Group has in place the necessary insurances for damage to property and the disruption of its business, however, this insurance may not cover all of the risks or potential losses.

### ***Litigation***

The usage of the Group’s products within the medical device sector could lead to product liability claims if circumstances arose whereby products were involved in an adverse event – a liability claim might result in damages, become costly and time-consuming to defend. Such liabilities could exceed available resources. The business has product and professional liability insurance, but this may not fully protect the Group from financial damage

### ***Anti Bribery Risk***

The Group could be negatively affected by violations of anti-bribery laws. With global operations, the Group could be subject to abuse of the United Kingdom’s Bribery Act of 2010, and other such laws in international locations. Such laws can be complex and any violations could affect operations and cause significant management distraction. Similarly, employees, consultants or other commercial partners could engage in misconduct, non-compliance, insider trading or other fraudulent activities.

### ***Competition***

The Group will be carrying out business activities where there are competitors. Many of these competitors are larger and have access to greater funds than the Group. However, the Directors believe that the Group is poised to compete strongly and that there are significant barriers to entry to other competitors entering the same markets as the Group.

### ***Suppliers***

The Group uses collagen from bovine sources which have been utilised in implantable medical devices for many years. The Group’s materials are sourced from BSE-free territories with suppliers who have the necessary quality systems, certifications and export health attestations in place to ensure that any such risks are reduced and mitigated to a negligible level, to the acceptance of the relevant regulatory agencies. Any change in the BSE-free status of suppliers could impact the supply chain and therefore the ability to conduct the Group’s business and generate revenue.

### ***Product Development***

Product development will be an ongoing activity in the Group. However, the Directors cannot guarantee that further products will be developed, successfully launched, or accepted by the market. New product development can be a lengthy process and suffer delays and setbacks as yet unforeseen. The fast changing nature of the medical device industry may mean new products may become obsolete, causing the Group’s results and reputation to suffer.

### ***Customer Base***

The stability and future growth of the business is largely dependent on retaining the majority of the Group's existing customers, in addition to winning new customers. If the existing customer base is reduced in either number or value, this is likely to have a detrimental impact on the trading performance. In particular, it should be noted that the Group's largest customer, which is based in South Korea, was responsible for approximately 30 per cent. of the Group's revenues in 2016. If the Group cannot maintain current relationships, or establish new meaningful commercial relationships, revenue generation could be delayed.

## **RISKS RELATING TO THE PRODUCT**

### ***Medical product pricing environment***

The ability of the Group and its partners to market its products successfully depends in part on the extent to which reimbursement for the cost of the device and related procedure or coverage will be available from government/private payers and other organisations. There is uncertainty as to the reimbursement status of newly approved medical devices, and there is no assurance that the Group or its licensees will be able to obtain coverage or reimbursement at a price level which would enable them to realise an appropriate return on their investment. In addition, there is increasing pressure by certain governments to contain healthcare costs by limiting both coverage and the level of reimbursement for new medical device products, and by refusing in some cases to provide coverage for uses of products for disease conditions for which the relevant regulatory agency has not granted marketing approval.

### ***Regulatory Risk***

Regulatory approval timelines can be affected by a number of factors which are entirely outside the control of the Group. The possible regulatory approval of the Group's lead product in Europe is no guarantee of an approval in the US. Regulators in Europe and all subsequent jurisdictions could impose additional requirements which would cause delay in the submission of the filing for licenses and in obtaining marketing authorization. In addition, there can be no guarantee that the regulations or policies applied by the regulatory authorities will not change and any such change may require the Group to undertake additional work, which may not be successful in complying with revised standards.

## **RISKS RELATING TO THE NEW ORDINARY SHARES**

### ***Warrants***

In association with the issue of the Bonds, the Group has also issued Warrants to the subscribing Bondholder. These Warrants, which provide for a cashless conversion (under which, on exercise, such number of Ordinary Shares are equal in value to the aggregate Warrant Price may be sold to satisfy the consideration payable on exercise), will result in dilution to both the new and existing shareholders, if exercised.

### ***Dilution***

Existing Shareholders' proportionate ownership and voting interest in the Company will be significantly reduced pursuant to the Placing and Open Offer to the extent that existing Shareholders do not take up the offer of Offer Shares under the Open Offer. Subject to certain exceptions, existing Shareholders in the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

### ***Trading market for the New Ordinary Shares***

The Offer Price may not be indicative of the market price for the New Ordinary Shares following Admission. The share price of publicly traded companies, including those listed on AIM, can be highly volatile and shareholdings illiquid. The market price of the Ordinary Shares will be influenced by a large number of factors, which could include, but not be limited to, the performance of both the Group's and its competitors' businesses, variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, large purchases or sales of Ordinary Shares, legislative changes and general economic, political and regulatory conditions. Prospective investors should be aware that the value of an investment in the Company may go down as well as up. Investors may therefore realise less than, or lose all of, their investment. The volume of shares traded on AIM can be limited and this may restrict the ability of Shareholders to dispose of Ordinary Shares at any particular time. It may

be more difficult for an investor to realise his investment in the Group than in a company whose shares are quoted on the Official List. The AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List.

#### ***Additional working capital and dilution***

It is possible that the Group will need or choose to raise extra working capital in the future to finance the development of existing or future projects, to develop fully the Group's business, to take advantage of acquisition opportunities or respond to new competitive pressures. If the Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its development. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Offer Price or higher.

#### ***Substantial Share Sales***

The Company cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, will have on the market price of Ordinary Shares. Sales of substantial amounts of Ordinary Shares in the public market following the Placing and Open Offer, or the perception that such sales could occur, could adversely affect the market price of the Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price which they deem appropriate.

#### ***Taxation***

Tax rules and their interpretation relating to any investment in the Group may change during its lifetime. Any such change in the Group's tax status, taxation legislation, or interpretation could affect the value of the investments held in the Group, or, the Group's ability to provide returns to Shareholders or could change post-tax returns to Shareholders. Representations in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

## PART 3

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### Introduction

As explained in the letter from the Chairman set out in Part 1 of this document, the Company is proposing to raise up to approximately £8.0 million (approximately £7.7 million net of expenses) by way of the Placing and Open Offer, of which up to approximately £1.8 million (before expenses) may be raised from the offer of the Offer Shares at the Offer Price to Qualifying Shareholders under the Open Offer.

The purpose of this Part 3 is to set out the terms and conditions of the Open Offer. Up to 35,924,258 new Ordinary Shares will be issued through the Open Offer. Qualifying Shareholders are being offered the right to subscribe for Offer Shares in accordance with the terms of the Open Offer. The Open Offer is not being underwritten.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 5.00 p.m. on 10 February 2017. Application Forms for Qualifying Non-CREST Shareholders accompanying this document will be posted on 14 February 2017 and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 15 February 2017.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for Excess Shares. Further details in relation to the Excess Application Facility are set out in Part 4 “Questions and Answers about the Open Offer” in this document and, for Qualifying Non-CREST Shareholders, the Application Form.

The latest time and date for receipt of a completed Application Form and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 2 March 2017 with Admission and commencement of dealings in Offer Shares expected to take place at 8.00 a.m. on 7 March 2017.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 3 of this Part 3 “Terms and Conditions of the Open Offer” which gives details of the procedure for application and payment for the Offer Shares and any Excess Shares applied for pursuant to the Excess Application Facility.

The Offer Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Offer Shares will be issued only pursuant to the Open Offer and, subject as set out in this Part 3, will not otherwise be marketed or made available in whole or in part to the public.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 35,924,258 Offer Shares *pro rata* (excepting fractional entitlements) to their current holdings at the Offer Price in accordance with the terms of the Open Offer.

Qualifying Shareholders are also being offered the opportunity to apply for additional Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements as at the Record Date.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to the Ex-entitlement Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

#### 1. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity under the Open Offer to subscribe for Offer Shares at the Offer Price *pro rata* to their holdings of

Existing Ordinary Shares as at the Record Date, payable in full on application. The Offer Price represents a discount of 11.1 per cent. to the closing price of 5.625 pence per Existing Ordinary Share on 13 February 2017 (being the last practicable date before publication of this document).

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

- (a) 1 Offer Share for every 5 Existing Ordinary Shares held by them and registered in their names at the close of business on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held; and
- (b) further Open Offer Shares in excess of their Open Offer Entitlement through the Excess Application Facility (although such Open Offer Shares will only be allotted to the extent that not all Qualifying Shareholders apply for their Open Offer Entitlement in full).

Entitlements under the Open Offer will be rounded down to the nearest whole number of Offer Shares, with fractional entitlements being aggregated and made available under the Excess Application Facility.

**Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.**

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 3) and your Open Offer Entitlement (in Box 4).

If you are a Qualifying CREST Shareholder, application will be made for your Open Offer Entitlement and Excess CREST Open Offer Entitlement to be credited to your CREST account. Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts on 15 February 2017. The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Offer Shares in excess of their Open Offer Entitlement. Further details in relation to the Excess Application Facility are set out in Part 4 “Questions and Answers about the Open Offer” and, for Qualifying Non-CREST Shareholders, the Application Form. Qualifying CREST Shareholders will have their Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 3.2 of this Part 3 “Terms and Conditions of the Open Offer” for information on the relevant CREST procedures and further details on the Excess Application Facility. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures.

If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Please refer to paragraphs 3.1(f) and 3.2(k) of this Part 3 “Terms and Conditions of the Open Offer” for further details of the Excess Application Facility.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited through CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear’s Claims Processing Unit. Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply to take up their Open Offer Entitlements and Excess CREST Open Offer Entitlements, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess**

**Application Facility. Qualifying Shareholders who do not apply to take up Offer Shares will have no rights under the Open Offer. If valid acceptances are not received in respect of all the Offer Shares under the Open Offer, unallocated Offer Shares may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility. The Open Offer is not being underwritten.**

**The attention of Overseas Shareholders is drawn to paragraph 7 of this Part 3.**

The gross proceeds of the Open Offer will amount to a maximum of up to approximately £1.8 million. The Offer Shares (assuming full take up thereunder) will represent approximately 10.6 per cent. of the Enlarged Share Capital.

The Offer Shares will, when issued and fully paid, rank in full for all dividends and other distributions declared, made or paid after the date of this document and otherwise *pari passu* in all respects with the Existing Ordinary Shares. The Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

## **2. Conditions and further terms of the Open Offer**

The Open Offer is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated before Admission. The principal conditions to the Placing are:

- (a) the passing of the Resolutions at the General Meeting;
- (b) the Placing Agreement having become or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and
- (c) Admission becoming effective by no later than 8.00 a.m. on 7 March 2017 (or such later time and/or date as the Company and Cenkos Securities may agree being no later than 8.00 a.m. on 21 March 2017).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (in each case at the applicant's sole risk), without payment of interest, as soon as practicable. Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

No temporary documents of title will be issued in respect of Offer Shares held in uncertificated form. Definitive certificates in respect of Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Offer Shares in certificated form by 21 March 2017.

In respect of those Qualifying Shareholders who have validly elected to hold their Offer Shares in uncertificated form, the Offer Shares are expected to be credited to their stock accounts maintained in CREST as soon as practicable after 8.00 a.m. on 7 March 2017.

Application will be made for the Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 7 March 2017, when dealings in the Offer Shares are expected to begin.

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

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

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you are sent an Application Form in respect of your Open Offer Entitlement under the Open Offer or your Open Offer Entitlement and Excess CREST Open Offer Entitlement is credited to your CREST stock account.

Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in certificated form will receive the Application Form, enclosed with this document. The Application Form shows the number of Existing Ordinary Shares held at the Record Date. It will also show Qualifying Shareholders their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Offer Shares in CREST.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Offer Shares in uncertificated form to the extent that their entitlement to Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be

possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2(f) of this Part 3 “Terms and Conditions of the Open Offer”.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST 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 Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

**Qualifying Shareholders who do not want to apply for the Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send a USE message through CREST. Qualifying Shareholders, however, are encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy.**

### **3.1 If you have received an Application Form in respect of your Open Offer Entitlement under the Open Offer**

#### (a) *General*

Subject to paragraph 7 of Part 3 “Terms and Conditions of the Open Offer” in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 3. It also shows the Open Offer Entitlement allocated to them set out in Box 4. Entitlements to Offer Shares are rounded down to the nearest whole number and any fractional entitlements to Offer Shares will be aggregated and made available under the Excess Application Facility. Box 5 shows how much Qualifying Non-CREST Shareholders would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. The Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

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

#### (b) *Bona fide market claims*

Applications to acquire Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be sold, assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 28 February 2017. 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 his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should contact his broker or other professional adviser authorised under FSMA through whom the sale or purchase was effected as soon as possible, as the invitation to acquire Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser(s) or transferee(s).

Qualifying Non-CREST Shareholders who have sold all or part of their registered holding should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The

Application Form should not, however be forwarded to or transmitted in or into any Restricted Jurisdiction, including, without limitation, 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 procedure set out in paragraph 3.2 below.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire Offer Shares (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for Excess Shares if they have agreed to take up their Open Offer Entitlements in full. The Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that applications for Excess Shares by Qualifying Shareholders will be met in full or in part or at all.

Completed Application Forms should be posted to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or returned by hand (during normal business hours only) so as to be received by the Receiving Agents by no later than 11.00 a.m. on 2 March 2017. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid. The Company further reserves the right (but shall not be obliged) to accept either Application Forms or remittances received after 11:00 a.m. on 2 March 2017. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Multiple applications will not be accepted. If an Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 2 March 2017; or
- (ii) applications in respect of which remittances are received before 11.00a.m. on 2 March 2017 from authorised persons (as defined in FSMA) specifying the Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

All documents and remittances sent by post by, to, from or on behalf of an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk.

(d) *Payments*

All payments must be in pounds sterling and made by cheque made payable to Capita Registrars Limited Re: Collagen Solutions plc – Open Offer A/C and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agents to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or credit to the relevant member account, as applicable) pending clearance

thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. If the Open Offer does not become unconditional, no Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

If Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agents shall be authorised (in their absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agents, Cenkos Securities or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

(e) *Incorrect Sums*

If an Application Form encloses a payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (i) to reject the application in full and return the cheque or refund the payment to the Qualifying Non-CREST Shareholder in question; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Offer Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

All monies received by the Receiving Agent in respect of Offer Shares will be held in a separate non-interest bearing account.

(f) *The Excess Application Facility*

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares may do so by completing Box 7 of the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, the Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Qualifying Non-CREST Shareholders who wish to apply for Excess Shares must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Offer Shares exceed 35,924,258 Offer Shares, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares and from whom payment in full for the Excess Shares has been received will receive a pounds sterling amount equal to the number of Excess Shares applied and paid for but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

(g) *Effect of application*

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

- (i) represents and warrants to the Company and Cenkos Securities that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Cenkos Securities that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;
- (iii) confirms to the Company and Cenkos Securities that in making the application he is not relying on any information or representation in relation to the Company 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 such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this document (including information incorporated by reference);
- (iv) represents and warrants to the Company and Cenkos Securities that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement;
- (v) represents and warrants to the Company and Cenkos Securities that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) requests that the Offer Shares to which he will become entitled shall be issued to him on the terms set out in this document and the Application Form;
- (vii) represents and warrants to the Company and Cenkos Securities that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States of America or any other Restricted Jurisdiction and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Offer Shares which are the subject of his application to, or for the account or benefit of, a person who is in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States of America or any other Restricted Jurisdiction (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its sole and absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor any person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Open Offer;
- (viii) confirms that the Offer Shares have not been offered to the applicant by the Company, Cenkos Securities, any of their respective affiliates or any person acting on any of their behalves by means of any "directed selling efforts", as defined in Regulation S under the Securities Act, or "general solicitation" or "general advertising", within the meaning of Rule 502(c) under the Securities Act;
- (ix) confirms that he is acquiring the Offer Shares from the Company in an "offshore transaction", as defined in Regulation S under the Securities Act;
- (x) represents and warrants to the Company and Cenkos Securities that he is not, and nor is he 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 sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and

- (xi) confirms that in making the application he is not relying and has not relied on the Company or Cenkos Securities or any person affiliated with the Company or Cenkos Securities in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

Further representations and warranties are contained in the Application Form.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(h) *Proxy*

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. However, you are encouraged to vote at the General Meeting by completing and returning the enclosed Form of Proxy.

A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the Offer Shares to which he is entitled in uncertificated form in CREST. Please see paragraph 3.2(f) below for more information.

**3.2 If you have an Open Offer Entitlement and an Excess CREST Open Offer Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer**

(a) *General*

Subject to paragraph 7 of Part 3 “Terms and Conditions of the Open Offer” in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlement equal to the maximum number of Offer Shares for which he is entitled to apply under the Open Offer plus the number of Excess Shares for which he is entitled to apply under the Excess CREST Open Offer Entitlement. Entitlements to Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down. Any fractional entitlements to Offer Shares arising 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 Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the relevant Open Offer Entitlement and Excess CREST Open Offer Entitlement have been allocated.

If for any reason Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 5.00 p.m. on 15 February 2017, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement and Excess CREST Open Offer Entitlement which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply to acquire some or all of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below.

**If you have any questions relating these procedures, please contact the Receiving Agent, Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note**

**that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.**

(b) *Market claims*

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements and Excess CREST Open Offer Entitlements will generate appropriate market claim transactions and the relevant Open Offer Entitlements and Excess CREST Open Offer Entitlements will thereafter be transferred accordingly.

(c) *Unmatched Stock Event (“USE”) instructions*

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

- (i) the crediting of a stock account of the Receiving Agents under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of 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 Agents in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Offer Shares referred to in paragraph 3.2(c)(i) above.

(d) *Content of USE instruction in respect of Open Offer Entitlements*

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

- (i) the number of Offer Shares for which application is being made (and hence the number of the Open Offer Entitlements being delivered to the Receiving Agents);
- (ii) the ISIN of the Open Offer Entitlements. This is GB00BD362J87
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agents in their capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agents in their capacity as a CREST receiving agent. This is 28990COL;
- (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 New Ordinary Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 2 March 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 2 March 2017. In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 2 March 2017 in order to be valid is 11.00 a.m. on that day. In the event that the Placing and Open Offer do not become unconditional by 8.00 a.m. on 7 March 2017 (or such later time and date as the Company and Cenkos Securities determine being no later than 8.00 a.m. on 21 March 2017), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agents will refund the amounts paid by Qualifying CREST Shareholders by way of a CREST payment, without interest, as soon as practicable thereafter.

(e) *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

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

- (i) the number of Excess Shares for which application is being made (and hence being delivered to the Receiving Agents);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BD362K92
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agents in their capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agents in their capacity as a CREST receiving agent. This is 28990COL;
- (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 Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 2 March 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement 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 2 March 2017.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contract name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 2 March 2017 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and Open Offer do not become unconditional by 8.00 a.m. on 7 March 2017 (or such later time and date as the Company and Cenkos Securities determine being no later than 8.00 a.m. on 21 March 2017), the Open Offer will lapse, the Open Offer

Entitlements admitted to CREST will be disabled and the Receiving Agents will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable.

(f) *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 his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the Open Offer Entitlement and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 2 March 2017. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agents.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agents, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 28 February 2017 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 24 February 2017 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 2 March 2017.

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 and the Receiving Agents by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and the Receiving Agents from the relevant CREST member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction and, where such deposit is made by a beneficiary of 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.

(g) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 2 March 2017 will constitute a valid application under the Open Offer.

(h) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored

member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 2 March 2017. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Proxy*

If a Qualifying CREST Shareholder does not wish to apply for the Offer Shares under the Open Offer, they should take no action. They are however, encouraged to vote at the General Meeting by completing and returning the enclosed Form of Proxy.

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agents, 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 Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); and (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question (without interest).

(k) *The Excess Application Facility*

The Excess Application Facility enables Qualifying CREST Shareholders, who have taken up their Open Offer Entitlement in full, to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, the Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Excess CREST Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 7 of this Part 3 in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with Excess CREST Open Offer Entitlements to enable applications for Excess Shares to be settled through CREST. Qualifying CREST Shareholders should note that, although the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities. Neither the Open Offer Entitlement nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements and the relevant Open Offer Entitlements be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlements claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlements credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Offer Shares by Qualifying Shareholders under the Open Offer exceed 35,924,258 Offer Shares, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement and from whom payment in full for the excess Offer Shares has been received, will receive a pounds sterling amount equal to the number of Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable following the

completion of the scale back, without payment of interest and at the applicant's sole risk by way of cheque or CREST payment, as appropriate. Fractions of Offer Shares will be aggregated and made available under the Excess Application Facility.

The total number of Offer Shares 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 that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned at to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

**All enquiries in connection with the procedure for applications under the Excess Application Facility and your Excess CREST Open Offer Entitlement should be addressed to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by contacting the Capita Assets Services shareholder helpline on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.**

(l) *Effect of valid application*

A CREST member who makes or is treated as making a valid application for some or all of his *pro rata* entitlement to the Offer Shares in accordance with the above procedures thereby:

- (i) represents and warrants to the Company and Cenkos Securities that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees 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 Agents' 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 to the Company the amount payable on application);
- (iii) agrees with the Company and Cenkos Securities that all applications under the Open Offer and contracts resulting therefrom, and non-contractual obligations related thereto, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms to the Company and Cenkos Securities that in making the application he is not relying on any information or representation in relation to the Company 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 such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);
- (v) represents and warrants that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements;

- (vi) represents and warrants to the Company and Cenkos Securities that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
  - (vii) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the articles of association of the Company from time to time;
  - (viii) represents and warrants to the Company and Cenkos Securities that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States of America or any other Restricted Jurisdiction and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Offer Shares which are the subject of his application to, or for the account or benefit of, a person who is in the United States or who is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of the United States of America or any other Restricted Jurisdiction (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its sole and absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor any person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Open Offer;
  - (ix) confirms that the Offer Shares have not been offered to the applicant by the Company, Cenkos Securities, any of their respective affiliates or any person acting on any of their behalves by means of any “directed selling efforts”, as defined in Regulation S under the Securities Act, or “general solicitation” or “general advertising”, within the meaning of Rule 502(c) under the Securities Act;
  - (x) confirms that he is acquiring the Offer Shares from the Company in an “offshore transaction”, as defined in Regulation S under the Securities Act;
  - (xi) represents and warrants that he is not, and nor is he 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 sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
  - (xii) confirms that in making the application he is not relying and has not relied on Cenkos Securities or any person affiliated with the Company or Cenkos Securities in connection with any investigation of the accuracy of any information contained in this document or his investment decision.
- (m) *Company’s discretion as to the rejection and validity of applications*  
The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 3 “Terms and Conditions of the Open Offer”;
  - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
  - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Receiving Agents receive a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agents have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
  - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event

that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agents in connection with CREST.

(n) *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 7 March 2017 or such later time and date as the Company and Cenkos Securities may agree (being no later than 8.00 a.m. on 21 March 2017), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agents will refund the amount paid by Qualifying CREST Shareholders by way of a CREST payments, without interest, as soon as practicable thereafter.

#### 4. Money Laundering Regulations

##### 4.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agents may require, at their absolute discretion, verification of the identity of the person 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 the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agents. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the Receiving Agents to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Offer Shares as is referred to therein (for the purposes of this paragraph 4 the “**relevant Offer Shares**”) and shall thereby be deemed to agree to provide the Receiving Agents with such information and other evidence as they may require to satisfy the verification of identity requirements.

If the Receiving Agents determine that the verification of identity requirements apply to any acceptor or application, the relevant Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agents are entitled, in their absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agents nor the Company 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 in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agents have not received evidence satisfactory to them as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque was drawn.

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

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.91/308/EEC));

- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the Offer Shares is less than €15,000 (approximately £12,500).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to Capita Registrars Limited Re: Collagen Solutions plc – Open Offer A/C in respect of an application by a Qualifying Shareholder 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 details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force, the agent should provide with the Application Form written confirmation that it has that status and a written assurance 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 the Receiving Agents. If the agent is not such an organisation, it should contact Capita Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If an Application Form is in respect of Offer Shares with an aggregate subscription price of the sterling equivalent of €15,000 (approximately £12,500) or more and is lodged by hand by the acceptor in person, or if the Application Forms in respect of Offer Shares is lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 2 March 2017, the Receiving Agents have not received evidence satisfactory to them as aforesaid, the Receiving Agents may, at their discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the payee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

#### **4.2 Open Offer Entitlements in CREST**

If you hold your Open Offer Entitlement and Excess CREST Open Offer Entitlement in CREST and apply for Offer Shares in respect of some or all of your Open Offer Entitlement and Excess CREST Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agents are obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agents before sending any USE instruction or other instruction so that appropriate measures may be taken.

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

## **5. Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on 6 March 2017. Applications will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. Subject to the Placing and Open Offer becoming unconditional in all respects (save only as to Admission), it is expected that Admission will become effective and that dealings in the Offer Shares, fully paid, will commence at 8.00 a.m. on 7 March 2017.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11 a.m. on 2 March 2017 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company.

On 15 February 2017, the Receiving Agents will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders with such Qualifying CREST Shareholders' entitlements to Offer Shares with effect from Admission. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agents in connection with CREST. Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of the Offer Shares to the CREST stock account nor any other written communication by the Company in respect of the issue of the Offer Shares.

For Qualifying non-CREST Shareholders who have applied by using an Application Form, share certificates for the Offer Shares validly applied for are expected to be despatched by post within 10 business days of Admission. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of Offer Shares by Qualifying non-CREST Shareholders will be certified against the UK share register of the Company. All documents or remittances sent by, to, from or on behalf of applicants, or as they may direct, will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 3.1 above and their respective Application Form.

## **6. No public offering outside the United Kingdom**

The Company has not taken or will not take any action in any jurisdiction that would permit a public offering of Existing Ordinary Shares in any jurisdiction where action for the purpose is required, other than the United Kingdom.

## 7. Overseas Shareholders

The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### 7.1 General

**The distribution of this document and the Application Form and the making or acceptance of the Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to apply for Offer Shares under the Open Offer.**

No action has been or will be taken by the Company, Cenkos Securities or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application forms relating to the Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in any jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Due to restrictions under the securities laws of the Restricted Jurisdictions and certain commercial considerations, Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons who are located or resident in or who have registered addresses in the United States or any other Restricted Jurisdiction, or their agent or intermediary, except where the Company and Cenkos Securities are satisfied, in their respective sole and absolute discretions, that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any applicable registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Offer Shares under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

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

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer any Open Offer Entitlements or any Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Offer Shares in respect of the Open Offer unless the Company determines, in its sole and absolute discretion, that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements and/or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 3 "Terms and Conditions of the Open Offer" and specifically the contents of this paragraph 7.

The Company and Cenkos Securities reserve the right to treat as invalid any application or purported application for Offer Shares that appears to the Company and Cenkos Securities or their agents to have been executed, effected or dispatched from the United States or any other Restricted Jurisdiction, by a person who has a registered address in the United States or any other Restricted Jurisdiction, or on behalf of such a person by his or her agent or intermediary, or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company and Cenkos Securities or their agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or any other Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this document or the relevant Application Form, the Company and Cenkos Securities reserve the right to permit any person to apply for Offer Shares in respect of the Open Offer if the Company and Cenkos Securities, in their absolute discretion, are satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Offer Shares should note that payment must be made in sterling denominated cheques or, where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST. Due to restrictions under the securities laws of the United States and the other Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. No public offer of Offer Shares is being made by virtue of this document or the Application Forms into the United States or any other Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in the Restricted Jurisdictions and in those other jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## **7.2 United States**

The Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Offer Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no Offer Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Offer Shares and wishing to hold such Offer Shares in registered form must provide an address for registration of the Offer Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Offer Shares, that they are not, and that at the time of acquiring the Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States.

The Company and Cenkos Securities reserves the right to treat as invalid any Application Form that appears to the Company and Cenkos Securities or their agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located or resident in the United States and is not acquiring the Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Offer Shares in the United States or where the Company and Cenkos Securities believe acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Offer Shares to any person with an address in, or who is otherwise located or resident in, the United States in whose favour an Application Form or any Offer Shares may be transferred. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Offer Shares. In addition, until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the and Open Offer) may violate the registration requirements of the Securities Act.

## **7.3 Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exceptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements. The Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer or invitation to apply for Offer Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

#### **7.4 Other overseas territories**

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the other Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Offer Shares in respect of the Open Offer.

#### **7.5 Representations and warranties relating to Overseas Shareholders**

##### **(a) *Qualifying Non-CREST Shareholders***

Any person completing and returning an Application Form or requesting registration of the Offer Shares comprised therein represents and warrants to the Company, Cenkos Securities and the Receiving Agents that, except where proof has been provided to the Company's satisfaction, in its sole and absolute discretion, that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Offer Shares from within the United States or any other Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Offer Shares in respect of the Open Offer 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 or resident within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Offer Shares with a view to offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Offer Shares into any of the above territories. The Company and/or the Receiving Agents may treat as invalid any acceptance or purported acceptance of the allotment of Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or another Restricted Jurisdiction, by a person who has a registered address in the United States or any other Restricted Jurisdiction, or on behalf of such a person by his or her agent or intermediary, or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or another Restricted Jurisdiction for delivery of the share certificates of Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph (a).

##### **(b) *Qualifying CREST Shareholders***

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part 3 "Terms and Conditions of the Open Offer" represents and warrants to the Company and Cenkos Securities that, except where proof has been provided to the Company's satisfaction, in its sole and absolute discretion, that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither he or she nor his or her client is within the United States or any other Restricted Jurisdiction; (ii) neither he or she nor his or her client is in any territory in which it is unlawful to make or accept an offer to acquire Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located or resident within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither he or she nor his or her client is acquiring any Offer Shares with a view the offer, sale, resale, transfer, delivery or distribute, directly or indirectly, any such Offer Shares into any of the above territories.

## **7.6 Waiver**

The provisions of this paragraph 7 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its sole and absolute discretion with the prior written approval of Cenkos Securities. Subject to this, the provisions of this paragraph 7 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 7 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 7 shall apply to them jointly and to each of them.

## **8. Times and Dates**

The Company shall, in agreement with Cenkos Securities and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange, and make an announcement on a Regulatory Information Service but Qualifying Shareholders may not receive any further written communication.

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

## **9. Taxation**

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser. It is not anticipated that VCT/EIS relief will be available in respect of the Offer Shares.

## **10. Further information**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

## **11. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form. By taking up Offer Shares, by way of their Open Offer Entitlements and the Excess Application Facility (as applicable), in accordance with the instructions set out in this document and, where applicable, 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 4

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part 4 “Questions and Answers about the Open Offer” are intended to be in general terms only and, as such, you should read Part 3 “Terms and Conditions of the Open Offer” of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser. **The Open Offer is not being extended into the United States or in any Restricted Jurisdiction where such offer is not permitted pursuant to applicable securities laws.**

This Part 4 deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 7 of Part 3 “Terms and Conditions of the Open Offer” of this document and you should take professional advice as to whether you are eligible for, and/or whether you need to observe any formalities to enable you to take up, your Open Offer Entitlement. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part 3 “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 Ordinary Shares are in certificated or uncertificated form, please call the Receiving Agents Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

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

#### 1. What is an open offer?

An open offer is a way for companies to raise money. Companies usually do this by giving their existing Shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. In this instance Shareholders will also be offered the opportunity to apply for additional shares in excess of their entitlement to the extent that other Qualifying Shareholders do not take up their entitlement in full. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire up to an aggregate of 35,924,258 new Ordinary Shares at a price of 5 pence per share. If you hold Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located or resident in the United States, or another Restricted Jurisdiction, you will likely be entitled to buy Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Offer Share for every 5 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Offer Share and your entitlement will be rounded down to the nearest whole number. The Offer Price of 5 pence per Offer Share represents a discount of approximately 11.1 per cent. to the closing middle-market price quotation as derived from the Daily Official List of the London Stock Exchange of 5.625 pence per Ordinary Share on 13 February 2017 (being the latest practicable date prior to the date of this document).

The Excess Application Facility allows Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements. Applications made under the Excess Application Facility may be allocated in such manner as the Directors may determine in their absolute discretion in consultation with Cenkos Securities, if applications are received from Qualifying Shareholders for

more than the available number of Offer Shares and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor Open Offer Entitlements can themselves be traded. Shareholders will not be able to apply for any Placing Shares which are the subject of the Placing.

**2. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?**

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address or located or resident in the United States or any other Restricted Jurisdiction, then you will likely be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 14 February 2017 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange).

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

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

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

Subject to certain exceptions, if you have a registered address in the United States or any other Restricted Jurisdiction, you will not receive an Application Form.

If you would like to apply for any of or all of the Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be returned, along with a cheque drawn in the appropriate form, by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 2 March 2017, after which time Application Forms will not be valid.

**4. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?**

**(a) If you do not want to take up your Open Offer Entitlement**

If you do not want to take up the Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Offer Shares. You will also not receive any money when the Offer Shares you could have taken up are sold, as would happen under a rights issue.

You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Offer Shares to which you are entitled by 11.00 a.m. on 2 March 2017, the Company has made arrangements under which it has agreed to issue those Offer Shares to other Qualifying Shareholders under the Excess Application Facility.

If you do not take up your Open Offer Entitlement then, following the issue of the Offer Shares pursuant to the Open Offer, your interest in the Company will be significantly diluted. Even if a Qualifying Shareholder subscribes for the basic entitlement under the Open Offer, their proportionate economic interest will be diluted by the issue of New Ordinary Shares pursuant to the Excess Application Facility and the Placing.

**(b) If you want to take up some but not all of your Open Offer Entitlement**

If you want to take up some but not all of the Offer Shares to which you are entitled, you should write the number of Offer Shares you want to take up in Boxes 6 and 8 of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write ‘25’ in Boxes 6 and 8. To work out how much you

need to pay for the Offer Shares, you need to multiply the number of Offer Shares you want (in this example, '25') by £0.05, which is the price in pounds of each Offer Share (giving you an amount of £1.25 in this example). You should write this amount in Box 9, rounding up to the nearest whole pence and this should be the amount your cheque is made out for. You should then return the completed Application Form, together with a cheque for that amount, by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 2 March 2017, after which time Application Forms will not be valid. If you post your Application Form by first class post, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque made payable to "Capita Registrars Limited Re: Collagen Solutions plc – Open Offer A/C" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agents to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Offer Shares that you take up. Your definitive share certificate for Offer Shares is expected to be despatched to you by no later than 21 March 2017.

**(c) If you want to take up all of your Open Offer Entitlement**

If you want to take up all of the Offer Shares to which you are entitled, all you need to do is send the Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque for the amount (as indicated in Box 5 of your Application Form), by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by hand (during normal office hours only) so as to be received by them by no later than 11:00 a.m. on 2 March 2017, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque made payable to Capita Registrars Limited Re: Collagen Solutions plc – Open Offer A/C and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agents to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Offer Shares that you take up. Your definitive share certificate for Offer Shares is expected to be despatched to you by no later than 21 March 2017.

**(d) If you want to apply for more than your Open Offer Entitlement**

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Offer Shares under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. You should write the number of Offer Shares comprised in your Open Offer Entitlement (as indicated in Box 4 of the Application Form) in Box 6 and write the number of Excess Shares for which you would like to apply in Box 7. You should then add the totals in Boxes 6 and 7 and insert the total number of Offer Shares for which you would like to apply in Box 8. For example, if you have an Open Offer Entitlement for 50 Offer Shares but you want to apply for 75 Offer Shares in total, then you should write '50' in Box 6, '25' in Box 7 and '75' in Box 8. To work out how much you need to pay for the Offer Shares, you need to multiply the number of Offer Shares you want (in this example, '75') by £0.05, which is the price in pounds sterling of each Offer Share (giving you an amount of £3.75 in this example). You should write this amount in Box 9. You should then return your Application Form by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 2 March 2017, after which time Application Forms will not be valid. If you post your application form by first class post, you should allow at least four Business Days for delivery.

If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, the Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion in consultation with Cenkos. No assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

A definitive share certificate will then be sent to you for the Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Offer Shares is expected to be despatched to you, at your own risk, by no later than 21 March 2017.

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

CREST members should follow the instructions set out in Part 3 "Terms and Conditions of the Open Offer" of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of (i) the number of Offer Shares which they are entitled to acquire under the their Open Offer Entitlement and (ii) how to apply for Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility provided they choose to take up their Open Offer Entitlement in full and should contact them should they not receive this information.

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

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

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 10 February 2017 and who have converted them to certificated form;
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 10 February 2017 but were not registered as the holders of those shares at the close of business on 10 February 2017; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Receiving Agents Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### **7. Can I trade my Open Offer Entitlement?**

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Offer Shares for which an application has not been 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 Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it. The Offer Shares are not being underwritten.

#### **8. What if I change my mind?**

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agents, you cannot withdraw your application or change the number of Offer Shares for which you have applied, except in the very limited circumstances which are set out in this document.

#### **9. What if the number of Offer Shares to which I am entitled is not a whole number; am I entitled to fractions of Offer Shares?**

If the number is not a whole number, you will not receive a fraction of an Offer Share and your entitlement will be rounded down to the nearest whole number.

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

If you hold Existing Ordinary Shares in the Company directly and you sell some or all of your Existing Ordinary Shares before 10 February 2017, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Offer Shares under the Open Offer. However, notwithstanding the above, you should not contact the buyer if he is located or resident in, is a citizen of, or has a registered office in a Restricted Jurisdiction. If you sell any of your Existing Ordinary Shares on or after 10 February 2017, you may still take up and apply for the Offer Shares as set out on your Application Form.

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

Completed Application Forms should be returned with a cheque drawn in the appropriate form. All payments must be in pounds sterling and made by cheque made payable to Capita Registrars Limited Re: Collagen Solutions plc – Open Offer A/C and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-

hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

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

If you decide not to apply for any of the Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

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

You should send your completed Application Form together with the monies in the appropriate form, by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by hand (during normal office hours only). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. If you do not want to take up or apply for Offer Shares then you need take no further action.

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

The Receiving Agents must receive the Application Form by no later than 11.00 a.m. on 2 March 2017, after which time Application Forms will not be valid. 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.

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

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to the CREST Courier and Sorting Service in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

**16. I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?**

It is expected that the Receiving Agents will post all new share certificates by 21 March 2017.

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

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

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

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

**19. What should I do if I live or am located outside the United Kingdom?**

Your ability to apply to acquire Offer Shares may be affected by the laws of the country in which you live or are located and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located or resident in the United States or any other Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 7 of Part 3 "Terms and Conditions of the Open Offer" of this document.

**20. Further assistance**

Should you require further assistance please call the Receiving Agents Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider.

Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded.

# Collagen Solutions plc

*(Incorporated in England & Wales under the Companies Act 2006 with registered number 8446337)*

## Notice of General Meeting

Notice is hereby given that a general meeting of Collagen Solutions plc (the “**Company**”) will be held at the offices of Shepherd and Wedderburn LLP, 1 West Regent Street, Glasgow G2 1RW at 2.00 p.m. on 6 March 2017 to consider and, if thought fit, pass the following resolutions, resolution 1 of which will be proposed as an ordinary resolution and resolution 2 of which will be proposed as a special resolution:

### ORDINARY RESOLUTION

1. THAT:

- (A) the directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum nominal amount of £1,597,242.57 in connection with the proposed placing and open offer of shares in the Company as described in the shareholder circular of the Company dated 14 February (the “**Circular**”) and any accompanying subscription for shares in the Company by any director(s) as described in the Circular;
- (B) in addition to the authority contained in sub-paragraph (A) of this resolution, the directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, up to a maximum nominal amount of £80,000 in satisfaction of the Company’s obligations to the vendors of Collbio Limited under the acquisition agreement dated 9 December 2013;
- (C) in addition to the authorities contained in sub-paragraphs (A) and (B) of this resolution, the directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, up to a maximum nominal amount of £67,670.44 in respect of the grant and in satisfaction of Warrants granted by the Company pursuant to a warrant instrument dated on or around the date of the Circular (the “**Warrant Instrument**”);
- (D) in addition to the authorities contained in sub-paragraphs (A), (B) and (C) of this resolution, the directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, up to a maximum nominal amount of £1,011,404.29;
- (E) in addition to the authorities contained in sub-paragraphs (A), (B), (C) and (D) of this resolution, the directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, comprising equity securities (within the meaning of section 560(1) of the Companies Act 2006 (the “**Act**”) up to a maximum nominal amount of £1,011,404.29 in connection with a Pre-Emptive Offer undertaken by way of a rights issue;
- (F) the authorities given in this resolution:
  - i. are given pursuant to section 551 of the Act and shall be in substitution for all pre-existing authorities under that section; and
  - ii. unless renewed, revoked or varied in accordance with the Act, shall expire at the end of the Annual General Meeting of the Company to be held in 2017 (unless previously revoked, varied or renewed by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry; and

- (G) for the purpose of this resolution, “Pre-Emptive Offer” means an offer of equity securities to:
- i. holders of ordinary shares (other than the Company) on a fixed record date in proportion to their respective holdings of such shares; and
  - ii. other persons entitled to participate in such offer by virtue of, and in accordance with, the rights attaching to any other equity securities held by them,
- in each case, subject to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractional entitlements or legal, regulatory or practical problems under the laws or the requirements of any regulatory body or stock exchange of any territory or otherwise.

## **SPECIAL RESOLUTION**

2. THAT:

- (A) subject to the passing of resolution 1 set out in the notice of general meeting dated 14 February 2017 (the “Allotment Authority”), the directors be given power pursuant to section 570 of the Companies Act 2006 (the “Act”) to allot equity securities (within the meaning of section 560(1) of the Act) for cash, pursuant to the Allotment Authority as if section 561(1) of the Act did not apply to any such allotment, provided that such power shall be limited to the allotment of equity securities:
- i. in the case of paragraph (A) of the Allotment Authority, the allotment of equity securities in connection with the proposed placing and open offer of shares in the Company as described in the Circular and any accompanying subscription for shares in the Company by any director(s) as described in the Circular;
  - ii. in the case of paragraph (B) of the Allotment Authority, the allotment of equity securities in connection with the satisfaction of the Company’s obligations pursuant to the acquisition of Collbio Limited;
  - iii. in the case of paragraph (C) of the Allotment Authority, the allotment of equity securities pursuant to the Warrant Instrument;
  - iv. in the case of paragraph (D) of the Allotment Authority, the allotment of equity securities in connection with a Pre-Emptive Offer (as defined in the Allotment Authority) or otherwise than in connection with a Pre-Emptive Offer, up to a maximum amount of £303,421.28;
  - v. in the case of paragraph (E) of the Allotment Authority, the allotment of equity securities in connection with a Pre-Emptive Offer undertaken by means of a rights issue, and
- (B) the power given in this resolution shall be in substitution for all pre-existing powers under section 570 of the Act; and unless renewed in accordance with the Act, shall expire at the same time as the Allotment Authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry.

Dated: 14 February 2017

*Registered Office:*  
Shepherd and Wedderburn LLP  
Condor House  
10 St. Paul’s Churchyard  
London  
EC4M 8AL

For and on behalf of the Board

Gillian Black C.A  
*Company Secretary*

## SHAREHOLDER NOTES

### Appointment of proxy

Any shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies (who need not be shareholders) to attend the General Meeting and speak and vote instead of the shareholder. If more than one proxy is appointed each proxy must be appointed to exercise rights attached to different shares. Appointment of a proxy will not preclude a shareholder from attending and voting in person at the General Meeting.

In order for a proxy form to be valid, it must be completed and signed and returned to the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4ZF so they receive it no later than 2.00 p.m. (UK time) on 2 March 2017.

A shareholder wishing to appoint multiple proxies should contact the Shareholder Helpline below to obtain additional proxy forms. Alternatively you may wish to photocopy your proxy form. It will be necessary for the shareholder to indicate on each separate proxy form the number of shares in relation to which each proxy is authorised to act.

### Appointment of proxy using CREST

CREST members may appoint a proxy through CREST by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

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's specifications and must contain the information required for such instructions, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so that they are received by the Company's registrars (ID RA10) by 2.00 p.m. (UK time) on 2 March 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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. Any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or procure the taking of) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### Corporate representatives

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 provided that they do not do so in relation to the same shares.

### Record date

To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at close of business on 10 February 2017 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

## **Shareholder helpline**

Shareholders who have general queries about the General Meeting or need additional proxy forms should call Capita Asset Services on +44 (0)371 664 0321. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales (no other methods of communication will be accepted). Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## **Statement of capital and voting rights**

As at 13 February 2017 (being the latest practical date prior to publication of this document), the Company's issued share capital consisted of 179,621,290 Ordinary Shares and 500,000 deferred shares of £0.09 each (which do not confer on the holders thereof any right to attend vote and speak at general meetings of the Company). Accordingly, the total voting rights in the Company as at 13 February 2017 were 179,621,290.

## **Other matters**

Shareholders may not use any electronic address provided in either this notice of General Meeting or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

A copy of the Company's articles of association, and copies of all contracts of service and letters of appointment of the Directors of the Company, are available for inspection at the Company's registered office at Shepherd and Wedderburn LLP, Condor House, 10 St. Paul's Churchyard, London, EC4M 8AL during normal business hours on any weekday (weekends and public holidays excluded) until the close of the General Meeting and at the place of the meeting for at least 15 minutes prior to and during the General Meeting.

A copy of this notice, and other information required by section 311A of the Act, can be found at [www.collagensolutions.com](http://www.collagensolutions.com).

## **Explanatory notes to the Notice of General Meeting**

### **Resolution 1 – authority to allot shares**

The purpose of this Resolution is to provide the directors with the authority to allot shares. Section 551 of the Companies Act 2006 provides that the directors may not allot new shares (other than for employee share schemes) without shareholder approval. The Resolution proposes that authority be granted in substitution of the existing authority: (i) to allot shares pursuant to the Placing and Open Offer (sub-paragraph (A) of the Resolution), (ii) to allot shares in satisfaction of the Company's obligations to the vendors of Collbio Limited under the acquisition agreement dated 9 December 2013 (sub-paragraph (B) of the Resolution) and (iii) to grant the Warrants referred to in the Circular (sub-paragraph (C) of the Resolution). In addition, sub-paragraph (D) of the Resolution proposes that authority be granted up to a maximum amount of £1,011,404.29, representing approximately one-third of the Company's Ordinary Share capital immediately following Admission (assuming for these purposes that no Offer Shares are issued). In addition, sub-paragraph (E) of the Resolution proposes that further authority be granted to allot securities in connection with a fully pre-emptive rights issue up to a maximum amount of £1,011,404.29, representing approximately one-third of the Company's Ordinary Share capital immediately following Admission (assuming for these purposes that no Offer Shares are issued) – the benefit to the Company of obtaining such authority is that it would allow the Company to implement a rights issue of an amount equal to two-thirds of the issued Ordinary Share capital without the need to call an additional general meeting which would shorten the implementation timetable of such a rights issue. The Directors have no present intention of exercising the authorities being sought pursuant to sub-paragraphs (D) and (E) of the Resolution. These authorities will expire at the end of the 2017 annual general meeting, unless previously cancelled or varied by the Company in general meeting.

### **Resolution 2 – disapplication of pre-emption rights**

Section 561(1) of the Companies Act 2006 provides that (subject to certain exceptions) if the directors wish to allot any equity securities for cash, they must first be offered to existing shareholders in proportion to their existing shareholdings. The purpose of the Resolution is to allow

the directors to allot equity securities for cash as if section 561(1) of the Companies Act 2006 does not apply: (i) in connection with the Placing and Open Offer, the arrangements with the vendors of Collbio Limited, the grant of the Warrants, and rights issues, open offers and other pre-emption offers in accordance with the authorities set out in Resolution 1 and (ii) otherwise up to a total amount of £303,421.28 representing approximately 10% of the Company's Ordinary Share capital immediately following Admission (assuming for these purposes that no Offer Shares are issued). These authorities will expire at the end of the 2017 annual general meeting, unless previously cancelled or varied by the Company in general meeting.

