

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. The whole text of this document should be read. Investment in the Company is speculative and involves a high degree of risk.**

This document is an AIM admission document prepared in accordance with the AIM Rules for Companies in connection with the proposed admission to trading of the Ordinary Shares on AIM. This document contains no offer to the public within the meaning of the FSMA and, accordingly, it does not comprise a prospectus for the purposes of the Prospectus Regulation Rules and has not been approved by or filed with the Financial Conduct Authority.

The Company and the Directors (whose names appear on page 8 of this document) accept responsibility for the information contained in this document including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and 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 contains no omission likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Company and the Directors are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Application has been made for the Enlarged Issued Share Capital to be admitted to trading on AIM. It is emphasised that no application has been made or is being made for admission of the Enlarged Share Capital to the Official List of the FCA. The Ordinary Shares are not traded on any recognised investment exchange and no application has been or is intended to be made for the Enlarged Share Capital to be admitted to trading on any such market. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 25 November 2020.

**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 FCA. 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. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

The attention of investors is drawn to the risk factors set out in Part II of this document. Notwithstanding this, prospective investors should read the whole text of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

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## Kistos Plc

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 12949154)*



**Placing of 23,150,000 Ordinary Shares at 100 pence per share  
Subscription of 8,600,000 Ordinary Shares at 100 pence per share  
and**

**Admission to trading on AIM**

*Nominated Adviser and Broker*

**Panmure Gordon**  
AND COMPANY

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**The attention of investors is drawn to the risk factors set out in Part II of this document. Notwithstanding this, prospective investors should read the whole text of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.**

The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 25 November 2020.

Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company as nominated adviser in connection with the Fundraising and Admission and as broker in connection with the Placing and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Panmure Gordon, or for advising any other person in connection with the Fundraising or Admission. The responsibility of Panmure Gordon, as the Company's nominated adviser, is owed solely to the London Stock Exchange and is not owed to the Company or the Directors or any other person. No representation or warranty, express or implied, is made by Panmure Gordon or any of its directors, officers, partners, employees, agents or advisers as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by Panmure Gordon or any of its directors, officers, partners, employees, agents or advisers for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended ("US Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States, Australia, Canada, Japan or the Republic of South Africa or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa or any person located in the United States. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. Without limiting the generality of the foregoing, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States, or who is otherwise a "U.S. Person" as defined in Regulation S under the US Securities Act. There will be no public offer of Ordinary Shares in the United States. Outside of the United States, the Ordinary Shares are being offered in reliance on Regulation S promulgated under the US Securities Act. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States or any of its territories or possessions unless in accordance with applicable law.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the Company's registered office and at the offices of Panmure Gordon at One New Change, London EC4M 9AF from the date of this document and for a period of at least one month from Admission. A copy of this document is also available on the Company's website, [www.kistosplc.com](http://www.kistosplc.com)

## IMPORTANT NOTICE

Investors should take independent advice and should carefully consider the section of this document headed “Risk Factors” before making any decision to purchase Ordinary Shares.

Investment in the Ordinary Shares will involve significant risks due to gearing and the inherent illiquidity of the underlying investments and should be viewed as a long term investment. The Ordinary Shares may not be suitable for all recipients or be appropriate for their personal circumstances. You should carefully consider in the light of your financial resources whether investing in the Company is suitable for you. An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

Panmure Gordon has been appointed as nominated adviser and broker to the Company. In accordance with the AIM Rules, Panmure Gordon has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Panmure Gordon for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

### **Notice to prospective investors in the United Kingdom**

This document is being distributed in the United Kingdom where it is directed only at, (i) persons having professional experience in matters relating to investments i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “FPO”); (ii) high net worth entities falling within Article 49 of the FPO; and (iii) persons to whom it is otherwise lawful to distribute it without any obligation to issue a prospectus approved by competent regulators. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and in any event, under no circumstances should persons of any other description rely on or act upon the contents of this document.

### **Notice to prospective investors in the EEA**

In relation to each member state of the EEA other than the United Kingdom (each, a “Member State”), no Ordinary Shares have been offered or will be offered pursuant to the Fundraising to the public in that Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Member State, or in accordance with the Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

- (1) to any legal entity which is a qualified investor as defined in Article 2(e) of the Prospectus Regulation;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) in such Member State; or
- (3) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Fundraising Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this provision, the expression “an offer to the public” in relation to any offer of Ordinary Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for those Ordinary Shares.

## **Notice to US investors**

THE ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR ANY US STATE SECURITIES LAWS. THE SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT) UNLESS THE ORDINARY SHARES ARE REGISTERED UNDER THE US SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT IS AVAILABLE. THE COMPANY HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT").

The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any US state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Ordinary Shares will be offered and sold outside the United States to non-US Persons pursuant to the requirements of Regulation S under the US Securities Act ("Regulation S"). The Ordinary Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to US Persons except in accordance with the restrictions and procedures set forth in Part IV of this document entitled "Terms and Conditions of the Placing".

## **Data protection**

The information that a prospective investor provides in documents in relation to a purchase of Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by the Company (and any third party to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about products and services, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales and elsewhere (as required); and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company's business.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by a member of the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data are disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing

any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

### **Forward Looking Statements**

Certain statements contained in this document constitute forward-looking statements. When used in this document, the words may, would, could, will, intend, plan, anticipate, believe, seek, propose, estimate, expect, and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. These statements are primarily contained in Part I of this document. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to vary from those described in this document. Should one or more of these risks or uncertainties materialise, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this document as intended, planned, anticipated, believed, proposed, estimated or expected.

The forward looking statements in this document are based on current expectations and intentions and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Certain risks to the Company are specifically described in Part II of this document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove to be incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward looking statements. These forward looking statements are stated as at the date of this document. Neither the Directors nor the Company undertake any obligation to update forward looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority whether as a result of new information, future events or otherwise.

### **Notice to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Panmure Gordon will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

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## FUNDRAISING STATISTICS

Placing Price	100 pence
Number of Existing Ordinary Shares	8,500,000
Number of Placing Shares	23,150,000
Number of Subscription Shares	8,600,000
Number of New Ordinary Shares	31,750,000
Enlarged Issued Share Capital	40,250,000
Percentage of Enlarged Issued Share Capital represented by the New Ordinary Shares	78.88%
Gross proceeds of the Fundraising receivable by the Company	£31.75 million
Estimated net proceeds of the Fundraising receivable by the Company	£30.20 million
Market capitalisation of the Company following Admission at the Placing Price	£40.25m
TIDM	KIST
International Security Identification Number (ISIN)	GB00BLF7NX68
SEDOL	BLF7NX6
LEI	2138007DT1E5GTTVON57

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2020</i>
Publication of this document	19 November
Admission and dealings expected to commence in the Ordinary Shares on AIM	8.00 a.m. on 25 November
CREST accounts credited with New Ordinary Shares issued pursuant to the Fundraising (where applicable)	8.00 a.m. on 25 November
Definitive share certificates in respect of the New Ordinary Shares issued pursuant to the Fundraising dispatched by post (where applicable)	2 December

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### Notes:

1. References to time in this document are to London time unless otherwise stated.
2. Each of the times and dates set out above and mentioned elsewhere in the document may be subject to change at the absolute discretion of the Company and Panmure Gordon without further notice.

## DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors:</b>	Andrew Austin ( <i>Non-Executive Chairman</i> ) Richard Benmore ( <i>Non-Executive Director</i> ) Julie Barlow ( <i>Independent Non-Executive Director</i> ) Alan Booth ( <i>Independent Non-Executive Director</i> )
<b>Company Secretary:</b>	OHS Secretaries Limited 9 <sup>th</sup> Floor 107 Cheapside London EC2V 6DN
<b>Registered Office:</b>	9th Floor 107 Cheapside London EC2V 6DN
<b>Website address:</b>	<a href="http://www.kistosplc.com">www.kistosplc.com</a>
<b>Nominated Adviser and broker:</b>	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
<b>Legal adviser to the Company:</b>	Orrick, Herrington & Sutcliffe (UK) LLP 107 Cheapside London EC2V 6DN
<b>Legal adviser to the Nominated Adviser:</b>	K&L Gates LLP One New Change London EC4M 9AF
<b>Auditors and Reporting Accountants:</b>	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
<b>Registrar:</b>	LINK Asset Services Limited 34 Beckenham Road Beckenham Kent BR3 4TU

## DEFINITIONS

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

<b>2006 Act</b>	the Companies Act 2006
<b>Acquisition</b>	any initial acquisition by the Company or by any subsidiary thereof (which may be in the form of a merger, capital stock exchange, asset acquisition, stock purchase, scheme of arrangement, reorganisation or similar business combination) of an interest in an operating company or business in the hydrocarbon sector (including upstream or downstream opportunities, energy infrastructure or energy assets) as described in paragraph 3 of Part I of this document (and, in the context of the Acquisition, references to a company without reference to a business and references to a business without reference to a company shall in both cases be construed to mean both a company or a business)
<b>Admission</b>	the admission of the Enlarged Issued Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
<b>Affiliated Persons</b>	means any undertaking in respect of which any person: (a) has a majority of the shareholders' or members' voting rights; (b) is a shareholder or member and at the same time has the right to appoint or remove a majority of the members of its board of directors; (c) is a shareholder or member and alone controls a majority of the shareholders' or members' voting rights pursuant to an agreement entered into with other shareholders or members; or (d) has the power to exercise, or actually exercises, dominant influence or control. For these purposes, a person's rights as regards voting, appointment or removal shall include the rights of any other affiliated person and those of any person or entity acting in his own name but on behalf of that person or of any other affiliated person.
<b>AIM</b>	a market operated by the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
<b>AIM Rules for Companies</b>	the AIM Rules for Companies issued by the London Stock Exchange governing admission to and the operation of AIM, as amended or re-issued from time to time
<b>AIM Rules for Nominated Advisers</b>	the AIM Rules for Nominated Advisers issued by the London Stock Exchange setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or re-issued from time to time
<b>Articles</b>	the articles of association of the Company, further details of which are set out in paragraph 3 of Part IV of this document
<b>Company or Kistos</b>	Kistos plc, a company incorporated in England with registered number 12949154
<b>Concert Party</b>	certain of the Existing Shareholders of the Company, further information on which is set out in paragraph 15 of Part I of this document
<b>CREST</b>	the computerised settlement system to facilitate the transfer of title to or interests in securities in uncertificated form, operated by Euroclear

<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
<b>Directors or Board</b>	the directors of the Company whose names are set out on page 2 of this document
<b>DTR</b>	the Disclosure Guidance and Transparency Rules published by the FCA
<b>E&amp;P</b>	exploration and production
<b>Enlarged Issued Share Capital</b>	the enlarged issued share capital of the Company upon Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
<b>Euroclear</b>	Euroclear UK and Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
<b>Existing Ordinary Shares</b>	the 8,500,000 Ordinary Shares in issue as at the date of this document
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom
<b>FCA Rules</b>	the FCA Handbook of Rules and Guidance
<b>FSMA</b>	the Financial Services and Markets Act 2000
<b>Fundraising</b>	means the Placing and the Subscription
<b>HMRC</b>	HM Revenue and Customs
<b>Initial Fundraise</b>	the issue of the Pre-IPO Subscription Shares at a price of 50p per share to the Subscribers
<b>Investing Policy</b>	the investing policy of the Company described in paragraph 4 of Part I of this document
<b>Lock-In Agreements</b>	the lock-in and orderly marketing agreements between the Company, Panmure Gordon and each of the Locked-In Persons, details of which are set out in paragraph 9.4 of Part IV of this document
<b>Locked-In Persons</b>	Richard Benmore, Alan Booth and Andrew Austin
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>MAR</b>	the EU Market Abuse Regulation (596/2014)
<b>M&amp;A</b>	mergers and acquisitions
<b>MiFID II</b>	Markets in Financial Instruments Directive II
<b>MMboe</b>	millions barrels of oil equivalent
<b>New Ordinary Shares</b>	the Placing Shares and the Subscription Shares
<b>Official List</b>	the Official List of the FCA
<b>Ordinary Shares</b>	ordinary shares of £0.10 each in the capital of the Company
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Panmure Gordon</b>	Panmure Gordon (UK) Limited, nominated adviser and broker to the Company
<b>Placees</b>	those persons acquiring or subscribing for Placing Shares at the Placing Price
<b>Placing</b>	the conditional placing by Panmure Gordon, as agent for the Company, of the Placing Shares at the Placing Price, pursuant to the terms of the Placing Agreement

<b>Placing Agreement</b>	the conditional agreement dated 19 November 2020 and made between the Company (1), the Directors (2) and Panmure Gordon (3) relating to the Placing, details of which are set out in paragraph 9.1 of Part IV of this document
<b>Placing Price</b>	100 pence per new Ordinary Share
<b>Placing Shares</b>	23,150,000 new Ordinary Shares to be issued pursuant to the Placing
<b>Pre-IPO Subscription Shares</b>	the 8,499,000 Ordinary Shares issued to the Subscribers at a price of 50p per share to raise initial capital of £4,249,500 for the Company
<b>Prospectus Regulation</b>	Prospectus Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA under Part VI of the FSMA (as amended) (Prospectus Regulation Rules Instrument 2019 (FCA 2019/80#))
<b>Registrar</b>	LINK Asset Services Limited
<b>Reserves</b>	reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status
<b>Reverse Takeover</b>	an acquisition or acquisitions in a 12 month period which satisfy any of the criteria in Rule 14 of the AIM Rules for Companies
<b>RockRose</b>	RockRose Energy plc
<b>Shareholder(s)</b>	holders of Ordinary Shares
<b>Significant Shareholder</b>	any person with a holding of three per cent. or more of the issued Ordinary Shares
<b>Small cap or SME</b>	businesses and companies which have an enterprise value typically not exceeding £50 million
<b>Subscribers</b>	the persons who have entered into Subscription Letters with the Company
<b>Subscription</b>	the subscription for the Subscription Shares by the Subscribers at the Placing Price
<b>Subscription Letters</b>	the letter agreements between the Subscribers and the Company relating to the Subscription
<b>Subscription Shares</b>	the 8,600,000 new Ordinary Shares to be subscribed by the Subscribers at the Placing Price pursuant to the Subscription Letters
<b>Takeover Code</b>	the City Code on Takeovers and Mergers, administered by the Panel
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>uncertificated or in uncertificated form</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST

**US Securities Act**

the United States Securities Act of 1933, as amended

**VAT**

UK value added tax

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**Note:** Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

# PART I

## INFORMATION ON THE COMPANY

### 1. INTRODUCTION

Kistos is a closed-ended investment company incorporated in England and Wales on 14 October 2020. The Company has been established with the objective of creating value for its investors through acquisition and management of companies or businesses in the energy sector. Upon Admission the Company will be an “investing company” for the purposes of the AIM Rules. “Kistos” (Greek) is a genus of flowering plants in the rockrose family “Cistaceae”, containing about 20 species (Ellul et al. 2002). They are perennial shrubs found on dry or rocky soils. With the Kistos genus being hardy plants the Board considers the Company’s name to be reflective of the principles underlying its Investing Policy and strategy.

The Company will be led by Andrew Austin in his role as Non-Executive Chairman, and Richard Benmore, Julie Barlow and Alan Booth in their roles as non-executive directors.

The members of the Board intend to use their extensive collective experience and successful track records in the energy sector to identify and complete acquisitions and generate value through operational improvements.

### 2. TRACK RECORD OF THE BOARD

Andrew Austin served as Executive Chairman of RockRose Energy plc (“RockRose”) from 2016 until 2020, delivering a 42x return<sup>1</sup> to shareholders through a strategy of counter-cyclical acquisitions of legacy / non-core assets in the North Sea and wider UK oil and gas sector. RockRose carried out two funding rounds, raising a total of £13 million. It returned to shareholders £297.6 million through distributions, dividends, share buybacks and ultimately a sale for cash consideration. RockRose was sold to Viaro Energy Limited in August 2020 at a price per share of £18.50, representing a premium to the prevalent share price on the day prior to announcement of 64 per cent..

Richard Benmore B.Sc, M. Sc, Ph.D, a former non-executive director of RockRose until its acquisition by Viaro Energy Limited, has 35 years’ experience in the Oil and Gas industry in a variety of roles. He started his career as a petroleum geologist before moving into various commercial, business development and E&P managerial positions. Laterly he also managed Nexen’s unconventional projects in the U.K. and Poland and was a board member of Nexen Exploration U.K..

Julie Barlow joined the Pentex Group of companies in 1999 as Financial Controller. As a result of a MBO in 2003, she was retained as Group Financial Controller and Company Secretary. In 2005 the Star Energy Group acquired the Pentex Group and Julie was promoted, initially to Financial Controller and then Managing Director of the Production Division. In 2008 the Star Energy Group became part of the PETRONAS Global Group of Companies. In 2011, the Production Division of the Star Energy Group was acquired by IGas Energy PLC. Since 2017, Julie has been an independent contractor, latterly working with RockRose, supporting its M&A capability and integration of acquisitions.

Alan Booth has 30 years’ experience in oil and gas exploration. He is currently a director of Storegga Geotechnologies, which champions and delivers carbon storage (CCS), hydrogen and other subsurface renewable projects in the UK and internationally. Between 2013 and 2018, Alan was a non-executive director of Ophir Energy plc, an Official List company, becoming CEO in May 2018. In this role, he led Ophir through its £391 million recommended offer from Ophir Medco Energi Global PTE Limited, which completed in May 2019. Previously, Alan was founder and CEO of EnCore Oil plc, an AIM-listed oil and gas exploration company, and was the founder and director of EnCounter Oil Ltd. Alan holds a BSc in Geology from the University of Nottingham and MSc. DIC. In Petroleum Geology from the Royal School of Mines, Imperial College. He is a former president of the UK Offshore Operators Association (UKOOA) and was a director of the Oil and Gas Independents Association (OGIA) between 2006 and February 2020.

RockRose’s success was driven by the team’s ability to acquire assets in the upstream oil and gas and power sector at low costs, in accordance with a stated business plan, integrate those assets

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1. Calculated on the basis of the position of an investor in the original RockRose IPO subscribing for the ordinary shares at a price of 50 pence, recurring dividends and capital terms totalling £2.35 per share and exit consideration at £18.50 per share.

and to drive economic value from the assets under RockRose management. A summary of the assets acquired by RockRose set out below.

Name of asset acquired and completion date	Consideration and key terms	Reserves acquired	Comments
<b>Idemitsu, December 2017</b>	\$29.7 million <sup>(1)</sup>	Interests of between 6.8% and 50% of 10 North Sea oil fields operated by Shell, Repsol and Premier, including the Blake and Ross fields.  9.7MMboe	Significant cash balances held by the acquired entities established validity of business plan.  Competent Persons Report for assets acquired, completed in March 2019, showed Reserves from this asset increasing to 12.5MMboe. The increase is attributable principally to the extension of anticipated cessation of production at Blake and Ross fields from 2024 to 2029.
<b>Dyas, October 2018</b>	€107 million <sup>(1)</sup>	Netherlands gas and condensate producing assets of the Dyas group of companies. 13.0MMboe	Diversified geography and product type, through addition of significant gas interests and interests in the Netherlands.
<b>Arran, October 2018</b>	Nominal value	30.4% of Arran oil field in the North Sea.  5.7MMboe	Extent of acquisition increased from 20.4% to 30.4% during negotiations.  Acquisition of a development project (rather than late-life) assets, with the potential for a full operating and production life, compared to the assets the subject of prior acquisitions and hence diversified future production cycle.  CPR increased Reserves to 9.5MMboe in March 2019.
<b>Marathon, July 2019</b>	\$140 million <sup>(1)</sup>	37%-40% operated interests in fields in the Greater Brae Area, 28% interest in the BP plc operated Foinaven Field unit and a 47% interest in Foinaven East.  28.4MMboe	Delivered further scale and credibility of the company in the North Sea and Dutch Continental Shelf, preparing the company for exit.  The acquisition of the interests in fields in the Greater Brae Area represented RockRose's first move to operatorship

(1) Idemitsu, Dyas and Marathon transaction considerations included significant net working capital adjustments, which resulted in cash inflows to RockRose

The RockRose directors and management team were able to derive economic value through the active management of acquired assets. The lives of many wells were extended, leading to the deferral of de-commissioning costs. In turn, the timing of abandonment expenditure was significantly extended and enhanced by infill drilling, which increased production and reserves. All assets were successfully integrated, including the move to operatorship through the Marathon acquisition.

The Arran acquisition was delivered very quickly in response to a change of circumstances and the priorities of the seller (Dana Petroleum), demonstrating the flexibility of the management team.

The effect of the strategy for RockRose shareholders is set out below:

<b>Date</b>	<b>Event</b>	<b>Price per share</b>	<b>Funds raised (gross) (£m)</b>	<b>Funds returned to shareholders (£m)</b>
January 2016	IPO, £5 million raised	50p	5.0	
July 2017	Secondary equity issue, £8 million raised	150p	8.0	
January 2018	Return of capital	150p		23.0
November 2018	Tender offer, 20% of equity (95% subscribed)	560p		16.4
September 2019	Interim dividend	60p		7.9
May 2020	Final dividend	25p		3.3
August 2020	Sale to Viaro Energy	1850p		247.0
<b>Total</b>			<b>13.0</b>	<b>297.6</b>

Whilst past performance can be no guarantee of future success or outcomes, the Directors believe that opportunities still exist in the current difficult economic climate for an appropriately experienced management team with broad industry contacts to:

- identify undervalued assets in the wider energy related sector;
- bring to those assets the benefits of structural change and efficiency; and potentially
- to repurpose certain of those assets.

### **3. INVESTMENT OPPORTUNITY**

The Directors believe that an opportunity exists to create a new AIM investing company focused initially on offshore and onshore hydrocarbon production, energy storage, infrastructure and energy generation projects. The targeted geographies are the UK and Continental Europe. The investment strategy is to acquire assets with a role in energy transition with an execution strategy of pursuing a rigorous approach to asset selection and active forward-looking stewardship. The strategy is reflective of and builds upon the experience of the Board in the sector to date and also encompasses areas and opportunities which the Board see as having future potential including asset repurposing in the context of the “Net Zero 2050” agenda, originally formulated by the European Climate Foundation and now adopted by the UK Government through a number of strategies which have been adopted by the executive arms of Government, including the UK Oil and Gas Authority.

The Directors fully embrace the “Net Zero 2050” and energy transition agenda. They believe this will create opportunities, because many exploration, production and infrastructure companies are yet to substantially respond or adapt to the issues raised. The Directors also believe that the consequences of this transition may lead to a number of industry players choosing to exit the area, which may create opportunities for the Company.

#### **Investment Objectives and Strategy**

In assessing Acquisition opportunities, the Directors will identify and evaluate entities owning licence interests, licence assets, physical infrastructure assets or generation capacity which have the potential for rapid development but have not been the subject of meaningful investment to date or where there is scope for operational turnaround. Such opportunities exist in a number of circumstances including, in the onshore arena, licence interests that may have been acquired for alternative development; interests which may have been acquired due to geographical or geological proximity to licences already held; or where the existing owner may be prioritising other portfolio

assets, making those assets non-core to current activities. In the offshore sector the Directors believe that there are opportunities to acquire and build diversified operations made up of cash generative, non-operating interests in circumstances where existing owners are seeking to rationalise portfolios of wider interests, particularly in circumstances where the global decline in hydrocarbon prices combined with a change in the focus of regional governing bodies has forced such owners to review and rationalise the scale and scope of their operations.

The Directors consider that the Company has the expertise to develop assets which may have been de-prioritised in the past due to planning and access complexities. The Directors may target corporate entities where they believe that the potential value of the licence interests and/or potential Reserves are not reflected in the value attributed to that entity by public markets. The Directors intend to assess such opportunities using their combined expertise and knowledge of the sector in conjunction with all available geological data and the services of expert resource engineers and consultants as part of conducting diligence on Acquisition opportunities.

The Directors are aware of the changes in working practises that have been accelerated as a consequence of the COVID-19 pandemic. Consequently the Company will adopt, from the outset, a flexible approach to physical offices and meeting places and will ensure that IT and other systems are in-place to ensure this is effective. The Directors believe that this will not only equip the Company for the current environment but will also, in the longer term, be attractive to potential employees, reduce G&A expenses and consequentially improve Shareholder returns while reducing the Company's carbon footprint.

The Company has initially identified (by way of appraising the proposed strategy and the opportunity) several potential target transactions which the Directors believe could be completed in the near term. Of these potential transactions, the Directors believe that several may be capable of rapid execution with minimal initial cash outlays, thereby allowing the Company's cash resources to be employed in the rapid development of its operational assets. The Directors have made these assessments on the basis of information in the public domain only and accordingly there can be no guarantee or expectation that any owners of any particular asset(s) would be receptive to an approach from the Company. The strategy and the opportunity accordingly remain speculative and untested at the current time.

The Directors believe that there is increasing appetite in the power industry for domestic gas production opportunities and power response projects. This is against a background where traditional junior exploration and production companies are finding little private capital support for smaller scale stand-alone projects. The Directors have noted with some interest, recent merger activity in the power generation sector and the emergence of opportunistic corporate consolidation as a means to develop incremental generation capacity and efficiencies.

Following completion of any Acquisition, the objective of the Company will be to operate the acquired business and implement an operating strategy with a view to generating value for its Shareholders. This may be achieved through either, or both of: operational improvements; and/or complementary acquisitions. The Directors will maintain a focus on cash generation and ultimately a progressive dividend policy.

The Company's efforts in identifying a prospective target company or business in the upstream and downstream hydrocarbon production and power sector will not be limited to a particular geographic region and, whilst the focus will initially be on the UK and Continental Europe assets and the Continental Shelf, it is possible that an Acquisition with compelling potential may be found in Continental Europe, Ireland or the Scandinavian region.

The Company has not engaged or retained any agent or other representative to identify or locate any suitable Acquisition candidate, to conduct any research or take any measures, directly or indirectly, to locate or contact a target company or business. To date, the Company's efforts have been limited to organisational activities as well as activities related to the Fundraising. The Company may subsequently seek to raise further capital following any Acquisition to allow the expedited development of the assets acquired if there are commercially compelling reasons to do so.

The Company's financial resources will be invested in either a small number of projects or one large investment. In either case it is highly likely that any transaction in which the Company acquires non-investment assets will be deemed to be a Reverse Takeover under the AIM Rules. In

all cases, the Directors intend to mitigate risk by undertaking appropriate due diligence and transaction analysis. Any transaction constituting a Reverse Takeover under the AIM Rules will also require Shareholder approval.

The Directors expect that as Acquisitions are made, and new Acquisition opportunities arise, further equity funding of the Company will be required.

#### 4. INVESTING POLICY

The Company will seek to achieve its investment objectives and strategy by taking an active approach in investments made in line with the following Investing Policy:

- **Geographic focus:** initially the Company's principal focus will be on the UK and Continental Europe and the Continental Shelf, although it is possible that an Acquisition with compelling potential may be found in Continental Europe, Ireland or the Scandinavian region.
- **Sector focus:** the Company intends to focus on the hydrocarbon sector (including upstream and downstream opportunities), energy infrastructure and energy assets capable of repurposing in the context of Energy Transition and "Net Zero 2050".
- **Proposed targets:** the proposed Acquisitions to be made by the Company may be licence applications, direct interests in energy linked assets, quoted or unquoted companies, made by acquisition of assets or companies, partnerships, farm-ins or joint ventures.
- **Types of investment and control of investments:** the Company will acquire control of one or more working interests, assets, businesses or companies on a long-term basis. The Company will generally seek to take control of any investment in order to have the freedom to control strategic direction and, where necessary, manage change. The Company's strategy is to manage and develop the assets that it acquires which is generally difficult to achieve effectively without clear control. The Board may consider issuing additional Ordinary Shares as acquisition consideration to vendors of working interests, assets, or businesses as appropriate. In such an instance, the Board would expect to manage the dilutive effect of any such issue of additional Ordinary Shares carefully and it is unlikely that the Board would consider such a course of action in circumstances where the exiting vendor(s) might obtain any degree of control of the Company.
- **Investment size:** it is envisaged that the Company's target Acquisitions will have an enterprise value of £20-£100 million, which, if necessary, will be funded through further equity issuance and debt to appropriate and prudent levels.
- **Nature of returns:** it is anticipated that returns to Shareholders will be delivered through a combination of an appreciation in the Company's share price and, at an appropriate time, through the adoption of a progressive dividend policy which will be linked to the strategy objective of a strong focus on cash flow generation.

Any material change to the Investing Policy will be made only with the approval of Shareholders.

The Directors believe that the Investing Policy can be substantially implemented within 18 months of Admission. If this is not achieved, the Company, in accordance with the AIM Rules for Companies, will seek the consent of Shareholders for its Investing Policy or any changes thereto at the next annual general meeting of the Company and on an annual basis thereafter, until such time that its Investing Policy has been substantially implemented. If it appears unlikely that the Investing Policy will be substantially implemented, the Directors may consider returning the remaining proceeds from the Fundraising to Shareholders.

Given the nature of the Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of its net asset value.

#### 5. INVESTMENT PROCESS

The Directors will initially be responsible for sourcing the Company's investments. Andrew Austin and Richard Benmore have undertaken, pursuant to the terms of their appointment letters, that they will offer all business opportunities coming to them or offered to them personally, which are within the scope of the Investing Policy, to the Company.

The Company proposes to establish a comprehensive and thorough project review process in which all material aspects of a potential project will be subjected to rigorous due diligence:

- Deal flow – potential opportunities will initially be sourced through the Directors’ contacts in the industry.
- Region/location analysis – research will be conducted to understand the fundamentals of each project.
- Financial analysis – a thorough financial analysis will be undertaken where reasoned assumptions are made and economics scoped.
- Reserves analysis – reserves and resources for each project will be carefully assessed in advance of independent due diligence.
- Capital markets view – consideration will be given to investors’ expectations.
- Independent due diligence – where appropriate, all projects will be subject to a competent person’s report in accordance with the AIM Note for Mining and Oil and Gas Companies.
- NOMAD consultation – the Company will consult with its nominated adviser.
- Board approval – all investments must be approved by the Board.

## **6. REASONS FOR ADMISSION AND USE OF PROCEEDS**

The Company has conditionally raised net proceeds of approximately £31.75 million pursuant to the Fundraising, which are intended to be used to make Acquisitions in line with the Company’s Investing Policy and to provide working capital for the growth and development of the Company’s business.

The Directors believe that Admission will have the following benefits:

- quoted shares may be an attractive form of consideration to vendors of potential target Acquisition companies;
- the profile and corporate governance of an AIM-listed company should enhance the Company’s reputation with potential target Acquisition companies; and
- AIM may provide access to substantial equity funding from investors to support future Acquisitions.

## **7. DIRECTORS**

The Board comprises four Non-Executive Directors. The Directors are ultimately responsible for managing the Company’s business in accordance with its Articles and assessing the appropriateness of its Investment Policy and strategy. The Directors also have overall responsibility for the Company’s activities, including its Acquisition activities, and reviewing the performance of the Company’s Acquisitions. Initially the Board will comprise Andrew Austin, as Non-Executive Chairman and Richard Benmore, Julie Barlow and Alan Booth as Non-Executive Directors, details of each of whom are set out below.

Upon completion of the first Acquisition, the composition of the Board will be reviewed to ensure it remains appropriate for the Company. It is expected that a chief executive officer and a chief financial officer will join the Board at this time such that the constitution of the Board will reflect the profile of the Company and prevailing corporate governance standards.

The Directors have been assembled to provide the Company with the necessary contacts and combination of operational, strategic financial and M&A experience and depth of sector experience that will be key to the Company’s success.

The Directors are as follows:

### **Andrew Austin – Non-Executive Chairman (aged 55)**

Mr Austin served as Executive Chairman of RockRose from 2016 until 2020, delivering a 42x return to shareholders through a strategy of counter-cyclical acquisitions of legacy / non-core assets in the North Sea and wider UK oil sector. RockRose was sold to Viaro Energy in August 2020 at a price per share of £18.50, representing a premium to the prevalent share price of 64 per cent.. Prior to

RockRose, Andrew jointly founded IGas Energy PLC ("IGas") in 2004 and developed it to become the leading onshore hydrocarbon producer in the UK, delivering natural gas and crude oil to Britain's energy market. Andrew left IGas in 2015, having delivered partnerships with Total, GDF and Ineos. Prior to his tenure at IGas, Mr Austin spent six years in management and consulting roles with clean tech companies including Generics Group and Whitfield Solar. Mr Austin spent 17 years working in investment banking in the City of London with Merrill Lynch, Nomura, Citibank and Barclays Capital.

**Richard Benmore B.Sc, M. Sc, Ph.D – Non-Executive director (aged 62)**

Richard Benmore has 35 years' experience in the Oil and Gas industry with Conoco, Oryx Energy, Nimir Petroleum, EnCana, Nexen Petroleum and IGas. Richard has held a variety of roles starting his career as a petroleum geologist before moving into various commercial, business development and E&P managerial positions. He recently managed Nexen's unconventional projects in the U.K. and Poland and was a board member of Nexen Exploration U.K.. Richard was a non-executive director of RockRose.

**Julie Barlow – Non-Executive director and chair of audit committee (aged 54)**

Julie Barlow joined the Pentex Group of companies in 1999 as Financial Controller. As a result of a MBO in 2003, she was retained as Group Financial Controller and Company Secretary. In 2005 the Star Energy Group acquired the Pentex Group and Julie was promoted, initially to Financial Controller and then Managing Director of the Production Division. In 2008 the Star Energy Group became part of the PETRONAS Global Group of Companies. In 2011, the Production Division of the Star Energy Group was acquired by IGas. Since 2017, Julie has been an independent contractor, latterly working with RockRose, supporting its M&A capability and integration of acquisitions. She is a chartered management accountant.

**Alan Booth – Non-Executive director (aged 62)**

Alan Booth has 30 years' experience in oil and gas exploration. He is currently a director of Storegga Geotechnologies, which champions and delivers carbon storage (CCS), hydrogen and other subsurface renewable projects in the UK and internationally. Between 2013 and 2018, Alan was a non-executive director of Ophir Energy plc, an Official List company, becoming CEO in May 2018. In this role, he led Ophir through its £391 million recommended offer from Ophir Medco Energi Global PTE Limited, which completed in May 2019. Previously, Alan was founder and CEO of EnCore Oil plc, an AIM-listed oil and gas exploration company and was the founder and director of EnCounter Oil Ltd. Alan holds a BSc in Geology from the University of Nottingham and MSc. DIC. in Petroleum Geology from the Royal School of Mines, Imperial College. He is a former president of the UK Offshore Operators Association (UKOOA) and was a director of the Oil and Gas Independents Association (OGIA) between 2006 and February 2020.

## **8. THE FUNDRAISING AND THE CAPITAL STRUCTURE**

The Company has raised £31.75 million (before expenses), conditional on Admission, by way of a Placing of the Placing Shares and the Subscription of the Subscription Shares, in each case at the Placing Price.

Panmure Gordon has conditionally agreed to use its reasonable endeavours to place, as agent for the Company, the Placing Shares, which will represent 57.52 per cent. of the Enlarged Share Capital, at the Placing Price.

Prior to the Placing the Company has raised approximately £4,250,000 from Andrew Austin, Richard Benmore and certain other individuals, who, in most cases were also early stage investors in RockRose (the "Initial Fundraise"). The Initial Fundraise involved the issue of 8,499,000 Ordinary Shares at a price of 50p per share conditional upon each Subscriber agreeing to invest twice the monetary value of their participation in the Initial Fundraise in the Fundraising on the same terms as the Placees in the Placing. In addition Richard Benmore has agreed to invest a further £100,000 at the Placing Price. Accordingly the Subscribers will invest a further £8,600,000 at the Placing Price on the terms of the Subscription Letters.

Andrew Austin has subscribed for 1,500,000 Placing Shares in the Placing and Alan Booth has subscribed for 200,000 Placing Shares in the Placing. In addition, Panmure Gordon has participated

in the Placing in the amount of £1,175,745, being the aggregate of the commission and corporate finance fees payable under the Placing Agreement.

The Company's capital structure has no warrants, convertibles, share options, other founder incentive ratchets or other complex and/or dilutory instruments. Accordingly, the Directors consider the capital structure to be simple and transparent for Shareholders.

The New Ordinary Shares (being the Placing Shares and the Subscription Shares) will represent 78.88 per cent. of the Enlarged Issued Share Capital.

The gross proceeds of the Fundraising are expected to be £31,750,000 and the net cash proceeds to the Company of the Fundraising (after deduction of expenses estimated in total at approximately £1.55 million (excluding VAT)) are expected to be £30.20 million.

The Placing and the Subscription are conditional, *inter alia*, on Admission occurring on or by 25 November 2020. The New Ordinary Shares allotted pursuant to the Placing and the Subscription will (following issue) rank *pari passu* in all respects with the Existing Ordinary Shares.

The Placing Shares are not being offered generally in the UK or elsewhere and no applications have or will be accepted other than under the terms of the Placing Agreement and the terms and conditions of the Placing set out in Part V of this document. It is expected that the proceeds of the Placing due to the Company will be received by it soon after Admission.

The New Ordinary Shares will be issued in registered form. The register of members of the Company will be maintained by the Registrar. It is expected that, subject to the satisfaction of the conditions of the Placing and the Subscription, the New Ordinary Shares will be registered in the name of the Placee or Subscriber subscribing for or acquiring them and issued or, in the case of Placees, transferred either:

- in CREST, where the Placee so elects and only if the Placee is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for or purchased expected to take place on 25 November 2020; or
- otherwise, in certificated form, with the relevant share certificate expected to be despatched by post at the risk of the Placee by 2 December 2020.

Notwithstanding the election by Placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittances sent by or to Placees or as they may direct will be sent through the post at their risk.

Pending despatch of definitive share certificates or crediting of CREST stock accounts (as applicable), the Registrar will certify any instrument of transfer against the Company's register of members.

Further details of the Placing Agreement and the Subscription Letters are set out in paragraphs 9.1 and 9.6 of Part IV of this document.

## **9. ADMISSION, SETTLEMENT AND CREST**

Application has been made to the London Stock Exchange for all of the Ordinary Shares, issued and to be issued pursuant to the Fundraising, to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Ordinary Shares on 25 November 2020.

The Ordinary Shares will have the ISIN number GB00BLF7NX68, with SEDOL BLFNX6. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form.

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes. Shareholders who

wish to receive and retain share certificates are able to do so and share certificates representing the Ordinary Shares to be issued pursuant to the Fundraising are expected to be despatched by post to such Shareholders by no later than 2 December 2020, at the Shareholders' own risk.

## **10. REPORTS AND FINANCIAL STATEMENTS**

Since the date of its incorporation the Company has not yet commenced operations and it has no material assets or liabilities, and therefore no financial statements have been prepared as at the date of this document.

As the Company is an acquisition vehicle, it does not propose to publish its net asset value other than through the publication of its accounts.

## **11. BORROWINGS AND TREASURY**

### *Borrowings*

The Directors are of the opinion that the Company will have, following the Fundraising, sufficient funds to provide working capital for the Company's initial operations in line with its corporate strategy as set out in this document until it acquires investments or early stage assets, at which time debt and/ or additional equity financing may well be required.

### *Treasury*

Cash held by the Company pending investment in accordance with the Investing Policy will be managed by the Company in accordance with the Company's treasury policy and placed in bank deposits with major global financial institutions, in order to protect the capital value of the Company's cash assets.

## **12. DIVIDEND POLICY**

The Company's current intention is to retain any earnings for use in its business operations, and the Company does not anticipate declaring any dividends before the making of an Acquisition. The Company intends to pay dividends on the Ordinary Shares following any Acquisition at such times (if any) and in such amounts (if any) as the Board determines appropriate in its absolute discretion but commensurate with the objective to focus on cash flow generation. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

## **13. CORPORATE GOVERNANCE**

The Directors are committed to maintaining a high standard of corporate governance and intend to comply with those aspects of the UK Corporate Governance Code which they consider appropriate, taking into account the size of the Company and the nature of its business.

Full details of how the Company intends to comply with the UK Corporate Governance Code, from Admission, are set out in Part III – Corporate Governance – of this document.

## **14. LOCK-IN AND ORDERLY MARKET ARRANGEMENTS**

The Locked-In Persons who at Admission will hold in aggregate 14,800,000 Ordinary Shares (representing approximately 36.77 per cent. of the Enlarged Issued Share Capital), have undertaken, save in limited circumstances, not to dispose of any of their interests in Ordinary Shares (including Ordinary Shares that they may acquire) at any time prior to the first anniversary of Admission.

In addition, in order to ensure an orderly market in the Ordinary Shares: (i) the Locked-In Persons have further undertaken, in respect of themselves and each of their connected persons, that for a further period of 12 months thereafter they will not (subject to certain limited exceptions) deal or otherwise dispose of any such interests other than through Panmure Gordon (or such other broker appointed by the Company from time to time); and (ii) the Subscribers (other than the Locked-In Persons) have undertaken, in respect of themselves and each of their connected persons, that for a period of 12 months following Admission they will not (subject to certain limited exceptions) deal or otherwise dispose of any of their interests in the Ordinary Shares other than through Panmure Gordon (or such other broker appointed by the Company) from time to time.

Further details of the Lock-In Agreements and Orderly Market Undertakings are set out in paragraph 9.4 of Part IV of this document.

## 15. CONCERT PARTY

Certain of the Subscribers are considered to be acting in concert with each other in relation to the Company for the purposes of the Takeover Code following Admission (the "Concert Party").

Immediately following Admission and assuming the placing of all of the Placing Shares and the issue of all the Subscription Shares, members of the Concert Party will hold, in aggregate, 18,200,000 Shares, representing approximately 45.22 per cent. of the Enlarged Issued Share Capital.

The Concert Party members and their respective holdings are detailed below:

<b>Concert Party Member</b>	<b>No. of Shares held in the Company upon Admission</b>	<b>Per cent. of Enlarged Share Capital</b>
Andrew Austin (Director)*	13,500,000	33.54%
Richard Benmore (Director)	1,100,000	2.73%
Peter Mann (CEO at RockRose)	1,200,000	2.98%
Soujan Basra (family relation of Mr Austin)	200,000	0.5%
Mark Osborne (close friend of Mr Mann)	600,000	1.49%
Brendon McDonough (close friend of Mr Austin)	400,000	0.99%
Giles Fitzpatrick (former shareholder of RockRose and principal at Hannam & Partners (former adviser to RockRose))	400,000	0.99%
Ian Hannam (former shareholder of RockRose and principal at Hannam & Partners (former adviser to RockRose))	400,000	0.99%
Rupert Fane (former shareholder of RockRose and principal at Hannam & Partners (former adviser to RockRose))	400,000	0.99%
	<u>18,200,000</u>	<u>45.22%</u>

\* 6,000,000 Ordinary Shares are held by Mr Austin and 7,500,000 Ordinary Shares are held within his self-invested personal pension scheme.

## 16. THE CITY CODE ON TAKEOVERS AND MERGERS

The Company is a public company incorporated in England and Wales and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the Takeover Code applies to the Company.

The Takeover Code governs, *inter alia*, transactions which may result in a change of control of a company to which the Takeover Code applies. Under Rule 9.1 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person will, except with the consent of the Panel, be required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, Rule 9.1 of the Takeover Code also provides that when any person, together with persons acting in concert with him is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Panel, such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the Takeover Code, to the holders of any class of equity capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

Where any person who, together with persons acting in concert with him, holds shares carrying more than 50 per cent. of the voting rights of a company, and such person or any person acting in concert with him, acquires any further shares carrying voting rights, the concert party as a whole will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, though Rule 9 of the Takeover Code would remain applicable to individual members of a concert party who would not be able to increase their percentage interests in the voting rights of such company through or between Rule 9 thresholds without Panel consent.

The Takeover Code defines persons “acting in concert” as comprising persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. “Control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control. A person and each of its Affiliated Persons will be deemed to be acting in concert with each other. The Takeover Code sets out a non-exhaustive list of persons who will be presumed to be acting in concert with other persons in the same category unless the contrary is established.

## **17. TAXATION**

Information regarding UK taxation is set out in paragraph 13 of Part IV of this document. That information is intended only as a general guide to the current tax position under UK law. **If you are in any doubt as to your tax position, you should contact your independent professional adviser.**

## **18. ADDITIONAL INFORMATION**

You should read the whole of this document which provides information on the Company and Fundraising and not rely on summaries or individual parts only. Your attention is drawn to Part II of this document which contains certain risk factors relating to any investment in the Company and to Part IV of this document which contain further additional information on the Company.

## Part II

### RISK FACTORS

**An investment in Ordinary Shares involves a high degree of risk. Accordingly, before making a final decision prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. No assurance can be given that Shareholders will realise a profit or will avoid a loss on their investment.**

The Board has identified the following risks which it considers to be the most significant for potential investors in the Company. The risks referred to below do not purport to be exhaustive and are not set out in any particular order of priority and potential investors should review this document carefully in its entirety and consult with their professional advisers before acquiring Ordinary Shares.

If any of the following events identified below occur, the Company's business, financial condition, capital resources, results and/or future operations and prospects could be materially adversely affected. In that case, the market price of the Ordinary Shares could decline and investors may lose part or all of their investment.

Additional risks and uncertainties not currently known to the Board or which the Board currently deem immaterial may also have an adverse effect on the Company's business. In particular, the Company's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements. An investment in Ordinary Shares described in this document is speculative. A prospective investor should consider carefully whether an investment in the Company is suitable in light of his, her or its individual circumstances and the financial resources available to him, her or it. If you are in any doubt about the action you should take, you should consult your independent financial adviser authorised under FSMA.

#### **RISKS RELATING TO THE COMPANY, THE COMPANY'S INVESTING POLICY AND ACQUISITIONS**

##### **Lack of trading history**

The Company has not, since incorporation, carried out any trading activities. Accordingly, as at the date of this document, the Company has no historical financial data upon which prospective investors may base an evaluation of the Company. The value of any investment in the Company is, therefore, wholly dependent upon the successful implementation of the Investing Policy described in paragraph four of Part I of this document. As such, the Company is subject to all of the risks and uncertainties associated with any newly established business enterprise including the risk that the Company will not achieve its acquisition objectives and that the value of an investment in the Company could decline and may result in the loss of capital invested. The past performance of companies, assets or funds managed by the Directors, or persons affiliated with them, in other ventures in a similar sector or otherwise, is not necessarily a guide to the future business, results of operations, financial condition or prospects of the Company. Investors will be relying on the ability of the Company and the Directors to identify potential Acquisition targets, evaluate their merits, conduct due diligence and negotiations.

##### **The Company's ability to complete an Acquisition**

The Company's future success is dependent upon its ability to not only identify opportunities but also to execute successful Acquisitions. There can be no assurance that the Company will be able to conclude agreements with any target business and/or shareholders in the future and failure to do so could result in the loss of an investor's investment. In addition, the Company may not be able to raise additional funds that may be required to acquire any target business and fund its working capital requirements in accordance with its Investing Policy.

In accordance with the AIM Rules for Companies, if the Company fails to make an acquisition or has not substantially implemented its Investing Policy within 18 months of Admission, the Company will seek Shareholder approval for its Investing Policy at each subsequent annual general meeting until such time as there has been an Acquisition or the Investing Policy has been substantially implemented. The Directors will, at any subsequent annual general meeting, ask Shareholders to consider whether to wind up the Company and return funds to Shareholders.

In such circumstances, there can be no assurance as to the particular amount or value of the remaining assets at such future time of any such distribution either as a result of costs from an unsuccessful acquisition or from other factors, including disputes or legal claims which the Company is required to pay out, the cost of the liquidation event and dissolution process, applicable tax liabilities or amounts due to third party creditors. Upon distribution of assets on a liquidation event, such costs and expenses will result in investors receiving less than the initial subscription price and investors who acquired Ordinary Shares after Admission potentially receiving less than they invested.

### **Identifying and acquiring suitable Acquisition targets**

Suitable Acquisition targets which generate acceptable returns may not always be readily available and there is no guarantee that the Company will be successful in sourcing suitable assets or making any investments. If the Company cannot identify and/or complete an Acquisition the Company may need to raise further working capital and/or consider winding up of the Company if it transpires that its Investing Policy is no longer viable.

The Company's initial and future Acquisition targets may be delayed or made at a relatively slow rate because, *inter alia*:

- the Company intends to conduct detailed due diligence prior to approving Acquisition targets;
- the Company may conduct extensive negotiations in order to secure and facilitate Acquisition targets;
- it may be necessary to establish certain structures in order to facilitate an Acquisition target;
- competition from other investors, market conditions or other factors may mean that the Company cannot identify attractive Acquisition targets or such Acquisition targets may not be available at the rate the Company currently anticipates;
- the Company may be unable to agree on acceptable terms;
- the Company may need to obtain Shareholder approval to issue additional Ordinary Shares to finance any Acquisition;
- the Company may be unable to raise bank finance or other sources of finance on terms the Directors consider reasonable; or
- the Company may need to raise further capital to make investments and/or fund the assets or businesses invested in, which may not be achieved.

To secure an Acquisition, working capital is required for general expenses and also for due diligence on any such Acquisition. These sums can be considerable depending on the nature and location of an Acquisition target. Should such funds be expended without securing an Acquisition, existing working capital will be denuded. If there are several such occurrences, more working capital may be required.

### **Material facts or circumstances may not be revealed in the due diligence process**

The Company intends to conduct such due diligence as it deems reasonably practicable and appropriate based on the facts and circumstances applicable to any potential Acquisition. The objective of the due diligence process will be to identify material issues which might affect the decision to proceed with any one particular Acquisition target or the consideration payable for an Acquisition. The Company also intends to use information revealed during the due diligence process to formulate its business and operational planning for, and its valuation of, any target company or business. Whilst conducting due diligence and assessing a potential Acquisition, the Company will rely on publicly available information, if any, information provided by the relevant target company to the extent such company is willing or able to provide such information and, in some circumstances, third party investigations.

There can be no assurance that the due diligence undertaken with respect to a potential Acquisition will reveal all relevant facts that may be necessary to evaluate such Acquisition, including the determination of the price the Company may pay for an Acquisition target, or to formulate a business strategy. Furthermore, the information provided during due diligence may be incomplete, inadequate or inaccurate. As part of the due diligence process, the Company will also make

subjective judgments regarding the results of operations, financial condition and prospects of a potential opportunity. If the due diligence investigation fails to correctly identify material issues, including current and future liabilities that may be present in a target company or business, or if the Company considers such material risks to be commercially acceptable relative to the opportunity, and the Company proceeds with an Acquisition, the Company may subsequently incur substantial impairment charges or other losses. In addition, following an Acquisition, the Company may be subject to significant, previously undisclosed liabilities of the acquired business that were not identified during due diligence and which could contribute to poor operational performance, undermine any attempt to restructure the acquired company or business in line with the Company's business plan and have a material adverse effect on the Company's financial condition and results of operations.

#### **Valuation error**

In assessing the consideration to be paid for an Acquisition, the Directors, amongst other things, expect to rely on market data, industry statistics and industry forecasts consisting of estimates compiled by industry professionals, organisations, analysts or publicly available information. Industry publications generally state that their information is obtained from sources they believe to be reliable but that the accuracy and completeness of such information is not guaranteed and that the forecasts or projections they contain are based on a number of significant assumptions. Although the Company intends to use sources that are believed to be reliable, it may not always have access to the underlying information, methodology and other bases for such information and may not have independently verified the underlying information and, therefore, cannot guarantee its accuracy and completeness. Accordingly, errors in any of the assumptions or methodology employed by a third party in preparing a report on which the Company may place reliance may materially adversely affect the Company's valuation and therefore returns on any Acquisition, business, results of operations, financial condition and prospects.

#### **Future investments may have an adverse effect on the Company's ability to manage its business**

If the Company is presented with appropriate opportunities, it may acquire complementary companies in the energy sector. Future Acquisitions would expose the Company to potential risks, including risks associated with the assimilation of new personnel, unforeseen or hidden liabilities, the diversion of management attention and resources from the Company's existing business and the inability to generate sufficient revenues to offset the costs and expenses of Acquisitions. Any difficulties encountered in the acquisition and integration process may have an adverse effect on the Company's ability to manage its business.

#### **Acquisitions of private companies are subject to a number of risks**

The Company may acquire privately held companies or assets that may:

- be highly leveraged and subject to significant debt service obligations, stringent operational and financial covenants and risks of default under financing and contractual arrangements, which may adversely affect their financial condition;
- have limited operating histories and smaller market shares than publicly held businesses making them more vulnerable to changes in market conditions or the activities of competitors;
- be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals; and/or
- require additional capital.

All or any of these factors may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

#### **The Company may not acquire total voting control of any target company or business**

The Company's intention is to acquire controlling interests in target businesses however it may be that opportunities to acquire controlling interests may not be possible either initially or at all. The Company does not intend to acquire portfolios of non-controlling interests but may invest where participation in targets may result in enhancing Shareholder value and where the participation of the Company in such targets is active rather than passive. Where non-controlling interests are secured

this may limit the Company's operational strategies and reduce its ability to enhance Shareholder value albeit the terms of such participation will be negotiated in such a manner as to entrench the Company's participative interest and value enhancement. In the event that the Company cannot acquire a controlling interest in the target business, this could result in an impairment to the Company's objective and acquisition, financing and business strategies which could have a material adverse effect on the continued development or growth of the acquired company or business.

In the event the Company acquires less than a 100 per cent. interest in a particular asset or entity, the remaining ownership interest will be held by third parties and the subsequent management and control of such an asset or entity may entail risks associated with multiple owners and decision-makers. Any such investment also involves the risk that third party owners might become insolvent or fail to fund their share of any capital contribution which might be required, which may then fall to the Company to fund. In addition, such third parties may have economic or other interests which are inconsistent with the Company's interests, or they may obstruct the Company's plans, or they may propose alternative plans. If such third parties are in a position to take or influence actions contrary to the Company's interests and plans, this may affect the ability of the Company to implement its strategies.

In addition, there is a risk of disputes between the Company and third parties who have an interest in the asset or entity in question. Any litigation or arbitration resulting from any such disputes may increase the Company's expenses and distract the Board from focusing its time to fulfil the strategy of the Company. The Company may also, in certain circumstances, be liable for the actions of such third parties.

### **The Company may face significant competition for acquisition targets**

There may be significant competition in some or all of the Acquisition targets that the Company may explore. Such competition may, for example, come from strategic buyers, market competitors, special purpose acquisition companies and public and private investment funds, many of which are well established and have extensive experience in identifying and completing acquisitions. A number of these competitors may possess greater technical, financial, human and other resources than the Company. The Company cannot assure investors that it will be successful against such competition. Such competition may cause the Company to be unsuccessful in executing an Acquisition or may result in a successful Acquisition being made at a significantly higher price than would otherwise have been the case which could materially adversely impact the business, financial condition, result of operations and prospects of the Company.

### **Need for additional funding**

Although a number of potential Acquisition opportunities have been identified, currently, there are no plans, arrangements or understandings with any prospective target company or business regarding an Acquisition and the Company cannot currently predict the amount of additional capital that may be required, once an Acquisition has been made, if the target is not sufficiently cash generative, further funds may need to be raised.

Although the Company intends to finance Acquisitions primarily through the issue of Ordinary Shares in the Company, if, following an Acquisition, the Company's cash reserves are insufficient; the Company may be required to seek additional equity financing. The Company may not receive sufficient support from its existing Shareholders to raise additional equity, and new equity investors may be unwilling to invest on terms that are favourable to the Company, or at all. In the event that the Company pursues debt financing as a means to obtain additional financing, it may be the case that lenders may be unwilling to extend debt financing to the Company on attractive terms, or at all. To the extent that additional equity or debt financing is necessary to complete an acquisition and remains unavailable or only available on terms that are unacceptable to the Company, the Company may be compelled either to restructure or abandon an acquisition, or proceed with an acquisition on less favourable terms, which may reduce the Company's return on the investment.

Even if additional financing is unnecessary to complete an Acquisition, the Company may subsequently require equity or debt financing to implement operational improvements in an acquired business. The failure to secure additional financing or to secure such additional financing on terms acceptable to the Company could have a material adverse effect on the continued development or growth of the acquired business.

## **Financing Risks**

Although the Company intends to finance any Acquisition through its cash reserves where possible, it may be the case that any such acquisition may be partially funded by Ordinary Shares or Ordinary Shares may not be an acceptable proposal to the selling party, and the Company may need to raise substantial additional capital in the future subsequent to the Fundraising to fund any Acquisition and capital expenditure and operating expenses will all be factors which will have an impact on the amount of additional capital required. Financing alternatives may include debt and additional equity financing, such as the issue of Ordinary Shares, which may be dilutive to Shareholders and in the event that the Company considered obtaining debt financing while widely available, this may involve restrictions on operating activities, future financing, acquisitions and disposals. If the Company is unable to obtain potential additional financing as and when needed, it could result in the Company requiring additional capital from shareholders.

## **Implementation Risk**

The Company currently has no assets producing positive cash flow and its ultimate success will depend on the Directors' ability to implement the strategy outlined in this admission document, generate cash flow from the Company's investments, and access equity and debt financing markets as the Company grows and develops. Whilst the Directors' are optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved.

## **Changes in Investing Policy may occur**

The Company's Investing Policy may be modified and altered from time to time with the approval of Shareholders, so it is possible that the approaches adopted to achieve the Company's objectives in the future may be different from those the Directors currently expect to use and which are disclosed in this document. Any such change could adversely impact the business, development, financial condition, results of operations and prospects of the Company.

## **The Company could incur costs for transactions that may ultimately be unsuccessful**

There is a risk that the Company may incur substantial legal, financial and advisory expenses arising from unsuccessful transactions which may include public offer and transaction documentation, legal, accounting and other due diligence which could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

## **No assurance that any operating improvements will be successful or that they will be effective in increasing the valuation of any business acquired**

Following an Acquisition, there can be no assurance that the Company will be able to propose and implement effective operational improvements for any company or business which the Company acquires. In addition, even if the Company completes an Acquisition, general economic and market conditions or other factors outside the Company's control could make the Company's operating strategies difficult or impossible to implement. Any failure to implement these operational improvements successfully and/or the failure of these operational improvements to deliver the anticipated benefits could have a material adverse effect on the Company's results of operations and financial condition.

## **If an Acquisition is completed, the Company's principal source of operating cash will be income received from the business it has acquired**

If an Acquisition is completed, the Company will be dependent on the income generated by the acquired business to meet the Company's expenses and operating cash requirements. The amount of distributions and dividends, if any, which may be paid from any operating subsidiary to the Company will depend on many factors, including such subsidiary's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness of the Company, and other factors which may be outside the control of the Company. If the acquired business is unable to generate sufficient cash flow, the Company may be unable to pay its expenses or make distributions and dividends on the Ordinary Shares.

### **Acquisition of a controlling interest in a single company or business will increase the risk of loss associated with underperforming assets**

The Company expects that if an initial Acquisition is completed, its business risk will be concentrated in a single company or business unless or until any additional acquisitions are made. A consequence of this is that returns for Shareholders may be adversely affected if growth in the value of the initial acquired business is not achieved or if the value of the initial acquired business or any of its material assets subsequently are written down. Accordingly, investors should be aware that the risk of investing in the Company could be greater than investing in an entity which owns or operates a range of businesses and businesses in a range of sectors. The Company's future performance and ability to achieve positive returns for Shareholders may be solely dependent on the subsequent performance of the initial acquired business. There can be no assurance that the Company will be able to propose effective operational and restructuring strategies for any company or business which the Company acquires and, to the extent that such strategies are proposed, there can be no assurance they will be implemented effectively.

### **Geographic regions**

The Company's efforts in identifying a prospective target company or business in energy sector are not limited to a particular geographic region. However, the initial focus of the Company shall be prospective targets in the UK and Continental Europe and the Continental Shelf. The Company may therefore acquire a target company or business in, or with substantial operations in, a number of jurisdictions, any of which may expose it to considerations or risks associated with companies operating in such jurisdictions, including but not limited to: regulatory and political uncertainty; tariffs, trade barriers and regulations related to customs and import/export matters; international tax issues, such as tax law changes and variations in tax laws; cultural and language differences; rules and regulations on currency conversion or corporate withholding taxes on individuals; currency fluctuations and exchange controls; employment regulations; crime, strikes, riots, civil disturbances, terrorist attacks and wars; and deterioration of relevant political relations. Any exposure to such risks due to the countries in which the Company operates following an Acquisition could negatively impact the Company's operations.

### **Restrictions on offering Ordinary Shares as consideration for an Acquisition or requirement to provide alternative consideration**

The Company may offer its Ordinary Shares or other securities as part of the consideration to fund, or in connection with, an Acquisition. However, certain jurisdictions may restrict the Company's use of its Ordinary Shares or other securities for this purpose, which could result in the Company needing to use alternative sources of consideration. Such restrictions may limit the Company's available Acquisition opportunities or make certain Acquisitions more costly which may have an adverse effect on its operations.

### **Foreign investment and exchange risks**

The Company's functional and presentational currency is pounds sterling. As a result, the Company's consolidated financial statements will carry the Company's assets in pounds sterling however certain Directors, and key management may incur costs to the Company in currencies other than pounds sterling.

In addition, any business the Company invests in may denominate its financial information, conduct operations or make sales in currencies other than pounds sterling. When acquiring a business that has functional currencies other than pounds sterling, the Company will be required to translate, *inter alia*, the balance sheet and operational results of such business into pounds sterling. As a result, changes in exchange rates between pounds sterling and other currencies could lead to significant changes in the Company's reported financial results from period to period.

Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political or regulatory developments. Although the Company may seek to manage its foreign exchange exposure, including by active use of hedging and derivative instruments, there is no assurance that such arrangements will be entered into or available at reasonable cost at all times when the Company wishes to use them or that they will be

sufficient to cover the risk and this may have a negative impact on the profitability and value of the Company.

### **Interest rates**

Changes in interest rates can affect the Company's profitability by affecting the spread between, among other things, the income on its assets and the expense of any interest-bearing liabilities it has, the value of any interest earning assets and its ability to make an Acquisition. In the event of a rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may be expected to affect the Company's operating results adversely. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Company.

### **Internal controls may be insufficient to enable effective management as the Company grows**

Future growth and prospects for the Company will depend on its management's ability to manage the business of the Company and to continue to improve internal operational and financial management information and control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to improve such information and control systems in line with the Company's growth could adversely impact the business, development, financial condition, results of operations and prospects of the Company.

### **Dependence upon Directors to identify potential Acquisition opportunities and to execute an Acquisition**

The Company is dependent upon the Directors to identify potential Acquisition opportunities and to execute an Acquisition. The unexpected loss of the services of the Directors (or any of them) could have a material adverse effect on the Company's ability to identify potential Acquisition opportunities and to execute on an Acquisition.

### **Retention of personnel required to support the Company after an Acquisition**

Following completion of an Acquisition, the Company will evaluate the personnel of the acquired business and may determine that it requires increased support to operate and manage the acquired business in accordance with the Company's overall business strategy. There can be no assurance that existing personnel of the acquired business will be adequate or qualified to carry out the Company's strategy or that the Company will be able to hire or retain experienced, qualified employees to carry out the Company's strategy.

### **Costs associated with potential Acquisitions**

The Company expects to incur certain third party costs associated with the sourcing of suitable assets. The Company can give no assurance as to the level of such costs, and given that there can be no guarantee that negotiations to acquire any given assets will be successful (for example, the Company may fail to complete a proposed Acquisition because it has been outbid by a competitor or does not meet the sellers' internal hold value), it may be left with substantial unrecovered transaction costs, including legal, financial, advisory or other expenses, including general and administration costs, which could have a material adverse effect on the financial condition and prospects of the Company. The greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Company's performance, share price, financial condition and business prospects.

### **Long-term nature of Acquisitions**

While an Acquisition target may be sold by the Company at any time, it is not generally expected that this will occur for a number of years after such an acquisition is made. Investments in oil and gas assets and companies are best suited for long-term investors.

### **Illiquid nature of the Company's investments**

Return of capital to Shareholders and the realisation of gains, if any, generally will occur only upon the partial or complete disposal of an investment, or ultimately the Company itself, which may be several years after first investment.

## **RISKS RELATING TO THE MARKET IN WHICH THE COMPANY INVESTS**

### **Legislative and regulatory risks**

Any investment is subject to changes in regulation and legislation. As the direction and impact of changes in regulations can be unpredictable, there is a risk that regulatory developments will not bring about positive changes and opportunities, or that the costs associated with those changes and opportunities will be significant. In particular, there is a risk that regulatory change will bring about a significant downturn in the prospects of one or more acquired businesses, rather than presenting a positive opportunity.

### **Regulatory compliance risk**

Following an Acquisition, the Company will be subject to the rules applicable to the target company or business which it acquires. Non-compliance with such regulations could lead to fines, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

Any future regulatory changes may potentially restrict the operations of the Company following an Acquisition in such industry, impose increased compliance and regulatory capital costs, reduce investment returns or increase associated fees, increase corporate governance/ supervision costs, reduce the competitiveness of any business of the Company, reduce the ability of the Company to hire and retain key personnel or impose restrictions on whether individuals may be appointed or retained as directors of the Company and impose other restrictions and obligations which could adversely affect the Company's profitability.

### **A substantial or extended decline in oil, natural gas and power prices or consumption may adversely affect the Company's prospects, business, financial condition and results of operations**

Historically, hydrocarbon and energy prices have been subject to large fluctuations in response to a variety of factors beyond the control of individual companies, including operation issues, natural disasters, weather, political instability or conflicts, economic conditions or actions by major oil-exporting countries. Price fluctuations can affect business assumptions, investment decisions and financial position of the companies in the upstream oil gas and power sector and therefore prospectively the Company. In particular, a substantial or extended decline in the price or consumption of oil and gas could have a short or long term effect on the Company's strategy and ultimately its business financial condition. Lower hydrocarbon prices or reduced demand for oil and gas or power could reduce the economic viability of the Company's strategy and ultimately its business, result in a reduction in revenues or net income, adversely affect the Company's ability to maintain working capital requirements, impair its ability to make planned expenditures and could materially adversely affect its prospects, financial condition and results of operations.

### **Oil and natural gas exploration and development are highly speculative activities**

Oil and natural gas exploration is a highly speculative activity and there are a number of risks which may impact on the overall investment. There is no certainty that following an Acquisition, the expenditures the Company makes towards the search and evaluation of oil and gas deposits will result in discoveries of commercial quantities. The Company's longer-term profitability is directly related to the success of the project development and exploration activities. In the event that an exploration project is unsuccessful, the value of the Company's business and any associated exploration licences may be diminished.

### **The Company's longer-term success may be dependent on accessing oil and natural gas resources**

The results of appraisal of discoveries are uncertain and may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but uneconomic to develop. Appraisal and

development activities may be subject to delays in obtaining governmental approvals or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions all of which may variously increase the Company's costs of operations. Producing natural gas reservoirs are typically characterised by declining production rates that vary depending upon reservoir characteristics and other factors. In addition, the Company may not be able to economically develop, find, or acquire future reserves at acceptable costs.

**Actual future exploration and generation costs may differ materially from estimates, which may materially and adversely affect its viability in the long term**

Exploration and generation expenditure estimates are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from estimates and assumptions. Additionally, unconventional methods of exploration are required which can be more expensive than conventional exploration methods. This could materially and adversely affect the Company's viability and long term prospects.

**There are significant risks as to the longer term viability of owning and developing assets in light of public policy relating to energy transition and Governmental commitments to the "Net Zero 2050" policy objective**

The oil and gas sector are large users of energy and the reduction of the use of fossil fuels are primary objective of Government policy to attain the overall policy of "Net Zero 2050". Various regulatory measures aimed at reducing greenhouse gas ("GHG") emissions and improving energy efficiency may affect the Company's operations and acquisition opportunities. Policy developments at an international, regional, national and subnational level, including those related to the 2015 Paris Agreement and emissions trading systems, such as the Emissions Trading System of the European Union, could adversely affect the Company's profitability if projects that it invests in have material greenhouse gas-intensive and energy-intensive assets. In addition, the impact of climate change on any of the Company's potential Acquisitions is uncertain and will depend on circumstances at individual operating sites. These may increase costs, reduce production levels or otherwise impact the results of operations of the Company's acquisitions. The Company expects GHG emission costs to increase from current levels and for regulations targeting reduced GHG emissions to have a wider geographical application than today. There is continuing uncertainty over the detail of anticipated regulatory and policy developments, including the targets, mechanisms and penalties to be employed, the timeline for legislative change, the degree of global cooperation among nations and the homogeneity of the measures to be adopted across different regions. This ambiguity, in turn, creates uncertainty over the long-term implications for the Company's expected projects and operating costs and the constraints the Company may face in order to comply with any such new regulations. For example, to meet regulatory targets imposed in the future, the Company may be required to adopt new technological solutions for its assets within a limited timeframe to reduce GHG emissions, and there can be no assurance that the Company would be successful in making such adaptations.

**The expense of meeting environmental regulations could cause a significantly negative effect on the Company's long term profitability, as could failure to obtain certain necessary environmental permits**

Following an Acquisition, there can be no guarantee that required planning permissions might ever be obtained. Opposition to future projects could lead to the involvement in appeals or public enquiries where costs to the Company could be potentially large and the ultimate outcome uncertain including failure to obtain the permissions necessary to pursue development and/or production or, if granted, to enable development and/or production to be pursued economically. This may mean that the cash flow of the Company could be adversely affected which could in turn reduce the amount of distributions paid to, and by, the Company.

**If the Company is not granted the requisite licences, it could have a material adverse effect on its reserves, business, operations and prospects**

Following an Acquisition, the Company may be unable or unwilling to comply with the terms or requirements of a licence in circumstances that entitle the relevant authority to refrain from granting, suspend or withdraw the terms of such licence. Moreover, exploration and production licences may

expire before the end of what might be the productive life of the licensed fields. There can be no assurance that extensions will be granted and any failure to receive such extensions or any premature termination, suspension or withdrawal of licences may have a material adverse effect on the Company's reserves, business, results of operations and prospects if the terminated licence relates to material assets of the Company.

**The Company may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage**

Following an Acquisition, the Company may be subject to substantial liability claims due to the inherently hazardous nature of the business of the target company or for acts and omissions of subcontractors, operators or joint venture partners. Any contractual indemnities it may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. There can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover related losses or liabilities. In addition, the Company may also suffer material losses from uninsurable or uninsured risks. The occurrence of any of these risks could adversely affect the Company's financial performance.

**Estimation of resources, reserves and production profiles are based on judgements and assumptions.**

In general, there is inherent risk in estimates of oil reserves, gas reserves and power generation, and their anticipated production profiles, because it involves subjective judgements and determinations based on available geological, technical, contractual and economic information. They are not exact determinations and the actual resources, reserves and production may be greater or less than those calculated. In addition, these judgements may change based on new information from production or drilling activities or changes in economic factors, as well as from developments such as acquisitions and disposals, new discoveries and extensions of existing fields and the application of improved recovery techniques. If any estimates of hydrocarbon resources, reserves or production profiles (including any competent persons reports ("CPR") upon which the Company relies upon in making any operational decision) prove to be substantially incorrect, the Company may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in such estimates and the business, prospects, financial condition or results of operations of the Company could be materially adversely affected.

**The Company will be a small operator compared to many other companies in its industry and may not have the resources (both financial and technical) that larger, more established operators may have**

Following an Acquisition, the Company will operate within a challenging business environment where there is intense competition for access to exploration acreage, gas markets, oil services and rigs, technology and processes, and human resources. The Company's competitors include companies with, in many cases, greater financial resources, the benefit of economies of scale, local contacts, staff and facilities. Competition for exploration and production licences as well as other regional investment or acquisition opportunities may increase in the future. This may lead to increased costs in the carrying on of the Company's long term activities and reduced available growth opportunities. Therefore, any failure on the Company's part to compete effectively could adversely affect its long term operating results and financial condition.

**RISKS RELATING TO THE ORDINARY SHARES AND THEIR TRADING ON AIM**

**No prior trading record for the Ordinary Shares**

Prior to Admission, there will have been no public market for the Ordinary Shares. The Placing Price has been agreed between the Company, Placees and the Subscribers under the Fundraising and may not be indicative of the market price following Admission. The subsequent market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, as referred to above. These conditions may substantially affect the market price of the Ordinary Shares.

**Trading on AIM**

The Ordinary Shares will be admitted to trading on AIM. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official

List. The AIM Rules for Companies are less demanding than those which apply to companies traded on the Premium Segment of the Official List. Further, the FCA has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA.

### **Value and liquidity of the Ordinary Shares**

It may be difficult for an investor to realise his, her or its investment. The shares of publicly traded companies can have limited liquidity and their share prices can be highly volatile.

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its operations and others which may affect companies operating within a particular sector or quoted companies generally. A relatively small movement in the value of an investment or the amount of income derived from it may result in a disproportionately large movement, unfavourable as well as favourable, in the value of the Ordinary Shares or the amount of income received in respect thereof.

Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may therefore not recover their original investment. Furthermore, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The investment opportunity offered in this document may not be suitable for all recipients of this document. Potential investors are therefore strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in advising on investments of this nature before making an investment decision.

### **Investing Company status**

The Company is currently considered to be an "investing company" for the purposes of the AIM Rules for Companies. As a result, it may benefit from certain partial carve-outs to the AIM Rules for Companies, such as those in relation to the classification of Reverse Takeovers. Were the Company to lose its "investing company" status for any reason, such carve-outs would cease to apply.

### **Reverse takeovers**

As the Company is an "investing company", it is likely that the Company's financial resources will be invested in a small number of investments. This may trigger a Reverse Takeover under the AIM Rules for Companies which will be subject to prior Shareholder approval and re-admission to AIM or another listing venue for the enlarged entity.

Shareholders should note that where a transaction is considered to be a Reverse Takeover for the purposes of the AIM Rules for Companies and the Shareholders approve any such transaction, trading on AIM in the Ordinary Shares will be cancelled and re-admission to AIM or another listing venue will be required to be sought in the same manner as any other applicant applying for admission of its securities for the first time. Trading in the Ordinary Shares will normally be suspended following the announcement of any such transaction until the Company has published a re-admission document in respect of the Company.

### **Dilution of Shareholders' interest as a result of additional equity fundraising**

Although the Company will receive the net proceeds of the Placing, the Directors anticipate that the Company may issue a substantial number of additional Ordinary Shares, or incur substantial indebtedness to complete one or more Acquisitions.

Shareholders do not have the benefit of pre-emption rights in respect of the issues of future shares which are issued for non-cash consideration pursuant to any Acquisitions. In addition, the Company may issue shares or convertible debt securities in exchange for cash to complete an Acquisition, pursuant to disapplications of the pre-emption rights that exist under the Articles and the 2006 Act which may dilute the interests of Shareholders.

Any issue of Ordinary Shares, preferred shares or convertible debt securities may:

- significantly dilute the value of the Ordinary Shares held by existing Shareholders;

- cause a change of control (“Change of Control”) if a substantial number of Ordinary Shares are issued, which may, *inter alia* result in the resignation or removal of one or more of the Directors;
- in certain circumstances, have the effect of delaying or preventing a Change of Control;
- subordinate the rights of holders of Ordinary Shares if preferred shares are issued with rights senior to those of Ordinary Shares; or
- adversely affect the market prices of the Company’s Ordinary Shares.

If Ordinary Shares, preferred shares or convertible debt securities are issued as consideration for an Acquisition, existing Shareholders will have no pre-emptive rights with regard to the securities that are issued. The issue of such Ordinary Shares, preferred shares or convertible debt securities is likely to materially dilute the value of the Ordinary Shares held by existing Shareholders. Where a target company has an existing large shareholder, an issue of Ordinary Shares, preferred shares or convertible debt securities as consideration may result in such shareholder subsequently holding a significant or majority stake in the Company, which may, in turn, enable it to exert significant influence over the Company (to a greater or lesser extent depending on the size of its holding) and could lead to a Change of Control.

If the Company were to incur substantial indebtedness in relation to an Acquisition, this could result in:

- default and foreclosure on the Company’s assets, if its cash flow from operations were insufficient to pay its debt obligations as they become due;
- acceleration of its obligation to repay indebtedness, even if it has made all payments when due, if it breaches, without a waiver, covenants that require the maintenance of financial ratios or reserves or impose operating restrictions;
- a demand for immediate payment of all principal and accrued interest, if any, if the indebtedness is payable on demand; or
- an inability to obtain additional financing, if any indebtedness incurred contains covenants restricting its ability to incur additional indebtedness.

The occurrence of any or a combination of these factors could decrease an investor’s ownership interests in the Company or have a material adverse effect on its financial condition and results of operations.

**Future investments may have an adverse effect on the Company’s ability to manage its business**

If the Company is presented with appropriate opportunities, it may acquire complementary companies in the energy sector. Future Acquisitions would expose the Company to potential risks, including risks associated with the assimilation of new personnel, unforeseen or hidden liabilities, the diversion of management attention and resources from the Company’s existing business and the inability to generate sufficient revenues to offset the costs and expenses of Acquisitions. Any difficulties encountered in the acquisition and integration process may have an adverse effect on the Company’s ability to manage its business.

**No guarantee that the Ordinary Shares will continue to be traded on AIM**

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

**Dividend payments on the Ordinary Shares are not guaranteed and the Company does not intend to pay dividends prior to making an initial Acquisition**

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends following (but not before) making an initial Acquisition, at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law, but

expects to be principally reliant upon dividends received on shares held by it in any operating subsidiaries in order to do so. Payments of such dividends will be dependent on the availability of any dividends or other distributions from such subsidiaries. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

## **GENERAL RISKS**

### **United Kingdom exit from the European Union**

Following a national referendum and enactment of legislation by the U.K. government, the U.K. formally withdrew from the European Union on 31 January 2020 and entered into a transition period during which it will continue its ongoing and complex negotiations with the European Union relating to their future trading relationship. Significant political and economic uncertainty remains about whether the terms of the relationship will differ materially from the terms before withdrawal, as well as about the possibility that a so-called “no deal” separation will occur if negotiations are not completed by the end of the transition period. These developments, together with delays in negotiations caused by the COVID-19 pandemic, have created significant uncertainty about the future relationship between the U.K. and the European Union. Lack of clarity about future U.K. laws and regulations, as the U.K. determines which European Union-derived laws and regulations to replace or replicate as part of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could impact the Company’s business and acquisitions and restrict the Company’s access to capital. These developments, or the perception that any of them could occur, have had and may continue to have a significant adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Any of these factors could have a significant adverse effect on the Company’s business, financial condition, results of operations and prospects.

### **Force majeure**

The Company’s operations now or in the future may be adversely affected by risks outside the control or anticipation of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, earthquakes, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which may have a material adverse effect on the Company’s future financial condition and results.

### **The general economic climate may be adverse for the Company**

The Company may make acquisitions of companies and businesses that are susceptible to economic recessions or downturns. During periods of adverse economic conditions, the markets in which the Company operates may decline, thereby potentially decreasing revenues and causing financial losses, difficulties in obtaining access to, and fulfilling commitments in respect of, financing, and increased funding costs. In addition, during periods of adverse economic conditions, the Company may have difficulty accessing financial markets, which could make it more difficult or impossible for the Company to obtain funding for additional acquisitions and negatively affect the Company’s operating results. Accordingly, adverse economic conditions could adversely impact the business, development, financial condition, results of operations and prospects of the Company.

### **Taxation of returns from assets located outside of the UK may reduce any net return to investors**

To the extent that the assets, company or business which the Company acquires is or are established outside the UK, it is possible that any return the Company receives from it may be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived by investors from a shareholding in the Company.

### **Changes in tax law and practice**

The tax treatment of Shareholders of the Company, any special purpose vehicle that the Company may establish and any company which the Company may acquire are all subject to changes in tax

laws or practices in England and Wales or any other relevant jurisdiction. Any change may reduce any net return derived by investors from a shareholding in the Company.

Investors should not rely on the general guide to taxation set out in this document and should seek their own specialist advice. The tax rates referred to in this document are those currently applicable and they are subject to change.

#### **No assurance returns for Shareholders will be in a tax-efficient manner**

It is intended that the Company will structure the group, including any company or business acquired, to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions are not correct, taxes may be imposed with respect to the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders

#### **Foreign exchange movements**

The Company may acquire foreign companies, hence some contracts may be priced in foreign currencies and also have employees based overseas paid in foreign currencies. It is therefore exposed to the risk that adverse exchange rate movements could cause its costs to increase (relative to its reporting currency) resulting in reduced profitability. The Company, where deemed relevant, takes steps to mitigate this risk by putting in place hedging arrangements to reduce exposure to currency risk, however these may not always be entirely effective, and residual currency risk may exist.

## Part III

### CORPORATE GOVERNANCE

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply, so far as is practicable given the size of the Company and the nature of the business at the current time, with the principles set out in the UK Corporate Governance Code (the "Code"). The Code sets out a standard of minimum best practice for quoted companies.

Upon completion of the first Acquisition, the composition of the Board will be reviewed to ensure it remains appropriate for the Company. It is expected that a chief executive officer and a chief financial officer will join the Board at this time such that the constitution of the Board will reflect the profile of the Company and prevailing corporate governance standards.

The Company currently has four Non-Executive Directors. Two Non-Executive Directors, Julie Barlow and Alan Booth, are regarded by the Company as being independent of the Company and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The Board will have responsibility for implementing the Company's Investing Policy. The Board intends to meet bi-monthly, at least six times a year and more frequently as required.

Notwithstanding Andrew Austin's holding of Ordinary Shares and status as the founder of the Company, the Board regard him as a non-executive director in the context of the Company's current status as an investing company, and to make independent decisions within the meaning of the Code and free from any business or other relationship that could materially interfere with the exercise of his judgement as non-executive chairman.

The Board have also agreed to designate Alan Booth to the role of Senior Independent Director in order to allow for the Chairman and other Directors to have a sounding board, whilst also offering an alternative route of access for shareholders, as recommended by the Code.

All the Directors will have access to the advice and services of the Company Secretary and will be able to gain access to external independent advice should they wish to do so. Post any Acquisition, the Board will be supplied with regular and timely information concerning the activities of the Company from executive Board members and senior management so that it is able to exercise its responsibilities and control functions in a proper and effective manner.

The Directors have established an Audit Committee, a Nominations Committee, a Disclosure Committee and a Remuneration Committee with formally delegated duties and responsibilities to operate with effect from Admission, as described below.

#### **Audit Committee**

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's external auditors relating to the interim and annual accounts and the accounting and internal control systems in use within the Company. The Audit Committee will meet not less than three times in each financial year and will have unrestricted access to the Company's external auditors. The terms of reference of the Audit Committee require that the members of the Audit Committee shall include only independent non-executive Directors and one member, preferably the chairman of the Audit Committee, shall have recent and relevant financial experience with competence in accounting and auditing.

The Audit Committee, which will initially comprise Alan Booth and Julie Barlow, with Julie Barlow acting as Chairman. The Company considers that as a smaller company for the purpose of the Code, the composition of the Audit Committee is consistent with the principles of the Code.

#### **Nominations Committee**

The Nominations Committee, which will initially comprise Andrew Austin and Richard Benmore, with Andrew Austin acting as Chairman, will review the composition and efficacy of the Board and where appropriate recommend nominees as new directors to the Board.

### **Remuneration Committee**

The Remuneration Committee will review the performance of the Directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The role of the Remuneration Committee is likely to be limited whilst all of the Directors act in a non-executive capacity and until the Company completes an Acquisition. In the future, and after the making of an Acquisition which involves the appoint of an executive and managerial team. the Remuneration Committee will make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time.

The members of the Remuneration Committee shall include only independent non-executive Directors. The Remuneration Committee, which will initially comprise Alan Booth and Julie Barlow, with Alan Booth acting as Chairman. The Company considers that as a smaller company for the purposes of the Code. The composition of the Remuneration Committee is consistent with the principles of the Code.

### **Disclosure committee**

The Disclosure Committee will enforce the Group's inside information policy and, in particular, assess whether information is 'inside information' and resolve queries about its materiality. For example, the committee will determine whether an announcement is required in respect of any such inside information and procure that such announcement is made as soon as possible in accordance with the provisions of MAR and the AIM Rules. The Disclosure Committee will meet regularly throughout the financial year and, in particular, during periods of heightened market sensitivity.

The Disclosure Committee will comprise Alan Booth and Julie Barlow and will be chaired by Julie Barlow. The Disclosure Committee will meet as required.

The Directors will comply with Rule 21 of the AIM Rules for Companies relating to directors' dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees.

The Company has adopted and will operate a share dealing code for Directors and Company employees in accordance with the AIM Rules for Companies.

### **Shareholder engagement and participation**

In addition to the Senior Independent Director acting as a sounding board for the Chairman and as an intermediary for Shareholders, the Company's Articles contain the following provisions designed to reflect the principles of the Code and engender real shareholder engagement and empowerment. In particular:

- (a) all directors are required to stand for re-election at each annual general meeting, giving Shareholders the annual right to give feedback on the performance of the full board and thereby ensuring Provision 18 of the Code in the Company's Articles;
- (b) voting at all Shareholder meetings will be on the basis of poll voting, with the effect that only the actual numbers of votes cast will be determine whether a particular resolution is passed (and dispensing with the arcane show of hands which has been the subject of much recent criticism from reformers); and
- (c) the Articles allow for the holding of Shareholder meetings as physical meetings, virtual meetings or hybrid meetings; it is a requirement for any valid virtual meeting that Shareholders have the right to speak at the meeting and to participate in the poll in real time.

## Part IV

### ADDITIONAL INFORMATION

#### 1 INCORPORATION AND STATUS OF THE COMPANY

- 1.1 The Company was incorporated in England and Wales on 14 October 2020 as a private limited company under the 2006 Act, with registered number 12949154 and under the name Kistos Limited.
- 1.2 The Company was re-registered on 13 November 2020 as a public limited company under the 2006 Act under the name Kistos Plc.
- 1.3 The principal legislation under which the Company was formed and operates and under which the New Ordinary Shares will be issued is the 2006 Act. The liability of the Shareholders is limited.
- 1.4 The registered office and head office of the Company is at 9<sup>th</sup> Floor, 107 Cheapside, London EC2V 6DN. Its telephone number is 0204 531 2800.
- 1.5 The Company's website, at which the information required by Rule 26 of the AIM Rules can be found is [www.kistosplc.com](http://www.kistosplc.com).
- 1.6 The Company has no administrative, management or supervisory bodies other than the Board, the Audit Committee, the Remuneration Committee, the Disclosure Committee and Nominations Committee.
- 1.7 The Company is domiciled in the United Kingdom.

#### 2 SHARE CAPITAL OF THE COMPANY

- 2.1 The issued fully paid up share capital of the Company as at the date of this document and as it is expected to be immediately following Admission is as follows:

	<b>Issued share capital</b>	
	<b>£</b>	<b>Number of Ordinary Shares</b>
As at the date of this document	850,000	8,500,000
Immediately following Admission	4,025,000	40,250,000

- 2.2 On incorporation, the issued share capital of the Company consisted of 1,000 ordinary shares of £0.10 each of which was fully paid up.
- 2.3 There have been the following changes to the share capital of the Company between the date of incorporation and the date of this document:
  - (a) on incorporation the share capital of the Company comprised 1,000 ordinary shares of £0.10 (the "Subscriber Shares");
  - (b) on 11 November 2020, a total of 3,569,000 Ordinary Shares were issued and allotted to the Subscribers at a price of 50p per share pursuant to the Subscription Letters described in paragraph 9.4, below and the 1,000 Subscriber Shares were transferred from Julie Barlow to Rowanmoor Pension Trustees SIPP FS/F761 and Rowanmoor Pension Trustees SIPP FS/F761 made an additional contribution to the capital of the Company of £400 in order that the Subscriber Shares would be treated as paid up in the amount of 50p per Subscriber Shares; and
  - (c) on 16 November 2020, a total of 4,930,000 Ordinary Shares were issued and allotted to the Subscribers at the price of 50p per share pursuant to the Subscription Letters described in paragraph 9.4, below.

- 2.4 By resolution of the sole member of the Company passed on 11 November 2020:
- (a) the Directors were generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £3,175,000 in connection with the Placing and Subscription. Such authority shall expire on 30 December 2020, save that the Company may before such expiry make any offers or agreements which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any securities into shares, in pursuance of any such offer or agreement as if the authorities conferred by this resolution had not expired;
  - (b) the Directors were generally and unconditionally empowered under Section 570 of the 2006 Act to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash pursuant to the authority referred to by the previous authority in paragraph 2.4(a) above as if sub-section (1) of Section 561 of the 2006 Act did not apply to any such allotment, provided such power shall expire on 30 December 2020 save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired;
  - (c) the Directors were generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £4,025,000. Such authority shall expire on 30 June 2022 or at the conclusion of the first annual general meeting of the Company (whichever is the earlier), save that the Company may before such expiry make any offers or agreements which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any securities into shares, in pursuance of any such offer or agreement as if the authorities conferred by this resolution had not expired; and
  - (d) the Directors were generally and unconditionally empowered under Section 570 of the 2006 Act to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash pursuant to the authority referred to by the previous authority in paragraph 2.4(c) above as if sub-section (1) of Section 561 of the 2006 Act did not apply to any such allotment, provided such authority shall expire on 30 June 2022 or at the conclusion of the first annual general meeting of the Company (whichever is the earlier), save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.
- 2.5 The provisions of section 561(1) of the 2006 Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraphs 2.4(b) and 2.4(d) above.
- 2.6 The Ordinary Shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, but do not confer any rights of conversion or redemption, and are subject to the rights and restrictions set out in the Articles which are summarised in paragraph 3 below.
- 2.7 The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- 2.8 Save as disclosed in paragraphs 2.2 and 2.3 of this Part IV of this document, there has been no issue of share or loan capital of the Company since its incorporation.

- 2.9 Save as disclosed in paragraph 9.1 of this Part IV of this document, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since its incorporation.
- 2.10 No Ordinary Shares are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.11 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.
- 2.12 The Company does not have in issue any securities not representing share capital and there are no outstanding securities in issue by the Company.
- 2.13 Other than the Fundraising, the Company has no present intention to issue any further Ordinary Shares in the Company.
- 2.14 On Admission no share or loan capital of the Company will be under option or has been agreed conditionally or unconditionally to be put under option.
- 2.15 None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM other than pursuant to the Fundraising.
- 2.16 The International Security Identification Number for the Ordinary Shares is GB00BLF7NX68.

### **3 ARTICLES OF ASSOCIATION**

#### **3.1 General**

The Articles, which were adopted by the Company upon re-registration on 13 November 2020, available to download at the Company's website, [www.kistosplc.com](http://www.kistosplc.com), contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

The Articles contain no specific restrictions on the Company's objects and therefore, by virtue of section 31(1) of the Companies Act, the Company's objects are unrestricted.

#### **3.2 The Articles contain, *inter alia*, provisions to the following effect:**

##### **(a) Share capital**

The Company's Issued Share Capital currently consists of Ordinary Shares. The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

##### **(b) Voting**

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Such notice shall specify whether the meeting shall be a physical or electronic meeting or a hybrid meeting. Any resolution put to the vote of a general meeting must be decided exclusively on a poll. Votes may be given in person at the meeting or by proxy. A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. Every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him. All voting at Shareholder meetings is to be held upon a poll.

##### **(c) Variation of rights**

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class and may be so varied and abrogated whilst the Company is a going concern or during or in contemplation of a winding up.

(d) Dividends

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act in so far as, in the Directors' opinions, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares.

Any dividend unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and shall revert to the Company. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

(e) Distribution of assets in liquidation

If the Company is wound up (whether the liquidation is voluntary, under supervision of the court or by the court), the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by Act, divide among the members in specie the whole or any part of the assets of the Company. For this purpose, the liquidator may set such value as he considers fair on any one or more class or classes of property and may determine how such division shall be carried out as between members or classes of members. The liquidator may, with the same authority, transfer the whole or any part of the assets to trustees on such trusts for the benefit of members as he thinks fit.

(e) Transfer of Ordinary Shares

Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a 'relevant system'.

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

- (i) it is for a share which is fully paid up;
- (ii) it is for a share upon which the Company has no lien;
- (iii) it is only for one class of share;
- (iv) it is in favour of a single transferee or no more than four joint transferees;
- (v) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and
- (vi) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system.

(f) Allotment of shares and pre-emption rights

Subject to the Companies Acts, the Articles and to any relevant authority of the Company in general meeting required by the Act, the Board may offer, allot (with or without conferring rights of renunciation), grant options over or otherwise deal with or dispose of shares or grant rights to subscribe for or convert any security into shares to such persons, at such times and upon such terms as the Board may decide. No share may be issued at a discount to the nominal value of such share.

Subject to the Companies Act and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the Directors may determine (including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares).

In accordance with section 551 of the Companies Act, the Directors may be generally and unconditionally authorised to exercise all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant ordinary resolution authorising such allotment. The authorities referred to in paragraph 3.3(a) and 3.3(b) above were included in the special resolution passed at the 2020 AGM and remain in force at the date of this document.

The provisions of section 561 of the Companies Act (which confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the Company except to the extent disapplied by special resolution of the Company. Such pre-emption rights have been disapplied to the extent referred to in paragraph 3.3(b) above pursuant to the special resolution passed on the adoption of the Articles.

(g) Alteration of share capital

The Company may by ordinary resolution consolidate or divide all of its share capital into shares of larger nominal value than its existing shares, or cancel any shares which, at the date of the ordinary resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of shares so cancelled or sub-divide its shares, or any of them, into shares of smaller nominal value.

The Company may, in accordance with the Companies Act, reduce or cancel its share capital or any capital redemption reserve or share premium account in any manner and with and subject to any conditions, authorities and consents required by law.

(h) Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall be at least two and not more than fifteen (15).

Subject to the Articles and the Companies Acts, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board but the total number of Directors shall not exceed any maximum number fixed in accordance with the Articles.

Subject to these Articles, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles.

At each annual general meeting of the Company all Directors shall retire from office except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held.

Subject to the Companies Acts, these Articles and to any directions given by special resolution of the Company, the business of the Company will be managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business or not.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions arising at any Board meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of that meeting shall have a second or casting vote (unless he is not entitled to vote on the resolution in question).

Each of the Directors may be paid a fee at such rate as may from time to time be determined by the Board. However, the aggregate of all fees payable to the Directors (other than amounts payable under any other provision of the Articles) must not exceed £2,000,000 a year or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any fees payable under this provision shall be distinct from any salary, remuneration or other amounts payable to a Director under any other provisions of the Articles and shall accrue from day to day.

The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of their interest in a conflict as soon as is reasonably practicable.

The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

- (i) to the extent permitted by the Companies Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles;
- (ii) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and
- (iii) the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.
- (iv) Subject to the provisions of the Companies Act, every Director, secretary or other officer of the Company (other than an auditor) is entitled to be indemnified against all costs, charges, losses, damages and liabilities incurred by him in the actual purported exercise or discharge of his duties or exercise of his powers or otherwise in relation to them.

(i) General meetings

The Company must convene and hold AGMs in accordance with the Companies Act.

The Company is able to hold any Shareholder meeting as a physical meeting or as an electronic meeting or a hybrid meeting using any virtual or electronic platform provided that all Shareholders have the rights to: (i) attend and be heard at the meeting; and (ii) there is an opportunity to participate in poll voting (including the ability to submit an electronic vote) at the meeting.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a Chair of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(j) Borrowing powers

Subject to the Articles and the Companies Act, the Board may exercise all of the powers of the Company to:

- (i) borrow money;
- (ii) indemnify and guarantee;

- (iii) mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company;
- (iv) create and issue debentures and other securities; and
- (v) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(k) Capitalisation of profits

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

(l) Uncertificated shares

Subject to the Companies Act and the uncertificated securities rules, the Board may permit title to shares of any class to be evidenced otherwise than by certificate and title to shares of such a class to be transferred by means of a relevant system and may make arrangements for a class of shares (if all shares of that class are in all respects identical) to become a participating class. Title to shares of a particular class may only be evidenced otherwise than by a certificate where that class of shares is at the relevant time a participating class

The Board may also, subject to compliance with the uncertificated securities rules, determine at any time that title to any class of shares may from a date specified by the Board no longer be evidenced otherwise than by a certificate or that title to such a class shall cease to be transferred by means of any particular relevant system.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

## **4 TAKEOVER CODE**

### **4.1 Mandatory bid**

Please see paragraph 16 "The City Code on Takeovers and Mergers" in Part I of this document.

### **4.2 Squeeze-out**

Under the 2006 Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares to which its offer related within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders.

The consideration offered to the Shareholders whose shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer unless the Shareholders can show that the offer value is unfair.

### **4.3 Sell-out**

The 2006 Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which its offer related, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising.

The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

#### 4.4 Other

There are no mandatory takeover bids outstanding in respect of the Company and none has been made since the incorporation of the Company. No public takeover bids have been made by third parties in respect of the Company's issued share capital since its incorporation.

## 5 DISCLOSURE OF INTERESTS

### 5.1 Directors' and other interests

- (a) The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) in the issued share capital of the Company which have been notified to the Company (or are required to be disclosed in the register of directors' interests pursuant to Section 808 of the 2006 Act) and the interests of connected persons of a Director within the meaning of section 252 of the 2006 Act which would, if the connected person were a Director, be required to be disclosed in accordance with the foregoing and the existence of which is known to or could with reasonable diligence be ascertained by that Director, as at the date of this document and as expected to be immediately following Admission are as follows:

Name	Number of Existing Ordinary Shares	% of Existing Ordinary Shares	Number of Ordinary Shares immediately following Admission	% of Enlarged Issued Share Capital
Andrew Austin <sup>1</sup>	6,000,000	70.59	13,500,000	33.54
Richard Benmore	500,000	5.88	1,100,000	2.73
Alan Booth	—	—	200,000	0.50
Julie Barlow	—	—	—	—

<sup>1</sup> 6,000,000 shares are held by Mr Austin personally and 7,500,000 shares are held in his self-invested personal pension scheme.

- (b) Save as disclosed in this paragraph 5.1 none of the Directors, nor any member of their families, nor any person connected with them within the meaning of section 252 of the 2006 Act, has any interest in the issued share capital of the Company.
- (c) Save as disclosed in this paragraph 5.1 as at the date of this document, no Director has any option over or warrant to subscribe for any shares in the Company.
- (d) Save for the letters of appointment referred to in paragraph 7 of this Part IV or the Placing Agreement referred to in paragraph 9.1 of this Part IV or the Lock-in Agreements referred to in paragraph 9.4 of this Part IV or the Subscription Letters referred to in paragraph 9.6 of this Part IV, there are no agreements, arrangements or understandings (including compensation agreements) between any of the Directors, recent directors, shareholders or recent shareholders of the Company connected with or dependent upon Admission or the Fundraising.

## 5.2 Significant Shareholders

- (a) In addition to the interests of the Directors set out in paragraph 5.1 above, the Directors are aware of the following interests (within the meaning of Part 22 of the 2006 Act) in the Ordinary Shares which, immediately following Admission, would amount to three per cent. or more of the Enlarged Issued Share Capital:

<b>Name</b>	<b>Number of Ordinary Shares following Admission</b>	<b>% of Enlarged Shares Issued Share Capital</b>
1729 Capital	3,000,000	7.45
Chelverton Asset Management	2,000,000	4.97

- (b) Save as disclosed above in paragraphs 5.1 and 5.2, the Directors are not aware of any person or persons who, directly or indirectly, have an interest in the Company which represents 3 per cent. or more of its issued share capital or voting rights who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- (c) Neither the Directors nor any Significant Shareholders have different voting rights to other holders of the share capital of the Company.

## 6 ADDITIONAL INFORMATION ON THE DIRECTORS

- 6.1 The Directors currently hold (other than the Company) the following directorships and are partners in the following partnerships and have held the following directorships and have been partners in the following partnerships within the five years prior to the publication of this document:

<b>Director</b>	<b>Current directorships/ partnership</b>	<b>Past directorships/ partnerships</b>
Andrew Austin	Artisan Ginyard Ltd, Austin Acquisitions 1 Ltd Kistos Energy Ltd	RockRose Energy plc (now RockRose Energy Limited) RockRose (UKCS1) Limited RockRose (UKCS2) Limited RockRose (UKCS3) Limited RockRose UKCS4 Limited RockRose UKCS5 Limited RockRose UKCS6 Limited RockRose UKCS7 Limited RockRose UKCS8 LLC RockRose UKCS9 Limited RockRose UKCS10 Limited RockRose UKCS11 Limited RockRose UKCS12 Limited RockRose UKCS13 LLC RockRose Energy (NL) B.V. RockRose (NL) CS1 B.V. RockRose (NL) Infrastructure B.V.
Richard Benmore	—	RockRose Energy plc RockRose (UKCS1) Limited RockRose (UKCS2) Limited RockRose (UKCS3) Limited RockRose UKCS4 Limited RockRose UKCS5 Limited RockRose UKCS6 Limited

<b>Director</b>	<b>Current directorships/ partnership</b>	<b>Past directorships/ partnerships</b>
		RockRose UKCS7 Limited RockRose UKCS8 LLC RockRose UKCS9 Limited RockRose UKCS10 Limited RockRose UKCS11 Limited RockRose UKCS12 Limited RockRose UKCS13 LLC RockRose Energy (NL) B.V. RockRose (NL) CS1 B.V. RockRose (NL) Infrastructure B.V.
Alan Booth	Pale Blue Dot Energy Limited Pale Blue Dot Energy (Acorn) Limited Pale Blue Dot Energy (investments) Limited C02Deepstore Limited Amixir Limited C02Deepstore (Aspen) Limited Soregga Geotechnologies Limited Pale Blue Dot Energy Holdings Limited	Postgate Petroleum Limited Integrated Georenewables (Dorset) Limited Fyrd Energy Limited Mytilus Limited Oil and Gas Independents Association Limited Ophir Jaguar 2 Limited Ophir Jaguar 1 Limited Ophir Equitorial Guinea (EG-24) Limited Ophir Equitorial Guinea (Block R) Limited Ophir Equitorial Guinea Holdings Limited Ophir Energy Limited Ophir Holdings & Services (UK) Limited Salamander Energy Limited Encounter Oil Limited Groliffe Limited Infrasarata Limited
Julie Barlow	—	Treetops Management Services Limited

6.2 Save as set out below in this document, no director has:

- (a) any unspent convictions in relation to indictable offences (including fraudulent offences);
- (b) ever had any bankruptcy order made against him or entered into any individual voluntary arrangements with his creditors;
- (c) ever been a director of a company which has been placed in receivership, creditors' voluntary liquidation, compulsory liquidation or administration, or been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (d) ever been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (e) owned, or been a partner in a partnership which owned, any asset which, while he owned that asset, or while he was a partner or within 12 months after his ceasing to be a partner in the partnership which owned that asset, entered into receivership;

- (f) received any official public incrimination and/or sanction by any statutory or regulatory authority (including recognised professional bodies); or
  - (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 6.3 No Director nor member of a Director's family has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 6.4 Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- 6.5 No loans made or guarantees granted or provided by the Company to or for the benefit of any Director are outstanding.

## **7 DIRECTORS' LETTERS OF APPOINTMENT**

Summary details of the letters of appointment entered into between the Company and the Directors are set out below:

- 7.1 Andrew Austin has agreed to act as a non-executive chairman of the Company pursuant to a letter of appointment dated 19 November 2020. Mr Austin will receive an annual fee of £36,000. The appointment may be terminated by either party giving three months' written notice. In the event that the Company makes a material or significant investment and Mr Austin assumes an executive role, the financial and other terms of his appointment will be subject to review by the Remuneration Committee in light of any changes to the nature and scope of his role. The appointment letter contains an undertaking that any business opportunities which come to the director in any capacity and which are within the scope of the Investing Policy will be offered to the Company first for assessment.

Mr Austin's appointment letter contains confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of his appointment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

- 7.2 Richard Benmore has agreed to act as a non-executive director of the Company pursuant to a letter of appointment dated 19 November 2020. Mr Benmore will receive an annual fee of £36,000. The appointment may be terminated by either party giving three months' written notice. In the event that the Company makes a material or significant investment and Mr Benmore assumes an executive role, the financial and other terms of his appointment will be subject to review by the Remuneration Committee in light of any changes to the nature and scope of his role. The appointment letter contains an undertaking that any business opportunities which come to the director in any capacity and which are within the scope of the Investing Policy will be offered to the Company first for assessment.

Mr Benmore's appointment letter contains confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of his appointment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

- 7.3 Alan Booth has agreed to act as a non-executive director of the Company pursuant to a letter of appointment dated 19 November 2020. Mr Booth will receive an annual fee of £36,000 pursuant to his letter of appointment. The appointment may be terminated by either party giving three months' written notice.

Mr Booth's appointment letter contains confidentiality undertakings and prohibitions (which apply for a period of six months following termination of his appointment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

- 7.4 Julie Barlow has agreed to act as a non-executive director of the Company pursuant to a letter of appointment dated 19 November 2020. Ms Barlow will receive an annual fee of £36,000 pursuant to her letter of appointment. The appointment may be terminated by either party giving three months' written notice.

Ms Barlow's appointment letter contains confidentiality undertakings and prohibitions (which apply for a period of six months following termination of his appointment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

- 7.5 The aggregate estimated remuneration paid or payable to the Directors by the Company for the current financial year (being a period of 14 months) under the arrangements in force is expected to amount to £168,000.
- 7.6 Save as disclosed above, there are no existing or proposed service contracts between any Director and the Company and there are no existing or proposed service contracts between any Director and the Company which provide for ancillary or other benefits during the currency of the appointment or upon termination of employment.

## **8 EMPLOYEES**

The Company currently has one employee in the United Kingdom who provides administrative assistance and support to the Board.

## **9 MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the two years immediately preceding the date of this document and are, or may be, material to the Company:

### **9.1 Placing Agreement**

In connection with the Placing, the Company, the Directors and Panmure Gordon have entered into the Placing Agreement, pursuant to which, subject to certain conditions, Panmure Gordon has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, the Subscription and Admission occurring on or before 8.00 a.m. on 25 November 2020 (or such later date as the Company and Panmure Gordon may agree, being not later than 5.00 p.m. on 31 December 2020).

The Placing Agreement contains customary indemnities and warranties from the Company and warranties from the Directors in favour of Panmure Gordon together with provisions which enable Panmure Gordon to terminate the Placing Agreement in certain circumstances, including circumstances where any of the warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of warranty is limited.

The Company has agreed to pay to Panmure Gordon a corporate finance fee and a commission on the relevant percentage of the gross aggregate value at the Placing Price of the Placing Shares which, for the avoidance of doubt, excludes the Subscription Shares.

### **9.2 Nominated Adviser and Broker Agreement**

On 19 November 2020, the Company, the Directors and Panmure Gordon entered into an agreement pursuant to which Panmure Gordon has agreed to act as nominated adviser and broker to the Company in connection with and following Admission as required by the AIM Rules. Panmure Gordon shall provide, *inter alia*, such independent advice and guidance to the Directors of the Company and the Company as they may require from time to time, as to the nature of their responsibilities and obligations to ensure compliance by the Company on a continuing basis with the AIM Rules.

The Company has agreed to pay Panmure Gordon an annual retainer fee for its services as nominated adviser and broker under the agreement. The Company has also agreed to pay for any disbursements and expenses reasonably incurred by Panmure Gordon in the course of carrying out its duties as a nominated advisor and broker.

The agreement is terminable on three months' notice given by either Panmure Gordon or the Company, such notice not to take effect prior to the first anniversary of Admission. The agreement also contains provisions for early termination in certain circumstances and an indemnity given by the Company to Panmure Gordon in relation to the provision by Panmure Gordon of its services.

### 9.3 Relationship Agreement

On 19 November 2020, Andrew Austin entered into the Relationship Agreement with the Company and Panmure Gordon. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of Mr Austin and his associates. The Relationship Agreement takes effect from Admission and continues for so long as (1) the Ordinary Shares are admitted to trading on AIM and (2) Mr Austin together with his associates are interested in voting rights representing, in aggregate, 20 per cent. or more of total voting rights attaching to the Ordinary Shares. The Relationship Agreement will also terminate in certain circumstances where another shareholder acquires a greater percentage interest than that of Mr Austin acquires a greater interest of voting rights in respect of Ordinary Shares than Mr Austin and his associates. Under the Relationship Agreement, Mr Austin shall, and has agreed to procure that his associates shall, amongst other things: (a) ensure that the Company shall be managed for the benefit of the Shareholders as a whole and independently of Mr Austin and his associates; (b) conduct all transactions, and arrangements with the Company on an arm's length basis and on normal commercial terms; (c) not take any action that would have the effect of preventing the Company from complying with its obligations under the AIM Rules for Companies or other applicable law; and (d) not exercise any of its voting or other rights and powers: (i) not to propose or vote in favour of any resolution to remove any independent director or to appoint any new director who would not be considered by the Company to be independent of Mr Austin or his associates; or (ii) to procure or propose, or vote in favour of, any resolution for any amendment to the Articles which would be inconsistent with or undermine any of the provisions of the Relationship Agreement or undermine the effect the Relationship Agreement to the detriment of the Company.

### 9.4 Lock-in Agreements

Each of the Locked-In Persons, being Mr Austin, Alan Booth and Richard Benmore have entered into a lock-in and orderly market agreement dated 19 November 2020 pursuant to which they have agreed with the Company and with Panmure Gordon, subject to certain limited exceptions:

- (a) not to dispose for a period of 12 months from Admission of any Ordinary Shares owned by him, her or it (as the case may be) at Admission or any Ordinary Shares acquired during that period, any shares and/or securities exchangeable for or convertible into Ordinary Shares, and any shares derived from such shares and/or securities including any Ordinary Shares issued upon the exercise of any option or warrant in respect of Ordinary Shares, except pursuant to acceptance of a general, partial or tender offer made to acquire the whole or part of the issued share capital of the Company, an intervening court order or in the event of the death of the shareholder; and
- (b) only to dispose of such Ordinary Shares through Panmure Gordon for a further twelve month period, following consultation with the Company and Panmure Gordon, so as to ensure an orderly market for the issued share capital of the Company.

### 9.5 Orderly Market Agreements

Each of the Subscribers have entered into orderly market agreements pursuant to the Subscription Letters, pursuant to which they have agreed with the Company and for the benefit of Panmure Gordon, subject to certain limited exceptions, only to dispose of such Ordinary Shares through Panmure Gordon for a 12-month period following Admission, following consultation with the Company and Panmure Gordon, so as to ensure an orderly market for the issued share capital of the Company.

### 9.6 Subscription Letters

The Company has entered into Subscription Letters with the Existing Shareholders pursuant to which the Subscribers agreed to subscribe for an aggregate of 8,499,000 Ordinary Shares at a price of 50 pence per share and for a number of Subscription Shares at the Placing Price equal to two times their respective holdings of Pre-IPO Subscription Shares. In addition, Richard Benmore entered into a further Subscription Letter on 19 November 2020, pursuant to the terms of which he agreed subscribe for a further 100,000 Ordinary Shares at the Placing Price. The Subscription Letters are, so far as they relate to the Subscription Shares

conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 22 December 2020. The Subscription Letters require the Subscribers to enter into the orderly market agreements that are summarised in paragraph 9.5, above.

## **10 LITIGATION**

There are no governmental, legal or arbitration proceedings active, pending or threatened against, or being brought by, the Company which are having, or may have or have had during the 12 months preceding the date of this document a significant effect on the Company's financial position or profitability.

## **11 RELATED PARTY TRANSACTIONS**

Save in respect of the agreements summarised in paragraphs 7 and 9 of this Part IV, there have been and are currently no agreements or other arrangements between the Company and individuals or entities that may be deemed to be related parties, for the period since 14 October 2020, being the incorporation of the Company, up to the date of this document.

## **12 WORKING CAPITAL**

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company, taking into account the estimated net proceeds of the Fundraising, will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

## **13 UNITED KINGDOM TAXATION**

### **13.1 General**

The following summary, which is intended as a general guide only, outlines certain aspects of current UK tax legislation and tax rates, and what is understood to be the current published practice (which may not be binding) of HMRC in the UK at the date of this document, both of which are subject to change (possibly with retroactive effect), regarding the ownership and disposal of Ordinary Shares. This summary does not purport to be a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position of UK-only resident and (in the case of individuals) domiciled Shareholders who are beneficial owners of both their Ordinary Shares and any dividends paid on them, and who hold their Ordinary Shares as an investment (not as employment-related securities or through an "Individual Savings Account" or "Self-Invested Personal Pension").

The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investments schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or any non-UK resident Shareholder holding Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

This summary should not be construed as constituting advice and any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current United Kingdom tax legislation and Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

### 13.2 Tax residence of the Company

The information provided in this section reflects the taxation treatment appropriate to an investment in a UK tax resident company. The Company is incorporated in England and Wales and all of the Directors are resident in the UK, accordingly the Directors consider the centre of management and control to be within the United Kingdom and that the Company is a UK tax resident company.

### 13.3 Taxation of dividends

The taxation of dividends paid by the Company and received by an investor resident for tax purposes in the UK is summarised below.

### 13.4 Individuals

Shareholders who are individuals receive a tax free dividend nil rate band of £2,000 per tax year and are liable to UK income tax on the amount of any dividends received over this. The rates of income tax on dividend income that exceed the tax free allowance (taking account of any other dividend income received by the Shareholder in the same tax year) are 7.5 per cent. for basic rate taxpayers, 32.5 per cent for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

### 13.5 Trustees

The annual tax free dividend allowance of £2,000 available to individuals will not be available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 7.5 per cent. on total trust income if below £1,000 and 38.1 per cent. thereafter.

### 13.6 Companies

A corporate Shareholder resident in the UK for tax purposes will be subject to UK corporation tax on dividend payments received from the Company unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. In general, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to a company's assets on its winding-up and (ii) dividends paid to a person holding less than, among other things, 10 per cent of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class subject to certain anti-avoidance provisions.

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent.

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

### 13.7 Withholding tax

There is no UK withholding tax on dividends, including cases where dividends are paid to a Shareholder who is not resident (for tax purposes) in the UK.

### 13.8 Taxation of Chargeable Gains

Any gains on the sale or other disposal or transfer of the Ordinary Shares (including a disposal on a winding-up of the Company) may, subject to any available reliefs and exemptions, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains. This applies both to UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected.

### 13.9 Individuals and Trustees

Chargeable gains realised on a disposal of Ordinary Shares by an individual or trustee (or person otherwise not within the charge to UK corporation tax including personal representatives of deceased persons) resident in the UK will be subject to capital gains tax which is charged at a rate of 20 per cent. for those individuals whose total income and gains exceed the income tax basic rate limit, and at a rate of 10 per cent. where total income and gains fall below the basic rate limit. A flat rate of 20 per cent. applies for trustees and personal representatives.

No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains to the extent this has not been used against other gains, and any other tax reliefs available such as existing capital losses.

An individual shareholder who disposes of Ordinary Shares while only temporarily not resident in the UK for tax purposes, may, under anti-avoidance legislation, still be liable to UK tax on his return to the UK. Broadly a period of non-residence of less than 5 whole tax years prior to the year in which the shareholder returns to the UK will be treated as a temporary period for these purposes.

### 13.10 Companies

Shareholders within the charge to UK corporation tax may be subject to corporation tax on their chargeable gains depending on the circumstances and subject to any available exemption or relief. No indexation allowance will be available to reduce any chargeable gain arising on disposal of the Shares. Gains realised by such companies are subject to corporation tax at the company's relevant rate. The main rate of corporation tax is currently 19 per cent.

### 13.11 Inheritance Tax

Individual and trustee Shareholders domiciled or deemed to be domiciled in the UK may be liable on occasions to inheritance tax on the value of Ordinary Shares held by them. Under current law the primary occasions on which inheritance tax is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder (which will be brought into account when calculating inheritance tax on the death of the Shareholder), and on certain lifetime transfers (including certain transfers to trusts).

However, a relief from inheritance known as business property relief potentially applies to shares in an unquoted company (which includes shares listed on AIM), other than an investment company or one which carries on a business consisting wholly or mainly of dealing in securities, stocks, shares, land and buildings. Business property relief can potentially attract full relief from inheritance tax where the shares have been held for 2 years prior to the chargeable transfer for inheritance tax purposes.

Shareholders are advised to consult their independent professional tax advisers to determine whether the activities of the Company and their holding of Ordinary Shares are such that business property relief may be available.

### 13.12 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

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

No stamp duty or SDRT should be payable on the issue of Ordinary Shares.

AIM qualifies as a recognised growth market for the purposes of the UK stamp duty and SDRT legislation. Therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any other market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to UK stamp duty or SDRT should arise on their subsequent transfer.

If the Ordinary Shares do not qualify for this exemption their transfer on sale will generally be subject to stamp duty or to SDRT (ordinarily payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given subject, in the case of stamp duty, to a de minimis limit).

Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation.

## **14 CREST**

- 14.1 CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations.
- 14.2 The Ordinary Shares will be eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so.
- 14.3 For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB or by telephone on +44 (0) 20 7849 0000.

## **15 NOTIFICATIONS OF SHAREHOLDINGS**

The provisions of Chapter 5 of the DTR (“DTR 5”) will apply to the Company and its Shareholders once its shares are admitted to AIM. DTR 5 sets out the notification requirements for Shareholders and the Company where the voting rights of a Shareholder exceed reach or fall below the threshold of 3 per cent. and each 1 per cent. thereafter up to 100 per cent. DTR 5 provides that disclosure by a Shareholder to the Company must be made within two trading days of the event giving rise to the notification requirement and the Company must release details to a regulatory information service as soon as possible following receipt of a notification.

## **16 GENERAL**

- 16.1 Save for the Fundraising and as disclosed in this document, there has been no significant change in the financial position or financial performance of the Company or any significant trends concerning the development of the Company’s business since 14 October 2020, the date on which the Company was incorporated.
- 16.2 Panmure Gordon is registered in England and Wales and its registered office is at One New Change, London, EC4M 9AF. Panmure Gordon is regulated by the FCA and is acting in the capacity of nominated adviser and broker to the Company. Panmure Gordon has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 16.3 The gross proceeds of the Fundraising receivable by the Company are expected to amount to £31.75 million. Total costs and expenses payable by the Company in connection with the Admission and Fundraising (including professional fees, commissions, the costs of printing and the fees payable to the Registrar) are estimated to amount to approximately £1.55 million (excluding VAT). Panmure Gordon participated in this Placing for a total of £1,175,745 (being equal to commission and corporate finance fees due under the Placing Agreement).
- 16.4 Save as set out in this document no person (other than a professional adviser referred to in this document or trade supplier) has:
- (a) received directly or indirectly, from the Company within the 12 months preceding the Company’s application for Admission; or
  - (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive directly or indirectly, from the Company on or after Admission any of the following:
    - (A) fees totalling £10,000 or more;

- (B) securities in the Company with a value of £10,000 or more calculated by reference to the issue price; or
  - (C) any other benefit with a value of £10,000 or more at the date of Admission.
- 16.5 The Directors are not aware of any patents or intellectual property rights, licences or industrial, commercial or financial contracts or new technological processes which may be of material importance to the Company's business or profitability.
- 16.6 As at the date of this document, the Company has made no investments or acquisitions and there are no investments or acquisitions in progress which are or may be significant.
- 16.7 The Company's accounting reference date is 31 December. The Company's current accounting reference period ends on 31 December 2021.
- 16.8 Save as disclosed in this document, the Company is not aware of any arrangements which may at a subsequent date result in a change of control of the Company.
- 16.9 Save as disclosed in this document, there are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.
- 16.10 No public takeover bids have been made by third parties in respect of the Company's issued share capital since its incorporation up to the date of this document.
- 16.11 Save as disclosed in this document, there are no mandatory takeover bids and/or squeeze out and sell-out rules in relation to the Ordinary Shares.
- 16.12 Insofar as the Directors are aware, the percentage of Ordinary Shares not in public hands (as that expression is defined in the AIM Rules) on Admission is expected to be approximately 36.77 per cent.
- 16.13 The New Ordinary Shares will represent 78.88 per cent. of the Ordinary Shares following Admission and their issue will result in a corresponding level of dilution.
- 16.14 Save as disclosed in this document, there are not in respect of the Company, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 16.15 As far as the Directors are aware, there are no environmental issues that may affect the Company's utilisation of any of its tangible fixed assets.
- 16.16 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's recent activities.
- 16.17 As at the date of this document the Company has holds no freehold or leasehold property nor holds any long or short term lease of any premises.
- 16.18 The Directors are not aware of any other information that they should reasonably consider as necessary for the investors to form a full understanding of (i) the assets and liabilities, financial position, profits and losses, and prospects of the Company and the securities for which Admission is being sought; (ii) the rights attached to those securities; and (iii) any other matter contained herein.
- 16.19 The arrangements for payment of the New Ordinary Shares are set out in the placing letters referred to in the Placing Agreement and/or the Subscription Agreement. All monies received from applicants pursuant to the Placing will be held by Panmure Gordon prior to delivery of the Ordinary Shares. If any application is unsuccessful or scaled down, any monies returned will be sent by cheque crossed "A/C Payee" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee within three days of the completion of the Fundraising.
- 16.20 Where information has been sourced from a third party, the information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16.21 It is expected that definitive share certificates will be despatched by hand or first class post by 30 November 2020. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited on 25 November 2020.

16.22 The Company expects a typical investor in the Company will be an institutional investor or high net worth individual with a large portfolio of investments.

16.23 BDO LLP, the Company's auditor, is a member firm of the Institute of Chartered Accountants in England and Wales.

## **17 AVAILABILITY OF ADMISSION DOCUMENT**

A copy of this document is available free of charge from the registered office of the Company, and at the offices of Panmure Gordon (UK) Limited at One New Change, London, EC4M 9AF, during normal business hours on any weekday (public holidays excepted) from the date of this document until at least one month after the date of Admission.

A copy of this document is also available on the Company's website, [www.kistosplc.com](http://www.kistosplc.com).

Dated: 19 November 2020

## **PART V**

### **TERMS AND CONDITIONS OF THE PLACING**

The information contained in this Part V is restricted and is not for publication, release or distribution in or into the United States, Canada, the Republic of South Africa, Australia or Japan or any other jurisdiction in which such publication, release or distribution would be unlawful.

**Each Placee should consult with its own advisers as to legal, tax, business and related aspects in relation to any acquisition of Placing Shares.**

## **Kistos plc**

### **Proposed Placing of new Ordinary Shares at the Placing Price of 100 pence per Placing Share**

The terms and conditions set out in this Part V (the “Terms and Conditions”) do not constitute an offer or invitation to acquire, underwrite or dispose of, or any solicitation of any offer or invitation to acquire, underwrite or dispose of, any Ordinary Shares or other securities of the Company to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation in such jurisdiction. Persons who seek to participate in the Placing must inform themselves about and observe any such restrictions and must be persons who are able to lawfully receive this document in their jurisdiction. In particular, neither the Admission Document nor these Terms and Conditions constitutes an offer or invitation (or a solicitation of any offer or invitation) to acquire, underwrite or dispose of or otherwise deal in any Ordinary Shares or other securities of the Company in the United States, Canada, the Republic of South Africa, Australia or Japan or in any other jurisdiction in which any such offer, invitation or solicitation is or would be unlawful.

Members of the public are not eligible to take part in the Placing. Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares. The Admission Document (including these Terms and Conditions) does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or Panmure Gordon. The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of the United States, Canada, the Republic of South Africa, Australia or Japan. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within the United States, Canada, the Republic of South Africa, Australia or Japan or to any national, resident or citizen of the United States, Canada, the Republic of South Africa, Australia or Japan.

The Ordinary Shares have not been, and will not be, registered with the US Securities and Exchange Commission under the Securities Act, or the securities laws of any other jurisdiction of the United States. The Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States (except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act). No public offering of the Ordinary Shares is being made in the United States. The Ordinary Shares are being offered and sold only outside the United States in “offshore transactions” within the meaning of, and in reliance on, Regulation S of the Securities Act. The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States 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 or the accuracy or adequacy of the information contained in this Admission Document (including these Terms and Conditions). Any representation to the contrary is a criminal offence in the United States. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in the Admission Document, or any announcement made by the Company, will not be accepted.

In the United Kingdom, this Admission Document (including these Terms and Conditions) is being distributed to, and is directed only at: (a)(i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); or (ii) high net worth companies, unincorporated associations and other bodies within the meaning of Article 49(2)(a) to (d) of the Order; and (b) “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation; or (c) persons to whom it is otherwise lawful to distribute it (all such persons together being referred to as “Relevant Persons”). It is not directed at and may not be acted or relied on by anyone other than a Relevant Person. Persons who do not fall within the definition of “Relevant Persons” above should not rely on this Admission Document, nor take any action upon it. By receiving this Admission Document you are deemed to warrant to the Company and Panmure Gordon that you are a Relevant Person and agree to and will comply with the contents of these Terms and Conditions.

### **Introduction**

Each Placee which confirms its agreement to Panmure Gordon (whether orally or in writing) to subscribe for Placing Shares under the Placing, hereby agrees with Panmure Gordon and the Company that it will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and Panmure Gordon may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a “Placing Letter”).

### **Application for admission to trading**

Application has been made to the London Stock Exchange for the admission of the Placing Shares to be issued pursuant to the Placing to trading on AIM. Except as otherwise set forth herein, it is anticipated that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 25 November 2020 for normal account settlement and that Admission will become effective on that date. The Placing Shares will not be admitted to trading on any stock exchange other than AIM.

### **Agreement to purchase Placing Shares**

Conditional on (i) Admission occurring and becoming effective on or prior to 8:00 a.m. on 25 November 2020 (or such later time and/or date, being not later than 31 December 2020, as the Company and Panmure Gordon may agree), (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms on or before Admission, and (iii) Panmure Gordon confirming to the relevant Placees their allocation of Placing Shares in the Placing at the Placing Price, a Placee agrees to become a member of the Company and agrees to subscribe for those Placing Shares allocated to it by Panmure Gordon at the Placing Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or otherwise withdraw from such commitment at any time. This does not affect any other rights the Placee may have.

If (i) any of the conditions in the Placing Agreement are not satisfied (or, where relevant, waived by Panmure Gordon) or (ii) the Placing Agreement is terminated or (iii) the Placing Agreement does not otherwise become unconditional in all respects, the Placing will not proceed and all funds delivered by Placees to Panmure Gordon will be returned to them at their risk without interest, and their rights and obligations hereunder shall cease and determine at such time and no claim shall be made by them in respect thereof.

None of the Company, the Directors or Panmure Gordon owes any fiduciary duty to any Placee in respect of the warranties, undertakings or indemnities in the Placing Agreement.

### **Right to terminate under the Placing Agreement**

Panmure Gordon is entitled in its absolute discretion, at any time before Admission and after such consultation with the Company as the circumstances allow, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, *inter alia*:

- 1 in the opinion of Panmure Gordon (acting in good faith), the warranties are not true and accurate or have become misleading (or would not be true and accurate or would be misleading if they were to be repeated at any time before Admission) by reference to the facts subsisting at the time when the notice referred to above is given, in each case in a way that is material in the context of the Placing and/or Admission; or
- 2 in the opinion of Panmure Gordon (acting in good faith), the Company fails to comply with any of its obligations under this agreement and that failure is material in the context of the Placing and/ or Admission; or
- 3 in the opinion of Panmure Gordon (acting in good faith), there has been a development or event (or any development or event involving a prospective change of which the Company is, or might reasonably be expected to be, aware) which will or is likely to have a material adverse effect on the operations, condition (financial, operational, legal or otherwise), prospects, management, results of operations, financial position, business or general affairs of the Company or of the Group respectively, whether or not foreseeable and whether or not arising in the ordinary course of business; or
- 4 there has been a change in national or international financial, political, economic or stock market conditions (primary or secondary), an incident of terrorism, outbreak or escalation of hostilities, war, declaration of martial law or any other calamity or crisis; a suspension or material limitation in trading of securities generally on any stock exchange; any change in currency exchange rates or exchange controls or a disruption of settlement systems or a material disruption in commercial banking, in each case as would be likely in the opinion of Panmure Gordon (acting in good faith) to materially prejudice the success of the Placing.

The rights and obligations of the Placees shall terminate only in the circumstances described in these Terms and Conditions and in the Placing Agreement and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by Panmure Gordon of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Panmure Gordon, and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or decision not to exercise. Placees will have no rights against Panmure Gordon, the Company, nor any of their respective affiliates, directors or employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended).

### **Payment for Placing Shares**

Each Placee undertakes to pay the Placing Price for the Placing Shares issued to the Placee in the manner and by the time directed by Panmure Gordon. In the event of any failure by any Placee to pay as so directed and/or by the time required, the relevant Placee shall be deemed hereby to have appointed Panmure Gordon or any nominee of Panmure Gordon as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed, and to indemnify Panmure Gordon and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Placing Shares shall not release the relevant Placee from the obligation to make such payment for relevant Placing Shares to the extent that Panmure Gordon or its nominees (as applicable) have failed to sell such Placing Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Placing Price per Ordinary Share.

### **Terms and conditions of, and the mechanics of participation in, the Placing**

This Part IV gives details of the terms and conditions of, and the mechanics of participation in, the Placing. By participating in the Placing, each Placee will be deemed to have read and understood this Part IV in its entirety, to be participating in, making an offer for and acquiring Placing Shares on

the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Part V.

No commission will be paid to Placees or by Placees in respect of any Placing Shares.

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

The Placing Shares will, when issued, be subject to the Articles and credited as fully paid and will rank *pari passu* in all respects with the existing issued Ordinary Shares in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

### **Principal terms of the Placing**

Each Placee's allocation of Placing Shares will be communicated orally by Panmure Gordon to the relevant Placee. That oral confirmation will give rise to an irrevocable, legally binding commitment by such Placee, in favour of Panmure Gordon and the Company, under which it agrees to acquire the number of Placing Shares allocated to it at the Placing Price and otherwise on the terms and subject to the conditions set out in this Part IV and in accordance with the Articles. Except with Panmure Gordon's consent, such commitment will not be capable of variation, revocation, termination or rescission at either the time of such oral confirmation or any time thereafter.

### **Registration and settlement**

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by Panmure Gordon in accordance with either the standing CREST or certificated settlement instructions which they have in place with Panmure Gordon.

Settlement of transactions in the Placing Shares (ISIN: GB00BLF7NX68) will take place within the CREST system, subject to certain exceptions. Settlement through CREST will be with respect to the Placing Shares on a T+2 basis unless otherwise notified by Panmure Gordon and is expected to occur at 8:00 a.m. on 25 November 2020.

In accordance with the contract note, settlement will be on a delivery versus payment basis.

In the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and Panmure Gordon may agree that the Placing Shares should be issued in certificated form.

Panmure Gordon reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as it deems necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of two percentage points above prevailing LIBOR as determined by Panmure Gordon.

Each Placee is deemed to agree that if it does not comply with these obligations, Panmure Gordon may sell any or all of their Placing Shares on their behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf.

### **Representations and warranties**

By participating in the Placing, each Placee and/or any person acting on such Placee's behalf acknowledges, agrees, represents, undertakes, and warrants to each of the Company and Panmure Gordon that:

- 1 it has read and understood this document in its entirety and it agrees and acknowledges that the issue and acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements, undertakings and other information contained in this Part V;

- 2 it acknowledges and agrees that its acceptance of its participation in the Placing on the terms set out in the Admission Document and these Terms and Conditions is legally binding, irrevocable and is not capable of termination or rescission by it in any circumstances;
- 3 it has not relied on, received nor requested nor does it have any need to receive, any prospectus, offering memorandum, listing particulars or any other document, other than the Admission Document describing the business and affairs of the Company which has been prepared for delivery to prospective investors in order to assist it in making an investment decision in respect of the Placing Shares, any information given or any representations, warranties agreements or undertakings (express or implied), written or oral, or statements made at any time by the Company or Panmure Gordon or by any subsidiary, holding company, branch or associate of the Company, Panmure Gordon, or any of their respective officers, directors, agents, employees or advisers, or any other person in connection with the Placing and that in making its application under the Placing it will be relying solely on the information contained in the Admission Document and these Terms and Conditions and it will not be relying on any agreements by the Company and its subsidiaries or Panmure Gordon or any director, employee or agent of the Company or Panmure Gordon other than as expressly set out in the Admission Document and these Terms and Conditions for which none of Panmure Gordon or any of its directors and/or employees and/or person(s) acting on behalf of any of them shall to the maximum extent permitted under law have any liability except in the case of fraud. Each Placee further confirms, represents and warrants that it has reviewed the Admission Document, including the discussion of the conditions of the Placing Agreement, commissions to Panmure Gordon, and risks related to the Company, its operations and the Ordinary Shares;
- 4 it is a Relevant Person and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business;
- 5 in the case of a Relevant Person in a Relevant Member State who acquires any Placing Shares pursuant to the Placing:
  - A it is a Qualified Investor; and
  - B in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Regulation 5(1) of the Prospectus Regulation:
    - (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale in circumstances where the Prospectus Regulation applies or to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of Panmure Gordon has not been given to the offer or resale; or
    - (ii) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- 6 it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are acquired will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, Japan or the Republic of South Africa, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, Japan or the Republic of South Africa and may not be offered, sold or acquired, directly or indirectly, within those jurisdictions;
- 7 it agrees that the exercise by Panmure Gordon of any right of termination or any right of waiver exercisable by Panmure Gordon contained in the Placing Agreement or the exercise of any discretion thereunder is within the absolute discretion of Panmure Gordon and Panmure Gordon will not have any liability to it whatsoever in connection with any decision to exercise or not exercise any such rights. Each Placee acknowledges that if (i) any of the conditions in the Placing Agreement are not satisfied (or, where relevant, waived) or (ii) the Placing Agreement is terminated or (iii) the Placing Agreement does not otherwise become unconditional in all respects, the Placing will lapse and its rights and obligations hereunder shall cease and determine at such time and no claim shall be made by it in respect thereof;

- 8 it acknowledges that no action has been or will be taken by any of the Company, Panmure Gordon or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required. In addition, the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States (or any state or other jurisdiction of the United States) Australia, Canada, Japan or the Republic of South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada, Japan or the Republic of South Africa or in any country or jurisdiction where any such action for that purpose is required;
- 9 it will not distribute, forward, transfer or otherwise transmit this document or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
- 10 it and/or each person on whose behalf it is participating (i) is entitled to acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions; (ii) has fully observed such laws and regulations; (iii) has the capacity and has obtained all requisite authorities and consents (including, without limitation, in the case of a person acting on behalf of a Placee, all requisite authorities and consents to agree to the terms set out or referred to in this Part V) under those laws or otherwise and has complied with all necessary formalities to enable it to enter into the transactions and make the acknowledgements, agreements, indemnities, representations, undertakings and warranties contemplated hereby and to perform and honour its obligations in relation thereto on its own behalf (and in the case of a person acting on behalf of a Placee on behalf of that Placee); (iv) does so agree to the terms set out in this Part V and does so make the acknowledgements, agreements, indemnities, representations, undertakings and warranties contained in this document on its own behalf (and in the case of a person acting on behalf of a Placee, on behalf of that Placee); and (v) is and will remain liable to the Company and Panmure Gordon for the performance of all its obligations as a Placee of the Placing (whether or not it is acting on behalf of another person);
- 11 it is acquiring the Placing Shares for its own account or if it is acquiring the Placing Shares on behalf of another person it confirms that it exercises sole investment discretion in relation to such other person's affairs and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its acquisition of Placing Shares;
- 12 it understands (or if acting on behalf of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Part V;
- 13 it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (i) is required under the Prospectus Regulation; and (ii) has been or will be prepared in connection with the Placing;
- 14 it has made its own assessment of the Company, the Placing Shares and the terms of the Placing and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. It has not relied on (i) any investigation that Panmure Gordon or any person acting on Panmure Gordon's behalf may have conducted with respect to the Company, the Placing or the Placing Shares; or (ii) any other information given or any other representations, statements or warranties made at any time by any person in connection with Admission, the Company, the Placing, the Placing Shares or otherwise;
- 15 neither Panmure Gordon, the Company nor any of their respective affiliates, agents, consultants, directors, employees, officers or any person acting on behalf of any of them has provided, nor will provide, it with any material regarding the Placing Shares or the Company or any other person in addition to the information in this document; nor has it requested

- either of Panmure Gordon or the Company, nor any of their respective affiliates, agents, consultants, employees, directors or officers or any person acting on behalf of any of them to provide it with any such information;
- 16 the content of this document has been prepared by and is exclusively the responsibility of the Company. Neither Panmure Gordon nor any persons acting on behalf of it is responsible for or has or shall have any liability for any information, representation, warranty or statement, written or oral relating to the Company and either contained in this document or previously or concurrently published by or on behalf of the Company. Panmure Gordon will not be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this document, or otherwise. None of Panmure Gordon, the Company, nor any of their respective affiliates, agents, consultants, directors, employees or officers has made any representation or warranty to the Placee, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the information in this document. Nothing in this Part V shall exclude any liability of any person for fraudulent misrepresentation;
- 17 the only information on which it is entitled to rely and on which it has relied in committing to subscribe for the Placing Shares is contained in this document. It has satisfied itself that such information is still current and is all that it deems necessary to make an investment decision in respect of the Placing Shares;
- 18 it has the funds available to pay for the Placing Shares which it has agreed to acquire and acknowledges, agrees and undertakes that it will make payment to Panmure Gordon for the Placing Shares allocated to it in accordance with the terms and conditions of this document on the due times and dates set out in this document or as otherwise directed by Panmure Gordon, failing which the relevant Placing Shares may be placed with others on such terms as Panmure Gordon may, in its absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the Placing Price of the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this document) which may arise upon the sale of such Placee's Placing Shares on its behalf;
- 19 the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that no instrument under which it subscribes for Placing Shares (whether as principal, agent or nominee) would be subject to stamp duty or stamp duty reserve tax at the increased rates referred to in those sections and that it, or the person specified by it for registration as holder of the Placing Shares, is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
- 20 it, or the person specified by it for registration as a holder of the Placing Shares will be responsible for any liability to stamp duty or stamp duty reserve tax that is payable on the acquisition of any of the Placing Shares or the agreement to subscribe for the Placing Shares and shall indemnify the Company and Panmure Gordon in respect of the same on the basis that the Placing Shares will be allotted to a CREST stock account of Panmure Gordon who will hold them as nominee on behalf of such Placee (or the person specified by it for registration as holder of the Placing Shares) until settlement with it in accordance with its standing settlement instructions;
- 21 it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that Panmure Gordon has not approved this document in its capacity as an authorised person under section 21 of FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as a financial promotion by an authorised person;

- 22 it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
- 23 none of Panmure Gordon, the Company, any of their respective affiliates, agents, consultants, directors, employees or officers or any person acting on behalf of any of them are making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any acknowledgements, agreements, indemnities, representations, undertakings or warranties contained in the Placing Agreement nor the exercise or performance of Panmure Gordon's rights and obligations thereunder, including any rights to waive or vary any conditions or exercise any termination right. Its participation in the Placing is on the basis that it is not and will not be a client of Panmure Gordon and Panmure Gordon has no duties or responsibilities to it for providing the protections afforded to its clients or customers under the rules of the FCA, and any payment by it will not be treated as client money governed by the rules of the FCA;
- 24 Panmure Gordon and each of its affiliates, each acting as an investor for its or their own account(s), may, in accordance with applicable legal and regulatory provisions, bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Panmure Gordon and/or any of its affiliates, acting as an investor for its or their own account(s). Neither Panmure Gordon nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
- 25 it will not make any offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom for the purposes of section 85(1) of FSMA or an offer to the public in any other member state of the EEA within the meaning of the Prospectus Regulation;
- 26 it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006, the Anti Terrorism Crime and Security Act 2001 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (together, the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- 27 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, market abuse under the MAR and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 28 it has neither received nor relied on any confidential or price-sensitive information concerning the Company in accepting this invitation to participate in the Placing;
- 29 if it has received any 'inside information' (for the purposes of the MAR and section 56 of the Criminal Justice Act 1993) in relation to the Company and its securities, it confirms that it has received such information within the market soundings regime provided for in article 11 of the MAR and associated delegated regulations and it has not: (i) dealt (or attempted to deal) in the securities of the Company; (ii) encouraged, recommended or induced another person to deal in the securities of the Company; or (iii) unlawfully disclosed inside information to any person, prior to the information being made publicly available;

- 30 in order to ensure compliance with the Regulations, Panmure Gordon (for itself and as agent on behalf of the Company) or the Company's Registrar may, in their absolute discretion, require verification of its identity. Pending the provision to Panmure Gordon or the Company's Registrar, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at Panmure Gordon's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at Panmure Gordon's or the Company's Registrar's, as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Panmure Gordon (for itself and as agent on behalf of the Company) or the Company's Registrar have not received evidence satisfactory to them, Panmure Gordon and/or the Company may, at their absolute discretion, terminate their commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
- 31 it acknowledges that its commitment to acquire Placing Shares on the terms set out in this document will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or Panmure Gordon's conduct of the Placing;
- 32 it acknowledges and agrees that its commitment to subscribe for Placing Shares on the terms set out herein and in the trade confirmation or contract note will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing;
- 33 it acknowledges and agrees that the Placing 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 are being offered and sold only outside the United States in "offshore transactions" (as defined in Regulation S). Accordingly, the Placing Shares may not be offered, sold, transferred or delivered directly or indirectly in or into the United States, except pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, and, in connection with any such transfer, the Company will have the right to obtain, as a condition to transfer, a legal opinion of counsel, in a form and by counsel reasonably satisfactory to the Company, that no such Securities Act registration is or will be required along with appropriate certifications by the transferee as to appropriate matters. No representation has been made as to the availability of any exemption under the Securities Act for the reoffer, resale, transfer or delivery of the Placing Shares;
- 34 it agrees, represents and warrants as follows:
- A it is acquiring the Placing Shares in an "offshore transaction" (as defined in Regulation S);
  - B it will not offer or sell the Placing Shares in the United States absent registration or an exemption from registration under the Securities Act;
  - C it is not acquiring the Placing Shares as a result of any form of "directed selling efforts" (as defined in Rule 902 under the Securities Act); and
  - D if it is in the United Kingdom, it is a person falling within the exemption contained in section 86(1)(a) of FSMA or falling within one or more of the categories of persons set out in Article 19 (Investment Professionals) or Article 49 (High net worth companies, unincorporated associations etc.) of the Order;
- 35 it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;

- 36 it irrevocably appoints any duly authorised officer of Panmure Gordon as its agent for the purpose of executing and delivering to the Company and/or its Registrar any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this document;
- 37 the Company, Panmure Gordon and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to Panmure Gordon on its own behalf and on behalf of the Company and are irrevocable, and agree that if any of the representations and agreements deemed to have been made by it by its subscription for, or purchase of, Placing Shares, are no longer accurate, it shall promptly notify the Company and Panmure Gordon;
- 38 time is of the essence as regards its obligations under this Part V;
- 39 any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to Panmure Gordon; and
40. the terms and conditions in this Part V and all documents into which this Part V is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire Placing Shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Panmure Gordon in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

Each Placee agrees to indemnify on an after-tax basis and hold harmless the Company, Panmure Gordon and any of their respective affiliates, officers, directors, agents, employees or advisers (the "Indemnified Persons") from and against any and all costs, claims losses, damages, liabilities or expenses, including legal fees and expenses (including any VAT thereon), which an Indemnified Person may incur by reason of, or in connection with, any representation, warranty, acknowledgement, agreement or undertaking made herein not having been true when made, any breach thereof or any misrepresentation.

19 November 2020

