Admission Document

LungLifeAI™

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the contents of this document or the action you should take, you are recommended to seek advice from your stockbroker, bank manager, independent financial adviser, solicitor, accountant or other person who is authorised under the Financial Services and Markets Act 2000 ("FSMA") or, if you are a person outside the United Kingdom, a person who is appropriately authorised in your jurisdiction.

This document is an admission document drawn up in accordance with the AIM Rules for Companies and has been prepared in connection with the proposed application for admission of the issued and to be issued share capital of LungLife AI, Inc. (the "**Company**" or "**LungLife**") to trading on AIM, the market of that name operated by London Stock Exchange plc (the "**London Stock Exchange**"). This document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this document is not a prospectus for the purposes of FSMA and the Prospectus Regulation Rules and has not been approved by the Financial Conduct Authority ("**FCA**") pursuant to section 85 of FSMA.

Each of the directors (the "**Directors**") and proposed directors (the "**Proposed Directors**") of the Company, whose names and functions appear on page 11 of this document, and the Company accept responsibility, both collectively and individually, for the information contained in this document and for its compliance with the AIM Rules for Companies. To the best of the knowledge and belief of each of the Directors, the Proposed Directors and the Company, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Common Shares to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than 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 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 Common Shares are not traded on any other recognised investment exchange and no other such applications have been made. It is expected that admission to trading on AIM ("**Admission**") will become effective and dealings on AIM will commence in the Common Shares at 8:00 a.m. on 8 July 2021.

Prospective investors should read the whole of this document. Your attention is drawn, in particular, to the risk factors set out in Part 2 (*Risk Factors*) of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of such risk factors.

LungLife AI, Inc.

(Incorporated and registered in the State of Delaware, US, under the General Corporation Law of the State of Delaware)

LungLife AI™

Placing of 8,405,554 New Common Shares and Subscription for 1,253,537 New Common Shares at an Issue Price of 176p each

and

Admission to trading on AIM

Nominated Adviser, Sole Bookrunner and Sole Broker

Investec

Upon Admission, the New Common Shares, which comprise the Placing Shares and the Subscription Shares, will rank *pari passu* in all respects with the Existing Common Shares including the right to receive all dividends and other distributions declared, made or paid on the Common Shares after Admission.

In connection with this document, no person is authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised.

Investec Bank plc ("**Investec**"), which is authorised by the Prudential Regulatory Authority (the "**PRA**") and regulated in the United Kingdom by the PRA and the FCA, has been appointed as nominated adviser and broker to the Company in connection with the Placing and Admission only and will not be acting for any other person

(including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to its clients or for advising any other person on the contents of this document or otherwise in respect of the proposed Placing, Subscription (together the Placing and the Subscription, the "**Fundraising**") and Admission or any transaction, matter or arrangement referred to in this document. The responsibilities of Investec, as nominated adviser under the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange and are not owed to the Company, any Director or Proposed Director, or any other person in respect of their decision to acquire Common Shares in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by FSMA or the regulatory regime established thereunder, Investec does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Common Shares, the Fundraising or Admission. Investec accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe, any Common Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, this document is not for distribution in or into the United States of America or to "US persons" (as such term is defined in Regulation S under the US Securities Act of 1933, as amended), Australia, Canada, Japan, New Zealand or the Republic of South Africa (each, a "**Restricted Jurisdiction**"). The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. The Common Shares have not been and will not be registered under the applicable securities laws of any Restricted Jurisdiction, and, subject to certain exceptions, may not be offered, sold, resold, renounced, taken up or delivered, directly or indirectly, in, into or from any Restricted Jurisdiction or to any national of any Restricted Jurisdiction. This document should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, in, and in particular, should not be distributed to persons with addresses in, any Restricted Jurisdiction. No action has been taken by the Company or Investec that would permit an offer of any Common Shares or possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law or other laws of any such jurisdictions.

Neither the Company, the Directors nor the Proposed Directors are providing prospective investors with any representations or warranties or any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers as needed to assist them in making their investment decision and to advise them whether they are legally permitted to purchase Common Shares.

A copy of this document is available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, at the Company's website, www.lunglifeai.com.

Information for Distributors in the UK

Solely for the purposes of the product governance requirements contained within the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Rules**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any 'manufacturer' (for the purposes of the UK Product Governance Rules) may otherwise have with respect thereto, the Common Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of (a) retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, (b) investors who meet the criteria of professional clients as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA and (c) eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"); and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the "**UK Target Market Assessment**").

Notwithstanding the UK Target Market Assessment, Distributors should note that: the price of Common Shares may decline and investors could lose all or part of their investment; the Common Shares offer no guaranteed income and no capital protection; and an investment in Common 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 UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Fundraising. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, Investec will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of COBS; 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 Common Shares. Each distributor is responsible for undertaking its own UK Target Market Assessment in respect of the Common Shares and determining appropriate distribution channels.

Information for Distributors in the EU

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 Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (as defined in the MiFID II Requirements) may otherwise have with respect thereto, the Common Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II, or the "**EU Target Market Assessment**" (as defined in the MiFID II Requirements).

Notwithstanding the EU Target Market Assessment, Distributors should note that: the price of Common Shares may decline and investors could lose all or part of their investment; the Common Shares offer no guaranteed income and no capital protection; and an investment in Common 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 EU Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Fundraising. Furthermore, it is noted that, notwithstanding the EU Target Market Assessment, Investec 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 Common Shares. Each distributor is responsible for undertaking its own EU Target Market Assessment in respect of the Common Shares and determining appropriate distribution channels.

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IMPORTANT INFORMATION

1. Overview

The contents of this document and any subsequent communications from the Company are not to be construed as legal, business, financial or tax advice. Neither the Company, the Directors, the Proposed Directors, Investec nor any of their representatives is making any representation to any offeree, subscriber for or purchaser of any Common Shares regarding the legality of an investment in the Common Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each prospective investor should consult its own legal adviser, business adviser, financial adviser or tax adviser for legal, business, financial or tax advice respectively, in connection with the purchase or subscription of any Common Shares. In making an investment decision, each prospective investor must rely on its own examination, analysis and enquiry of the Company and the terms of the Fundraising, including the merits and risks involved and whether an investment in any Common Shares is suitable for it in light of its circumstances and financial resources and ability to withstand the loss of their entire investment.

Neither the delivery of this document nor any sale or subscription made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time after its date.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors in the Fundraising occurs prior to Admission or if it is noted that this document contains any substantial mistake or inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

Neither the Company, nor the Directors nor the Proposed Directors accept any responsibility for the appropriateness, accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Fundraising or the Company. Neither the Company, nor the Directors nor the Proposed Directors make any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

2. Notice to prospective investors

2.1 Placing

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Members of the public are not eligible to take part in the Placing. This document is for information purposes only and is being distributed only to and directed at persons in member states of the European Economic Area (the "**EEA**") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Regulation (Regulation EU 2017/1129 and amendments thereto) ("**Prospectus Regulation**") ("**EEA Qualified Investors**").

This document is for information purposes only and is being distributed only to and directed at persons in the United Kingdom who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Regulation, which forms part of retained EU law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**UK Prospectus Regulation**") ("**UK Qualified Investors**").

In addition, in the United Kingdom, this document is addressed to, and directed only at, UK Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) are persons who are high net worth entities falling within

article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**").

2.2 **Subscription and issue of Consideration Shares**

Concurrent with the Placing, the Company will enter into a Subscription Agreement with a limited number of entities who are outside of the UK, including Mount Sinai, who will agree to subscribe for 1,253,537 Subscription Shares in aggregate at the Issue Price (the "**Subscription**") in a private placement separate from the Placing. The Subscribers are based in the US and will subscribe pursuant to an exemption from the registration requirements of the US Securities Act. The Company has also agreed to issue the Consideration Shares to Mount Sinai in part satisfaction of the consideration payable under the Mount Sinai Licence Agreement and will be effected pursuant to an exemption from the registration requirements of the US Securities Act.

3. Restriction on sale in the United States of America

The Common Shares have not been, and will not be, registered under the US Securities Act, or the securities laws of any other jurisdiction of the US. The Common Shares may not be offered or sold, directly or indirectly, in or into the US (except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and other applicable US state securities laws). No public offering of the Common Shares is being made in the US.

The Common Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**SEC**"), any state securities commission in the US or any other regulatory authority in the US, nor have any of the foregoing authorities passed on or endorsed the merits of the Fundraising or the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

The Common Shares are being offered only to non-US Persons outside the US in transactions exempt from the registration requirements of the US Securities Act in reliance on Category 3 of Regulation S or pursuant to another available exemption from, or transaction not subject to, the US Securities Act and applicable US state securities laws. The Common Shares offered to non-US Persons in the Fundraising are subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S.

Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Fundraising and additional restrictions are imposed on resales of Common Shares. The Common Shares are "restricted securities" as defined in Rule 144 under the US Securities Act.

Each subscriber for Common Shares, by subscribing for such Common Shares, agrees to reoffer or resell the Common Shares only pursuant to registration under the US Securities Act or in accordance with the provisions of Regulation S or pursuant to another available exemption from registration and qualification under applicable state securities laws, and agrees not to engage in hedging transactions with regard to such securities unless in compliance with the US Securities Act.

The above restrictions severely restrict purchasers of Common Shares from reselling the Common Shares in the US or to a US Person. These restrictions may remain in place or be reintroduced following the expiry of the one-year Distribution Compliance Period following the date of Admission (under Regulation S) in relation to the Common Shares, at the discretion of the Company for example in the event the Company issues additional Common Shares under the same ISIN as the Existing Common Shares.

Once the Common Shares are admitted to trading on AIM, all Common Shares held in the CREST system will be identified with the marker "REG S". The "REG S" marker also indicates that the Common Shares held in the CREST system will also bear a legend setting out certain transfer restrictions under Category 3 of Regulation S and other information, including that: (i) transfers of the Common Shares are prohibited except in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable state

securities law; and (ii) hedging transactions involving the Common Shares may not be conducted unless in compliance with the US Securities Act and applicable state securities law. Accordingly, resale of the Common Shares following the Fundraising will be subject to restrictions under US federal and state securities laws, including the US Securities Act.

Representations, warranties and certifications must be made through the CREST system by those selling or acquiring the Common Shares. If such representations, warranties and certifications cannot be made or are not made, settlement through CREST will be rejected. Furthermore, Common Shares held by "**Affiliates"** (as defined in Rule 405 of the US Securities Act) of the Company shall be held in certificated form and accordingly settlement shall not be permitted via CREST until such time as the relevant restrictions are no longer applicable. These restrictions, representations and warranties, as well as the legend that will be affixed to certificates for the Common Shares and the legend for the Common Shares held in the CREST system, are set out more fully in Part 11 (*US Restrictions on the Transfer of Common Shares*) of this document.

4. Investment considerations

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company and this document, as applicable, including the merits and risks involved. The contents of this document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:

- the legal requirements within their own jurisdictions for the purchase, holding, transfer or other disposal of the Common Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Common Shares which they might encounter; and
- the income and other tax consequences which may apply in their own jurisdictions as a result of the purchase, holding, transfer or other disposal of the Common Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objectives will be achieved.

It should be remembered that the price of the Common Shares, and any income from such Common Shares, can go down as well as up.

This document and any accompanying documents should be read in their entirety before making any investment in the Common Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Bylaws, which are available at www.lunglifeai.com and which prospective investors should review.

5. Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will", "could", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the document and include statements regarding the intentions, beliefs or current expectations of the Company, the Directors and the Proposed Directors concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Common Shares and dividends; and (ii) future implementation of active management strategies.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors should carefully review Part 2 (*Risk Factors*) of this document for a discussion of certain factors that could cause the Company's actual results to differ materially, before making an investment decision. These factors should be read in conjunction with the other cautionary statements that are included in this document. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 20 of Part 7 (*Additional Information*) of this document.

Forward-looking statements contained in this document apply only as at the date of this document. Subject to any obligations under the AIM Rules for Companies or any other applicable legal or regulatory requirements, the Company undertakes no obligation publicly to review, confirm or update any forward-looking statement contained in this document, whether as a result of new information, future developments or otherwise.

6. Presentation of financial and other information

The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

7. Currency presentation

Unless otherwise indicated in this document, all references to:

- "**Pounds Sterling**" or "**£**" are to the lawful currency of the UK; and
- "**US Dollars**" or "**$**" are to the lawful currency of the US.

Unless otherwise indicated, the financial information contained in this document has been expressed in US Dollars. The functional currency of the Company is US Dollars and the Company presents its financial statements in US Dollars.

8. Research and market data

Where information contained in this document has been sourced from a third party, the Company, the Directors and the Proposed Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

9. No incorporation of website information

Without limitation, the contents of the Company's website, www.lunglifeai.com, or any website directly or indirectly linked to the Company's website, do not form part of this document and prospective investors should not rely on such information.

10. Definitions

Capitalised terms in this document have the meanings ascribed to them in Part 9 (*Definitions*) of this document.

FUNDRAISING AND ADMISSION STATISTICS

Issue Price	176p
Number of Existing Common Shares in issue on Admission	14,164,811
Number of Placing Shares*	8,405,554
Number of Subscription Shares	1,253,537
Number of New Common Shares pursuant to the Fundraising	9,659,091
New Common Shares pursuant to the Fundraising as a percentage of Common Shares in issue on Admission	37.9%
Gross proceeds of the Placing	£14.8 million
Gross proceeds of the Subscription	£2.2 million
Total gross proceeds of the Fundraising	£17.0 million
Estimated net proceeds of the Fundraising**	£15.2 million
Number of Consideration Shares	1,656,888
Number of Common Shares in issue at Admission	25,480,790
Market capitalisation of the Company at the Issue Price at Admission	£44.8 million
TIDM	LLAI
ISIN	USU5500L1045
SEDOL code	BLPJ4G2
LEI	549300VBVDIF0Y3OVI38

* This includes the EIS/VCT Shares.

** Net proceeds receivable by the Company are stated after bearing placing commissions, other estimated Fundraising related fees and expenses are estimated to amount to approximately £1,784,000 (excluding any amounts in respect of any applicable VAT).

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2021
Publication of this document	2 July
Issue of EIS/VCT Shares	7 July
Issue of New Common Shares (other than EIS/VCT Shares)	8 July
Admission and commencement of dealings in the Common Shares	8:00 a.m. on 8 July
Credit of Depositary Interests in respect of EIS/VCT Shares into CREST accounts (where applicable)	7 July
Credit of Depositary Interests in respect of New Common Shares (other than EIS/VCT Shares) into CREST accounts (where applicable)	8 July
Dispatch of definitive share certificates (where applicable) in respect of the Fundraising	within 10 working days after Admission

All times referred to in this document are, unless otherwise stated, references to London time. All times and/or dates referred to in this document are subject to change without further notice at the discretion of the Company and Investec.

DIRECTORS, PROPOSED DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Paul Carmelo Pagano – Chief Executive Officer James Renwick McCullough – Non-Executive Director
Proposed Directors	Gordon Roy Davis – Non-Executive Chairman David Mark Anderson – Chief Financial Officer Sara Jane Barrington – Non-Executive Director Andrew Norman Boteler – Senior Independent Non-Executive Director
Company secretary	David Anderson
Registered office	850 New Burton Road, Suite 201, Dover, Delaware 19904, USA
Company website	www.lunglifeai.com
Nominated Adviser, Sole Bookrunner and Sole Broker	Investec Bank plc 30 Gresham Street London EC2V 7QP
Legal advisers to the Company	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF
Legal advisers to the Nominated Adviser, Sole Bookrunner and Sole Broker	Simmons & Simmons LLP Citypoint 1 Ropemaker Street London EC2Y 9SS
Auditor and reporting accountant	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Financial public relations advisers	Walbrook PR Limited 75 King William Street London EC4N 7BE
Registrars	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4HL
Depositary	Link Market Services Trustees Limited 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL

PART 1

INFORMATION ON LUNGLIFE, MARKET OPPORTUNITY AND STRATEGY

1. Summary

The Company, based in California, US, is a developer of clinical diagnostic solutions for lung cancer enhanced by artificial intelligence (**"AI"**). Lung cancer is one of the most lethal cancers, accounting for nearly a quarter of all cancer-related deaths in the US,[1] and its global incidence has increased by 37% from 2007-2017.[2] The Company's diagnostic solutions are designed to make significant improvements in the early detection of lung cancer.

The Company's technology is a combination of the recovery of rare cells and blood-based biomarkers shown to be altered in lung cancer. The Company employs machine learning to improve upon existing computer software to identify informative cells from blood, and intends to build a deep, novel pool of lung cancer-related data for AI-enabled applications designed to improve test performance over time.

The Company's diagnostic, the LungLB® test, is intended to be used as a tool to provide physicians with additional information to help in the decision-making process for people with indeterminate lung (pulmonary) nodules following a CT scan that may be lung cancer, of which there are estimated to be over 1.5 million diagnosed each year in the United States.[3] The LungLB® test may have other utilities, the most significant of which is likely to be in monitoring individuals for recurrence following surgical removal of the cancerous lung nodule. The Directors and Proposed Directors believe that the LungLB® test will provide significant benefit when added to the clinical care pathway by both reducing the number of unnecessary invasive procedures and by reducing delays in treatment from the "wait-and-see" pathway.

The Company has completed a pilot study to evaluate the LungLB® test and is now gearing up to proceed to a larger multi-centre validation study ahead of seeking approval from the US Food and Drug Administration ("**FDA**") for the test. Through collaboration with major cancer medical centres, the Directors and Proposed Directors believe that the Company can effectively commercialise its tests with the aim of having the commercialised test for sale in the United States in 2023.

2. Business overview

2.1 A significantly underserved medical need

The Directors and Proposed Directors believe that the early detection of lung cancer is a significantly unmet medical need. According to the World Health Organisation, over 2.2 million new cases of lung cancer were diagnosed in 2020 and approximately 1.8 million deaths were recorded in 2020 globally.[4] Nearly 80% of all lung cancers in the United States are diagnosed in later stages when survival rates are low because the options for curative treatment are then limited.[5] This is in part due to the lack of effective screening strategies and the fact that early lung cancer largely develops asymptomatically.

A low dose computed tomography (**"LDCT"**) scan, a special form of computed tomography (**"CT"**) scan, is the standard method for lung cancer screening. The National Lung Screening Trial, a research study sponsored by the National Cancer Institute in the US (**"NCI"**), showed a 20% reduction in lung cancer-specific mortality with LDCT screening,[6] as these cancers were

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1 Lim RJ *et al*. Cancer Epidemiol Biomarkers Prev. 2020 PMID: 32856614.

2 Fitzmaurice C *et al*. JAMA Oncol. 2019 PMCID: PMC6777271.

3 Gould MK *et al*. Am J Respir Crit Care Med. 2015 PMID: 26214244.

4 World Health Organisation. Available at: https://www.who.int/news-room/fact-sheets/detail/cancer.

5 Howlader N, Noone AM, Krapcho M, et al. SEER Cancer Statistics Review, 1975-2016. National Cancer Institute; 2019.

6 Aberle DR *et al.* N Engl J Med. 2011 PMCID: PMC4356534.

found at an earlier stage when they are more treatable. A CT scan is also the method by which nodules are found incidentally, when the scan is performed for a reason other than lung cancer screening. While LDCT is highly sensitive (meaning that it is successful in detecting an indeterminate nodule), it suffers from low specificity (meaning that many of those indeterminate nodules will be benign) and, accordingly, a high rate of false positives (where an indeterminate lung nodule is not lung cancer).

There are two general methods by which physicians try to diagnose lung cancer following a CT scan which finds indeterminate nodules. One is by way of biopsy of the indeterminate nodule. However, as a result of these false positives, it is estimated that more than 40% of biopsies of indeterminate lung nodules identified by LDCT scans are negative for lung cancer, and nearly 20% of biopsy patients are subject to adverse events such as collapsed lung, internal bleeding and even death.[7] Follow-up on benign nodules is unnecessarily dangerous and expensive as biopsy increases medical costs 28-fold and adverse events from biopsies increase costs an additional four-fold.[7]

The other method, a less invasive "wait-and-see" approach, involves a follow-up CT scan in three to six months to look for patterns indicative of nodule growth; however, this results in significant anxiety for the patient in the meantime as it could result in a delay in treatment that may reduce the effectiveness of curative surgery. It has been estimated that over 5 million CT scans of the chest are performed each year and over 1.5 million indeterminate lung nodules are found each year in the United States alone.[3] Collectively this represents a significant medical need both in terms of patient well-being and impact on health economics.

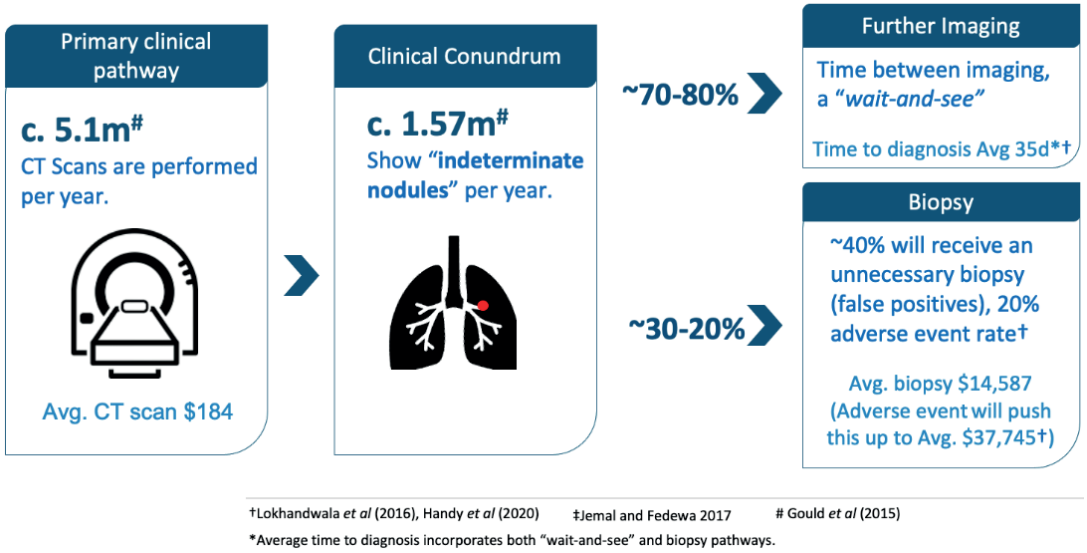

Figure 1: Clinical work-flow for patients found to have indeterminate lung nodules.

2.2 LungLB® test

The Company expects to launch LungLB® in 2023; LungLB® is an AI-enhanced, blood-based test to stratify cancerous and benign lung nodules identified by CT scan, which is intended to support the physician's decision to biopsy or to monitor non-invasively using additional imaging. The Company intends that the LungLB® test will undergo a multi-centre clinical validation study to support a submission for FDA approval, as well as a multi-centre clinical utility study programme to measure the LungLB® test's short and long-term impacts on patient health via a reduction of unnecessary procedures, the minimisation of delays in treatment, and the positive impact on healthcare costs.

Cells within the lungs are exposed to a variety of harm every time a breath is taken: dust and dirt particles, fungal spores, bacteria and viruses, all of which can cause inflammation and damage to the lungs. Lung tissue has evolved in such a way that a highly motile population of lung cells

7 Lokhandwala T *et al.* Clin Lung Cancer. 2017 PMID: 27530054.

can migrate to an area of damaged lung tissue and repair it. Cancer is known to "highjack" many normal biological processes and use them to its advantage, and it is believed that pre-cancerous and cancerous lung cells acquire metastatic behaviour from natural motile processes in the lung. These cancer cell precursors are highly motile and are hypothesised to be the reason that lung cancer recurs often despite attempts to cure it via surgery when it is "localised" in early-stage disease. Indeed, circulating tumour cells (**"CTCs"**) have been identified in individuals at-risk for lung cancer up to four years before cancerous nodules were found by CT scan. For this reason, the Directors and Proposed Directors believe CTCs represent an important biomarker for identifying lung cancer earlier and the reason the LungLB® test shows high performance, balanced sensitivity and specificity when compared to other tests.

The Directors and Proposed Directors further believe that the LungLB® test will provide significant benefit when added to the clinical care pathway by reducing the number of unnecessary invasive procedures and reducing delays in treatment and patient anxiety from the "wait-and-see" pathway. Unnecessary procedures not only potentially harm patients, but are also costly to the health care system. Given that blood tests are a prerequisite to ordering a lung biopsy, the LungLB® test fits easily within the standard care pathway. It is envisaged that physicians will be prompted to order the LungLB® test along with all other prerequisite tests when a lung biopsy is requested. While the test price has not yet been determined for the LungLB® test, the Directors and Proposed Directors believe that it will be less than one tenth of the cost of a lung biopsy (the average cost of which is $14,587) and that is before taking into account the additional cost of care of dealing with any adverse event from a biopsy (the average cost of which is $37,745[7]).

The LungLB® test is comprised of the following steps:

(a) starts with a blood draw, which is then shipped at ambient temperature (i.e. without the need for refrigeration) to the Company's laboratory in California, which is certified under the US Clinical Laboratory Improvement Amendments of 1988 (**"CLIA"**);

(b) red blood cells and a sub-set of white blood cells are removed using antibodies and small magnets;

(c) remaining cells are then stained with proprietary FISH probes, which are specifically designed and targeted reagents for the LungLB® test that are applied using well-established laboratory techniques. The FISH probes target regions of the DNA which are amplified when lung cancer is present;

(d) pictures of the cells stained with FISH probes are taken using a microscope, then sorted on a computer based on the number of FISH signals in each cell, as extra signals are associated with lung cancer, and reviewed by a laboratory technician; and

(e) following review, the test results are sent to the physician who requested the test providing either a positive or negative result.

This process from receipt of the blood draw through to determining the result of the test takes approximately five days. The Company is building an AI algorithm to help more accurately sort pictures of cells prior to technician review.

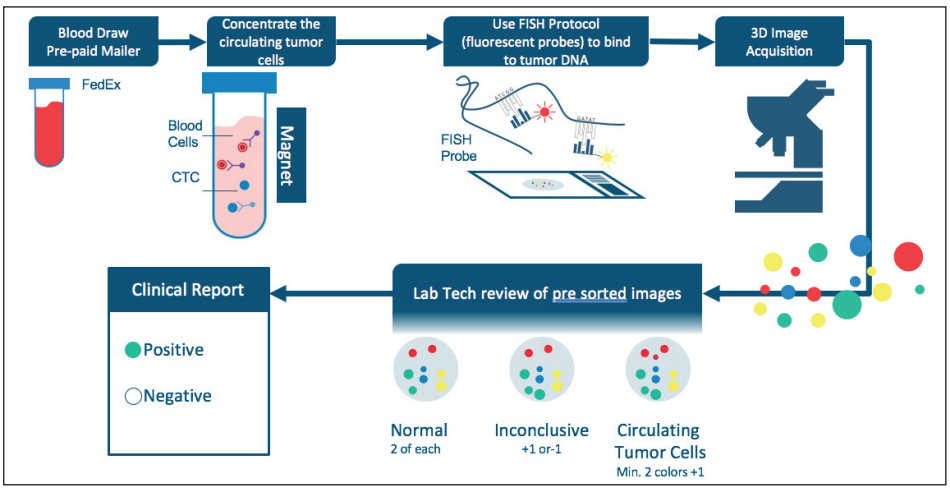

Figure 2: LungLB® process flow

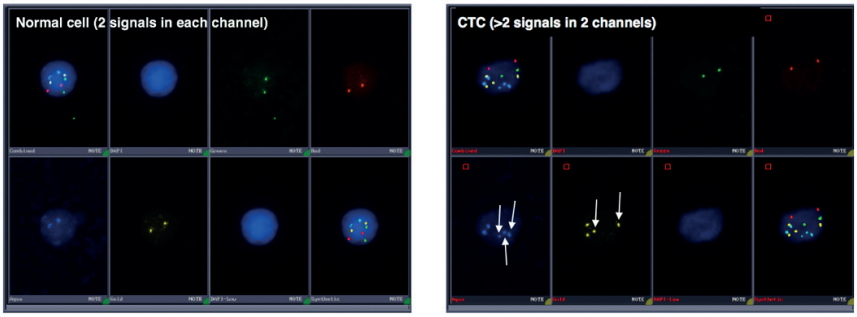

Figure 3: Cells stained with LungLB® 4-colour FISH probes

2.3 AI, machine learning

Machine learning is a type of AI that enables computer systems to learn, make predictions, recognise patterns and improve from experience without being explicitly programmed to do so. A variety of computer programmes, algorithms or models are used to achieve this objective.

The LungLB® test currently utilises a computer-controlled microscope to take pictures of blood cells that have been stained with FISH probes that produce light signals which appear as small dots in the cell nucleus. A commercially-available software programme is currently used to count the light signals and display the results which an experienced laboratory technician then reviews. However, the commercially-available software the Company currently utilises often incorrectly counts the number of light signals, resulting in unnecessary work for the technician and the potential to misclassify cells associated with cancer. The Company believes that this is because most commercially-available software programs use general FISH image-analysis algorithms and are not designed to incorporate the specific needs of the LungLB® test.

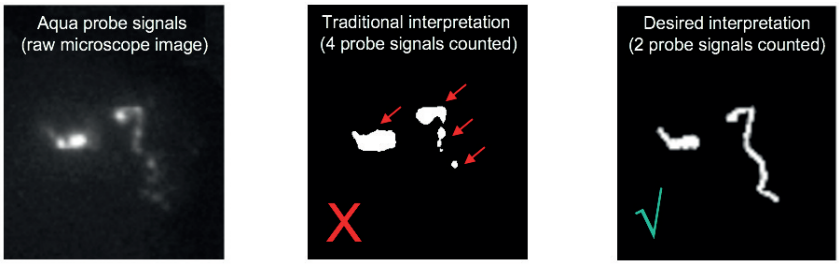

Figure 4: Example of a microscope image of a mis-interpreted probe signal

Given the room for error when using commercially-available software, the Company is in the process of developing the LungLB® test to utilise machine learning in order to more accurately identify and count light signals with the aim of reducing operator hands-on time and increasing test performance. Achieving optimal machine learning performance requires access to large and

specific sets of data inputs. The Directors and the Proposed Directors believe that the quality and quantity of cells derived from the Company's pilot study will provide the necessary breadth of sufficiently detailed data to allow its machine learning algorithms to be developed, validated and improved in a timely and cost-effective manner.

The Company intends to deploy machine learning and deep learning and is working with Persistent Systems Limited (**"Persistent Systems"**) to develop secure, cloud-based data integration software architecture, and secure, high-performance algorithms for its diagnostic tests. Persistent Systems is a leader in software development based in India and is listed on the National Stock Exchange of India and the Bombay Stock Exchange. In its 30-year history, Persistent Systems has released more than 5,500 products and counts many of the world's top technology companies among its clients, including Google and Microsoft. Persistent Systems has long-standing relationships with several leading healthcare providers in the United States that manage patient populations intended for the Company's products, including Mount Sinai. The Company has entered into a master services agreement with Persistent Systems and will be considering a new statement of work with Persistent Systems for the next phase of algorithm refinement.

The Company intends to deploy machine learning to introduce automation and intelligent decision support to high-volume clinical workloads in both primary care and clinical specialist settings around lung cancer screening and lung nodule management. The Directors and the Proposed Directors believe that there are material opportunities in clinical workflow management at all clinical practice levels that could benefit from automated presentation of patient-specific treatment plans based on broadly accepted practice guidelines.

Deep learning is a sub-set of machine learning that does not require manual intervention to generate conclusions from data inputs. Deep learning relies on an autonomous, complex set of algorithms called an artificial neural network, inspired by the neural network found in the human brain. The Company intends to deploy deep learning, in particular convolutional neural networks (which uses a set of expert-defined input images and attempts to identify and simplify the defining parameters i.e. parameters including but not limited to signal intensity, contrast, size and texture that define a true FISH signal rather than an untrue FISH signal), on its data repository of cell images with a view to identifying process efficiencies that save time and enhance performance, especially when considering the spectrum of technician ability.

Truly autonomous AI available from deep learning may be many years from being fully realised, particularly in a regulated clinical setting. However, the Directors and the Proposed Directors believe that establishing a quality assured, development programme in compliance with relevant regulations, such as those required by the FDA, will help establish a framework for creating machine learning-enhanced clinical products that are required to achieve a level of lung cancer diagnostics that does not exist today.

It is important to note that the pilot study results (as set out in paragraph 2.5 of this Part 1), which show high performance, were derived without the use of the AI algorithms. The Directors and Proposed Directors believe that the performance without the AI algorithm is sufficient for regulatory approval and commercialisation. The Directors and Proposed Directors believe that the use of AI algorithm will provide time and performance benefits, as shown by the interim results of the AI algorithm used in the LungLB® test where the sensitivity percentage improved by four percentage points.

2.4 Collaboration with Mount Sinai

The Company has entered into various agreements with Mount Sinai, which is an international leader in medical and scientific training and biomedical research and is part of the Mount Sinai Health System, a large integrated healthcare provider in the US. The Mount Sinai Health System has approximately 6,600 associated physicians, eight hospitals, more than 300 community locations throughout the New York metropolitan area and receives approximately 4 million out-patient visits per year. Mount Sinai is committed to building a world-renowned lung cancer programme with expertise in screening, early detection and biomarker research and has recently established its Center of Excellence for Thoracic Oncology programme.

The first agreement between the Company and Mount Sinai was entered into in November 2019, pursuant to which a 20-subject pilot study to evaluate the LungLB® test was undertaken. That study was subsequently expanded to 60 additional subjects in May 2020.

The Company also entered into a clinical trials agreement with Mount Sinai effective on 17 June 2021 (**"Mount Sinai CTA"**). The Mount Sinai CTA relates to the "Clinical Evaluation of LungLB® in subjects presenting with indeterminate pulmonary nodules" and the "Clinical Evaluation of LungLB® in post-surgical lung cancer monitoring", each in the context of performance validation of the LungLB® test. The obligations under the Mount Sinai CTA are conditional on Admission.

On 18 June 2021, the Company entered into a licence agreement with Mount Sinai (the "**Mount Sinai Licence Agreement**"), which will become effective automatically upon Admission. Pursuant to the Mount Sinai Licence Agreement, Mount Sinai has granted the Company an option to obtain a licence, on a non-exclusive basis, to use de-identified data including de-identified electronic health records, de-identified CT scan images and de-identified positron emission tomography scan images from lung cancer patients and potential lung cancer patients ("**Licensed Information**"). Mount Sinai has reserved rights to use the Licensed Information for any purpose. Exercise of this option is conditional on (i) Admission; (ii) clearance by Mount Sinai's information security team; and (iii) institutional review board ("**IRB**"), data security and data use approvals. Mount Sinai is under an obligation to use commercially reasonable efforts to obtain such clearances and approvals.

The option fee payable by the Company under the Mount Sinai Licence Agreement (which is non-refundable) (the "**Option Fee**") is (i) $1.8 million to be paid in cash within 30 days after Admission, plus (ii) $4.1 million, to be satisfied by the issue of New Common Shares to Mount Sinai at the Issue Price (the "**Consideration Shares**") on Admission which represent, together with the Subscription Shares that will be purchased by Mount Sinai under the Mount Sinai Subscription Agreement, a total of 2,469,842 Common Shares on Admission (representing 9% of the issued and to be issued share capital of the Company immediately following Admission). The payment of the Option Fee is conditional upon (a) Admission; and (b) Mount Sinai subscribing for at least $2,000,000 USD of Common Shares pursuant to the Mount Sinai Subscription Agreement. If this option is exercised in accordance with the terms of the Mount Sinai Licence Agreement, Mount Sinai will grant to the Company a fully paid up non-exclusive licence to the Licensed Information for a period of seven years unless the licence is earlier terminated pursuant to certain termination events provided in the Mount Sinai Licence Agreement. Further details of the Mount Sinai Licence Agreement are set out in paragraph 13.8 of Part 7 (*Additional Information*) of this document.

In addition, the Company entered into a sponsored research agreement with Mount Sinai effective on 14 June 2021 (**"Mount Sinai SRA"**). The Mount Sinai SRA relates to the joint new research project directed to the creation of a clinical factor algorithm and blood-based biomarkers for lung cancer risk and aggressiveness diagnostics (i.e. to understand the likelihood someone will develop cancer or predict how aggressive the cancer may be). The Mount Sinai SRA includes a legally binding sponsored research agreement and an option right to certain intellectual property related to early lung cancer diagnostic biomarkers, tests, and algorithms. The Mount Sinai SRA relates to future product development by the Company and is not needed for the development and commercialisation of the LungLB® test. The obligations under the Mount Sinai SRA are conditional on Admission.

The Company also entered into a non-binding memorandum of understanding with Mount Sinai on 18 June 2021 ("**Mount Sinai MOU**"). Pursuant to the Mount Sinai MOU, the Company and Mount Sinai have agreed to negotiate in good faith to enter into clinical trial agreements for the LungLB® test utility studies which would involve Mount Sinai enrolling patients with indeterminate lung nodules with the LungLB® test in a clinical utility study, contingent upon the Company retaining CLIA validation. The Company expects the clinical utility study to begin in late 2022. The clinical utility study for the LungLB® test is expected to include other leading academic medical centres in the US. Whilst the Mount Sinai CTA and Mount Sinai SRA relate to studies that are required to understand the current and future performance respectively of the LungLB® test (i.e.: sensitivity, specificity and positive predictive value), the clinical utility study contemplated in the Mount Sinai MOU is required to understand the benefit to the patient or healthcare system

as a result of using the LungLB® test (i.e.: lower costs, increased physician or patient experience and reduced delays in treatment).

Assuming successful validation of the LungLB® test, the Directors and the Proposed Directors believe that the LungLB® test will be capable of being offered for commercial sale in the US as a laboratory developed test (**"LDT"**). This will require that the test is performed in a clinical laboratory that is certified under the CLIA and related state laws. In particular, if the clinical laboratory is located in or testing patients from New York State ("**NYS**"), the laboratory will need a permit from the NYS CLEP, and the LungLB® LDT will need NYS CLEP approval. The Company has a CLIA certified laboratory in California and is currently seeking a NYS CLEP permit, which is critical for the utility study with Mount Sinai that is the subject of Mount Sinai MOU. The Directors and the Proposed Directors believe that the Company will be able to obtain a CLEP permit within the requisite timeframe prior to commencing the utility study with Mount Sinai.

As part of the Fundraising and in addition to the issue of the Consideration Shares, Mount Sinai will subscribe for 812,954 Subscription Shares. Further details of the Mount Sinai Subscription Agreement are set out in paragraph 13.2 of Part 7 (*Additional Information*) of this document. It is expected that Mount Sinai will hold 9.7% of the share capital of the Company on Admission.

Drs. Claudia Henschke and David Yankelevitz. Claudia Henschke and David Yankelevitz have each been appointed as a member of the Company's scientific advisory board. Both are experts in one or more relevant fields, including lung cancer screening, early detection, personalised medicine and biomarker development and are members of the faculty at Mount Sinai Hospital and were invited to be members of the Company's scientific advisory board in the context of the Company's collaboration with Mount Sinai.

2.5 **Clinical validation and studies**

Clinical trials for drugs have different phases (commonly referred to as Phase I, II, III, etc.) that achieve different things (for example, safety of the drug or whether or not the drug works). Similarly, different types of clinical studies for diagnostic tests are performed for different purposes. A pilot study is performed to understand if a diagnostic test shows a performance profile that is worth pursuing and to help with future study design. A validation study is larger than a pilot study and seeks to provide robust evidence of test performance and quality for regulatory bodies such as CLIA or the FDA. A utility study is performed to provide evidence that a test improves patient health and/or results in a reduction in healthcare costs and is used by insurance providers to inform reimbursement decisions.

Pilot study

As referred to in paragraph 2.3 of this Part 1, the Company initiated a pilot study in 2018 that was comprised of subjects with indeterminate lung nodules, who were undergoing biopsy. The purpose of the pilot was to understand two main things: first, if the LungLB® test performed at a high enough level (in terms of sensitivity and specificity) to warrant further commitment; and second, based on that performance, to execute a power analysis in order to make a reasonable estimation of the number of subjects required for a validation study. Blood samples were received from three sites including Mount Sinai and The University of Texas MD Anderson Cancer Center (**"MD Anderson Cancer Center"**). The pilot study included 149 subjects; 111 with biopsy-confirmed cancer and 38 with biopsy-confirmed benign nodules. Using receiver operator characteristics analysis, the sensitivity was determined to be 76.6% (85 of 111 malignant nodules correctly identified) and specificity 71.0% (27 of 38 benign nodules correctly identified), with a positive predictive value of 89%.

Validation study

The results of the pilot study has led the Company to believe that the LungLB® test may improve the lives of people at risk for having lung cancer and reduce healthcare costs associated with the current clinical care pathway. Accordingly, the Company intends to begin a large-scale, multi-centre clinical validation study of the LungLB® test by the end of 2021 using blood samples collected at Mount Sinai (under the Mount Sinai CTA), as well as other academic institutions (and the Company is currently negotiating separate clinical trial agreements with the University of California Los Angeles (**"UCLA"**) and MD Anderson Cancer Center). To perform the validation

study, the Company's validation study protocol must be reviewed and approved by the IRB, which is an ethics committee serving to protect the rights and welfare of human research subjects. The Company has IRB approval for the study at MD Anderson Cancer Center and UCLA is seeking IRB approval for the study at Mount Sinai. It is intended that results from the multi-centre clinical validation study will support a submission for FDA approval.

The Company believes that it needs to recruit around 425 subjects in order to have sufficient data in order to be confident that the test results will be statistically significant, in order to demonstrate that test performance identified from the pilot study did not occur by random chance. The Company will act as the study sponsor and intends to appoint a clinical research organisation (**"CRO"**) to manage the validation study. The Company is in advanced discussions regarding the appointment of a CRO to run its clinical validation studies. The Company also intends to purchase a licence for an electronic data capture system such that clinical sites can upload data on study subjects pertinent to the study and the Company can upload corresponding results of the LungLB® test, in a double-blinded fashion.

Utility study

As referred to in paragraphs 2.2 and 2.4 of this Part 1, the Company plans to run a demographically broad and location diverse prospective clinical utility study with participation from a group of US academic medical centres. The clinical utility study is being designed to evaluate short and long-term impacts of the LungLB® test on healthcare costs and clinical outcomes. It is intended that results from the utility study will support test reimbursement from public and private insurers.

2.6 **Regulatory overview**

In-vitro clinical tests, also referred to as *in-vitro* diagnostics (**"IVDs"**), are overseen in the US by two federal regulatory agencies of the US Department of Health and Human Services (**"HHS"**) – the Centres for Medicare & Medicaid Services (**"CMS"**) and the FDA. The Company's CLIA laboratory is regulated by state (California Department of Public Health (**"CDPH"**)) and federal (CMS) regulation. The CMS regulates clinical laboratories that perform diagnostic testing through the CLIA. The FDA regulates the distribution of IVDs under the Federal Food, Drug, and Cosmetic Act ("**FFDCA**"). In some states in the US (for example, NYS), state law provides more stringent requirements than CLIA and therefore clinical laboratories accepting samples from that state would require certification by that state.

CLIA establishes standards and requirements for clinical testing and certification of clinical laboratories that perform clinical testing using IVDs. As such, CMS via CLIA regulates the quality of clinical testing process/procedures performed by the clinical laboratory, which includes requirements that document the analytical performance of the test itself when specimens are analysed using LDTs. The Company's diagnostic tests will first be validated and offered as an LDT in compliance with CLIA requirements. The Company's clinical laboratory in California and the LungLB® test was first certified by CDPH in December 2019. To maintain its CLIA certification, the Company must renew its CLIA registration with CDPH every two years and its California licence annually. The CDPH conducts inspections of licensed clinical laboratories no less than once every two years to determine if laboratories are in compliance with their regulations.

The Company has submitted its application to pursue NYS CLEP for use of the Company's diagnostic tests in NYS. The NYS Department of Health will seek to ensure that the laboratories meet these standards through annual inspections. These inspections cover quality management systems, director responsibilities, human resources, facility design, laboratory safety, laboratory information systems, resource management, document control, pre-analytic systems (test request and specimen processing), analytic systems (test procedure content, test performance specifications, calibration verification and quality control), post-analytic systems (results review, reporting and confidentiality), document and specimen retention, proficiency testing, and investigation and corrective actions. Laboratories must comply with all of these regulations if they plan to test clinical samples. If deficiencies are found during any of the inspections, the regulating bodies will require corrections to be made. Once corrections are submitted, the regulating bodies will decide if the corrections are sufficient, or if further action is required. Generally, laboratories are given 10 calendar days to submit their corrective actions. If all of the deficiencies are

corrected, or if none are found, the laboratory will keep its permit and its ability to continue to receive clinical samples.

Under the FFDCA, the regulation addresses the safety and effectiveness of the product (diagnostic tests, in this case). As such, the FDA oversees IVDs for its safety and effectiveness by performing a review of the analytical and clinical performance of the diagnostic tests prior to authorisation (for example, premarket notification, DeNovo or pre-market approval submission process) and post-commercialisation monitoring of product performance. Whilst the Directors and Proposed Directors believe that the LungLB® test could be clinically offered in the US as an LDT under CLIA and related state laws, the Company intends to seek medical device marketing authorisation for the LungLB® test from the FDA on a voluntary basis because the Directors and the Proposed Directors believe that FDA marketing authorisation will support test adoption. In pursuit of commercial distribution of the Company's diagnostic tests, the Company will engage in pre-commercial submission feedback with the FDA to ensure that the diagnostic tests meet the FDA's requirements of the FFDCA prior to submitting an application for commercial authorisation. The Company has been assigned a review team at the FDA and has been corresponding with them since October 2019 using the established Q-submission program. The Company intends to submit a DeNovo regulatory review application to the FDA for the LungLB® test as a Class II device. Should the FDA determine that an alternative review pathway (such as a 510(k)) is more appropriate than a DeNovo pathway, the Company would be required to compare the LungLB® test results from the validation study to a predicate technology to show equivalency. The Company believes it qualifies for DeNovo classification as there are currently no FDA-approved blood-based technologies for indeterminate lung nodule classification. The Company will be required to submit pre-defined study endpoints on test performance to the FDA for the validation study, which will provide the outputs that the FDA uses to consider granting approval for the LungLB® test. The Directors and Proposed Directors believe that, should the validation study not reach its pre-defined endpoints and thus not obtain FDA approval, it would still be able to use the results from the validation study to commercialise the LungLB® technology under its CLIA licence as an LDT.

The FDA also oversees a regulatory approval pathway called the Breakthrough Devices Program (**"BDP"**). The goal of the program is to provide patients and health care providers with timely access to medical devices by accelerating their development, assessment and review while preserving the statutory standards for premarket approval, 510(k) clearance and DeNovo marketing authorisation. The BDP offers the opportunity to interact with the FDA's experts through several different program options to efficiently address topics as they arise during the premarket review phase, which can help test developers receive feedback in a more timely manner. The Company intends to apply for Breakthrough Device Designation for the LungLB® technology once it has sufficient data to support the BDP application. The BDP is entirely voluntary and the Company will still have access to FDA feedback through the Q-submission program should BDP status not be granted. The BDP recently has positive implications for reimbursement through the Medicare Coverage of Innovative Technology (**"MCIT"**) executive order which is described in paragraph 2.8 of this Part 1.

In addition to seeking to meet US regulatory requirements as referred to above, the Company also intends to consider pursuing regulatory paths in Europe (for example, via the process for obtaining a CE Mark in accordance with EU In-Vitro Diagnostic Regulation (Regulation EU, 2017/746) ("**IVDR**")) in support of product commercialisation efforts outside of the US.

Part 6 (*Regulatory Overview*) of this document provides a more detailed overview of the key aspects of laboratory service and medical device regulation within the US, EU and UK.

2.7 **Commercialisation**

The Company intends to continue building its collaborative, multi-centre study network in 2021 to further develop, validate and commercialise the LungLB® test and its technology platform. The Company intends to conduct both validation and utility studies under strict quality assurance procedures with the intention of filing for regulatory review with the FDA and agreeing suitable reimbursement rates. Based on its review of the competitive landscape in lung nodule

management, the Directors and the Proposed Directors believe that the LungLB® test will be the first blood-based test for nodule classification submitted to the FDA for regulatory review.

A CLIA licensed laboratory and CLIA validated test are required in order to report the result of a laboratory test to an ordering physician; it is usually not sufficient to just have a CLIA licence. The Company received its CLIA laboratory licence in 2019 and believes the LungLB® test can be offered as an LDT to physicians and their patients. However, the pilot study is unlikely to provide sufficient compelling data to support adoption by physicians and payors. Accordingly, the Company intends to perform the larger multi-site validation study referred to in paragraph 2.5 of this Part 1.

While the Directors and the Proposed Directors believe that the LungLB® test may be clinically offered in the US as an LDT under CLIA and related state laws, the Company intends to seek medical device marketing authorisation for the LungLB® test from the FDA, on a voluntary basis.

The Company has a licensing agreement with Chinese pharmaceutical company, Zhuhai Diagnostics Inc., which subsequently re-branded as SanMed Biotech Ltd (**"SanMed"**). Under the terms of SanMed's licence, which covers commercialisation of the LungLB® test in China, Hong Kong, Taiwan and Macau (the **"SanMed Designated Region"**), SanMed is obliged to pay royalties to the Company on LungLB® test sales in the SanMed Designated Region subject to SanMed commercialising the technology. The Company also sells FISH reagents to SanMed.

Further, the Company has not ruled out pursuing a strategy to achieve appropriate regulatory review with European and other Asian agencies to expand the addressable market for its tests, either directly or through partnerships; however, the initial focus will be on the US market. The Directors and the Proposed Directors believe that obtaining FDA approval would provide much greater support for the adoption of its diagnostic tests across clinical disciplines and assist in establishing private third-party and government-based reimbursement than would be the case with the LungLB® test as an LDT.

2.8 **Reimbursement**

Reimbursement is comprised of three components: code, price and coverage.

- A code is the mechanism by which tests can be identified by the manufacturer. The Directors and Proposed Directors believe that the Company can apply for a Proprietary Laboratory Analysis code which are usually approved by the American Medical Association, the Current Procedural Terminology Panel or CMS on a quarterly basis.

- Price is how much a payor is willing to pay for a laboratory test. There are two mechanisms to determine payment, which are crosswalk and gap-fill processes. Crosswalk applies if the new test is comparable to an existing test (that may use a similar technology but for a different indication, for example), in which case it is assigned the market-based payment rate of that comparable existing test. Gap-fill applies if there are no comparable existing tests, in which case the MAC determines the pricing. Pricing includes an annual public meeting process where laboratories present on tests and respond to questions from advisory panels, CMS and stakeholders. Following the meeting, CMS issues preliminary determinations of basis of payment (crosswalk or gap-fill) and issues a final determination following a 30-day public comment period, and the payment rate takes effect the next year.

- Coverage is whether a payor will pay for the test once price and code have been assigned. In order for a test to be covered by Medicare, it must show the test is "reasonable and necessary" by providing evidence of clinical validity and utility. Clinical validity is results from a validation study that show how the test performs in the patient population for which it is intended. Clinical utility is the results from a utility study that aims to measure the LungLB® test's short and long-term impacts on patient health and the impact on healthcare costs. "Reasonable and necessary" are assessed by MAC through a local coverage determination (**"LCD"**) by reviewing a detailed clinical dossier. This dossier includes analytical and clinical validation materials, clinical utility studies, and economic value studies. The assessment of Medicare coverage generally takes 12-24 months from dossier submission to the effective date of LCD, and private payors generally follow the Medicare process when assessing coverage for precision diagnostics, such as the LungLB® test.

Based on the executive order 'Protecting and Improving Medicare for Our Nation's Seniors' issued in 2019 by former President Donald J. Trump and CMS' continued focus on bringing new and innovative technologies to beneficiaries sooner, Medicare is finalising a new coverage pathway called MCIT, which should provide national Medicare coverage for BDP devices once those devices have obtained FDA market authorisation and coverage should last for four years whilst the clinical utility studies and other requirements of Medicare for such BDP devices are completed to obtain LCD or national coverage determinations.

The Company intends to seek reimbursement the LungLB® test with Noridian Healthcare Solutions (**"Noridian"**), the Medicare Administrative Contractor (**"MAC"**) for California, and the CMS and with major third-party private payors in the US. The Company continues to assess several key factors involved with establishing appropriate levels of reimbursement for its diagnostic tests including clinical utility studies, regulatory approval pathways, health economics studies, potential pathways for guidelines inclusion, publication of results in peer-reviewed journals, as well as other factors. The Directors and the Proposed Directors believe that an early emphasis on coverage and reimbursement can help to mitigate some of the timeline risk associated with achieving regional and national coverage and reimbursement. Coverage determination for Medicare is planned to be under the Molecular Diagnostic Services system (**"MolDx System"**) and estimates a coverage decision in 2024. The MolDx System was developed by Palmetto GBA, LLC, who provide healthcare administration services and technology solutions in the United States, and is used by MACs covering 28 states, including Noridian in California where the Company's clinical laboratory is located. The MolDx System develops individual coverage policies and payment rates for molecular diagnostic tests and provides the most formalised coverage process of any MAC and the most experience with molecular diagnostics.

The Company receives reimbursement strategy advice from external consultants and intends to continue to do so following Admission.

2.9 **Revenue strategy**

The Company's revenue is expected to be derived from different sources including:

(a) standard private third-party and government medical insurance coverage and reimbursement for the LungLB® test, which is the Company's near-term focus in respect of revenue; and

(b) programme development and contract fees for Company-delivered services to support pharmaceutical companies with clinical trials in lung cancer.

Prior to full-scale commercialisation, the Company intends to focus on getting its first revenues from early adopting institutions, potentially those identified through partnerships, including validation and utility sites.

2.10 **Protecting patient data and privacy**

The Company takes its responsibility to maintain patient confidentiality and protect patient data and privacy extremely seriously.

The Company's data collection and integration environment is designed to be compliant with all applicable privacy and security regulations, including the privacy and security provisions of the US Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), and will be designed to be compliant with the data protection regimes in relevant jurisdictions as and when required. The Company will work with healthcare providers, downstream vendors and regulators, with a view to ensuring appropriate data security. All Company employees are required to take annual HIPAA and healthcare ethics and code of conduct training. Wherever possible, the Company will collect and process only de-identified data.

2.11 **IP and know-how protection**

The Company has licensed rights to certain proprietary blood-based biomarkers and know-how for lung cancer prediction from MD Anderson Cancer Center in the US. The Directors and the

Proposed Directors believe that the ability to generate exclusive and non-exclusive rights to use its additional IP will provide a sustainable competitive advantage in development.

The Company anticipates that there will be an increasing number of opportunities to in-license novel technology as awareness of the Company's strategy and its diagnostic tests grows in the medical community. The Company intends to maintain an active dialogue with leading research centres in the lung cancer field around inventions which could enhance products such as the LungLB® test or which may create new complementary product offerings.

The Company intends to continue to make selective new patent filings in respect of its in-licensed and further developed IP where it considers this to be appropriate commercially. The Company has submitted a provisional patent application in the United States regarding the machine learning used by the Company in the context of the software used to count the light signals in blood cells that have been stained with FISH probes. In seeking international patent protection, this provisional application has been filed under the Patent Cooperation Treaty (**"PCT"**) and will soon enter national phase prosecution. The Company has submitted a second provisional application regarding tumour cell enrichment from blood, a third provisional application regarding additional FISH probes for tumour cell detection and a fourth provisional application regarding the combination of blood-based biomarkers and clinical factors to create a lung cancer risk score. The Company intends to file applications under the PCT within 12 months of the US filing date of the three provisional applications.

Paragraph 21 of Part 7 (*Additional Information*) of this document sets out a table with information relating to the patents which have been licensed to the Company, patent applications which have been submitted by the Company and registered trademarks owned by the Company, all of which are in the United States. The Company does not own any registered patents or registered trademarks outside of the United States.

The Directors and Proposed Directors believe that the Company benefits from its years of experience in rare-cell recovery, identification, and analysis. This business and technological "know-how" has been incorporated into the LungLB® test in the form of specialised laboratory techniques and processes which provide an additional layer of protection and deter other laboratories that do not have similar experience from easily reproducing the test.

Other intellectual property owned by, or licensed to, the Company includes:

- technical information and materials relating to the licensed patents which has been licensed to it by MD Anderson Cancer Center;
- copyright, being copyright that it owns, such as the Company's own study and research data; and
- the intellectual property within the Company's test data, which is attached to the results of the services provided to the Company that the Company will own (for example machine learning service providers, such as Persistent Systems).

2.12 **History of the Company**

The Company was incorporated on 30 December 2009 as Cynvenio Biosystems, Inc. and founded on technology licensed from the University of California, Santa Barbara. The focus at that stage was on rare-cell enrichment and detection for bioterrorist threat identification, and was funded mainly by angel investors and research grants.

From 2010 to 2014 the Company deployed the technology for CTC enrichment and detection for cancer diagnostics with input and funding from pharmaceutical companies and built the LiquidBiopsy® platform. The Company also built a CLIA-certified diagnostics laboratory and offered testing services to physicians with its first products focused on breast and prostate cancers using next generation DNA sequencing.

In 2015 and 2016, the Company evaluated technology from MD Anderson Cancer Center for the early detection of lung cancer, and on 29 June 2017 the Company signed an exclusive licence agreement for the technology. This technology is the basis of the Company's LungLB® test. At

that time the Company also initiated a 211-subject study in triple negative breast cancer (**"TNBC"**).

In 2015, the Company formed a joint venture with SanMed (formerly known as Zhuhai Livzon Diagnostics Inc.) (**"Livzon JV"**), to distribute the LiquidBiopsy® platform and testing services in China.

Between the end of 2017 and May 2018, the Company underwent restructuring of the management team and made a strategic decision to wind-down the TNBC study and re-focus efforts on lung cancer diagnostics and, in particular, the development of the LungLB® test. The Company sold its equity interests in the Livzon JV in 2017 to focus on its US operations and granted the Livzon JV a royalty-bearing sub-licence for the licensed technology from MD Anderson Cancer Center for the early detection of lung cancer, in relation to future sales of the LungLB® test in China. SanMed is responsible for funding and developing the LungLB® test for the Chinese market.

The LiquidBiopsy® platform was distributed as a "research use only" tool by ThermoFisher Scientific until 2018, and the Company began to wind down the "platform" business to focus on developing diagnostic tests for lung cancer. The Company changed its name from Cynvenio Biosystems to LungLife AI, Inc. in May 2019. It ceased all LiquidBiopsy® platform-related business activities at the end of 2019 and concentrated all efforts on LungLB® development and testing, including a multi-centre clinical pilot study in patients with indeterminate lung nodules.

Since January 2020, the Company has increased the number of subjects in its pilot study from 30 to 149 subjects with indeterminate lung nodules, reduced reagent optimisation cost and reduced labour costs and in June 2020 filed three patent applications with a view to protecting the blood cell isolation process, the use of additional FISH probes for target identification and the combined use of a clinical factor algorithm with the LungLB® test.

3. Market opportunity

The Directors and the Proposed Directors believe there to be a significant opportunity to deliver the first FDA-regulated, AI-enhanced product for the early detection of lung cancer. The Company considers there to be three areas that comprise the market opportunity for its LungLB® test: lung nodules identified during lung cancer screening, lung nodules found incidentally, and recurrence monitoring following lung cancer surgery.

3.1 Lung nodules identified during lung cancer screening visits

Lung cancer is the number one cancer killer in the US, and more people die from it than breast, prostate and colorectal cancers combined.[8] The increase in the five-year survival rate, a metric used to understand the lethality of cancer, from 11.5% in 1975 to 21.7% in 2017, which is marginal when compared with certain other common cancers, reflects the fact that the vast majority of lung cancers are found in late-stage disease.[9]

Early detection of lung cancer begins with a CT scan of the chest, where X-rays can identify a spot on the lung called an indeterminate lung nodule. The nodule may represent cancer or something benign such as an infection or scar tissue.

As of 2017, 6.8 million adults in the US were eligible to participate in a lung cancer screening program, which includes a CT scan for individuals between 55-80 years old with a 30 pack-year smoking history (pack-year is defined as the number of cigarette packs smoked per day multiplied by the number of years smoked, i.e. 30 pack-years is one pack a day for 30 years, or two packs a day for 15 years, etc.) and approximately two to four per cent. are estimated to have received said screening.[10] As additional evidence mounts showing the benefits of lung cancer screening, the number of eligible individuals who participate in a screening programme are expected to rise. Indeed, on 9 March 2021, the US Preventive Services Task Force (which is the

8 The American Cancer Society: Available at: https://www.cancer.org/cancer/lung-cancer/about/keystatistics. html

9 National Cancer Institute. Available at: https://seer.cancer.gov/statfacts/html/lungb.html.

10 Jemal A, Fedewa SA. JAMA Oncol. 2017 PMCID: PMC5824282.

group in the US that recommends screening criteria), recommended expanding the screening criteria to include individuals with lower smoking history (20 pack-years).[11] This effectively doubles the size of the population eligible for screening.

The Directors and the Proposed Directors anticipate that a small, but increasing, proportion of individuals with indeterminate nodules who are candidates for the LungLB® technology will be identified as a result of participation in a screening program.

3.2 Incidental lung nodules

Incidental lung nodules are commonly identified in routine clinical practice. In the approximately 5.1 million medically necessary CT scans performed in the US each year (outside the screening setting), it has been estimated that over 1.5 million indeterminate nodules are identified each year[3] and a significant amount of those patients are expected to undergo invasive diagnostic work-up.[12] The Directors and the Proposed Directors believe that a significant portion of individuals using the LungLB® test will have had their lung nodule found incidentally.

Current tools for managing incidentally found lung nodules are sub-standard. Bronchoscopy and needle biopsy have a significantly high false negative rate (30-70% and 10-30%, respectively)[13] and using radiologic surveillance (i.e. involving CT scan imaging over a three to 12 month period) results in potential delays in treatment and exerts an unknown psychological toll due to scan anxiety.[14] The average elapsed time between when a nodule is first identified to when a definitive diagnosis is made, across both diagnostic pathways, is 35.9 days.[7]

The LungLB® test is expected to identify lung cancer in patients faster thereby reducing delays in treatment, and increasing the potential for a cure. It is also expected to lower healthcare costs by reducing the number of unnecessary costly and dangerous biopsies.

SARS-CoV-2, the virus that causes COVID-19, targets many organs including the lungs. Infection can cause inflammation and lung damage that can have short and long-term effects. This includes scarring that results in lung nodules that can sometimes look like lung cancer. Because so many people have been infected with COVID-19 in the US, the Directors and Proposed Directors believe that the number of nodules identified each year may increase in both the incidental detection and screening settings, even when the pandemic is over.

3.3 Post-surgical monitoring

The five-year survival rate for lung cancer increases with early detection: six per cent. for patients with metastases distant from the lung, 32% for patients with tumour spread within the lungs, and, up to 59% (depending on stage) for patients with only a localised tumour.[5] This is because lung cancer patients with localised (non-metastatic) disease are eligible for surgery which is the only current treatment for lung cancer that may result in a cure.

It is estimated 30-50% of all lung cancer patients who receive surgery with curative intent return to the clinic within two years with recurrence, most often as metastatic disease; this suggests that the lung tumour had already metastasized but was undetectable by CT imaging.[15] As recurrence is so high, the standard of care is post-surgical monitoring by CT scan every six months to look for new lung nodules; however, as described in paragraphs 2.1 and 3.2 of this Part 1, there are problems with CT scan for nodule management. The use of technology to predict which lung cancers may recur could have significant impacts on patient care[16] and in this context, the Company intends to understand the potential use for the LungLB® test in the setting of post-surgical monitoring for lung cancer patients.

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11 USPSTF Recommendation. Available at: https://www.uspreventiveservicestaskforce.org/uspstf/recommendation/lung-cancer-screening.

12 Tanner NT *et al*. Chest. 2015 PMCID: PMC4665735.

13 Gould MK *et al*. Chest. 2013 PMCID: PMC3749714.

14 Wood DE *et al.* J. Natl Compr Canc Netw. 2012 PMCID: PMC6467530.

15 Pagano PC *et al.* Cancer Prev Res. 2017 PMCID: PMC5584580.

16 Abbosh C *et al*. Nat Rev Clin Oncol. 2018 PMID: 29968853.

The Directors and the Proposed Directors believe those patients who have cancer who utilise the LungLB® test to help identify cancer from an indeterminate nodule will have early-stage lung cancer and be eligible for surgery. Therefore, subject to clinical evidence and regulatory approval, some users of the LungLB® test may become "repeat customers" and use the test in a monitoring capacity at regular intervals.

Better survival rates for patients diagnosed with early-stage lung cancer is due to curative surgery, whereas patients with advanced metastatic disease (i.e. cancer that has spread to different parts of the body) are limited to moderately extending life by therapeutic intervention which does not usually afford a cure. As a result, late-stage lung cancer is associated with significant morbidity, mortality and healthcare costs. It is estimated that the monthly costs for surgical patients are five to 10 times lower than for those receiving chemotherapy,[17] and the difference is expected to be greater for those receiving more costly targeted therapy and immunotherapy drugs. By improving the ability to predict which patients will develop recurrence, the LungLB® test is expected to not only enhance patient outcome but also reduce healthcare costs by curbing patients' progression to late-stage disease where treatments are more expensive.

4. Competition

The Directors and the Proposed Directors believe that its LungLB® technology is well suited for early-stage lung cancer detection. There are a number of companies that focus on early-stage lung cancer diagnostics, including Oncimmune Holdings PLC, Veracyte, Inc., Biodesix, Inc., GRAIL, Inc. and Thrive Earlier Detection Corporation. However, the Directors and Proposed Directors believe that these competitors are approaching lung cancer detection principally in two different ways to the Company: (i) by repurposing circulating tumour DNA (**"ctDNA"**) technology used for late-stage disease testing that is not well suited to early-stage lung cancer detection; and (ii) by using indirect measurement methods and the body's response to cancer, rather than directly measuring cancer tumour material in the blood. It is for these reasons that the Directors and Proposed Directors believe that the LungLB® test is better suited to early-stage lung cancer detection than the detection methods used by these competitors.

4.1 Repurposing circulating tumour DNA

Measuring ctDNA works well in identifying late-stage cancer, including late-stage lung cancer, when tumours are very large because they get so big they are unable to support themselves. Parts of the tumour become necrotic and their DNA enters the bloodstream. However, in early-stage lung cancer there is little tumour death, in fact the tumours are growing during this time, so these tests tend to lack sensitivity. This means many lung cancers are missed. The Company therefore believes that repurposing ctDNA detection (even though it is an inexpensive technology) for early-stage lung cancer is not ideal.

4.2 The body's response to cancer

The body's response to cancer is an indirect method of measurement (the cancer itself is not measured), and is manifested as an immune response or in the field effect of cancerisation. The immune system has evolved to detect, attack and eliminate cancers that develop in the body, involving a variety of mechanisms that include recognition of tumour-specific markers. Autoantibody assays, which are used by certain competitors of the Company, have been developed to detect the immune response to tumour-specific markers and are highly specific to cancer; however, autoantibody amounts in the blood are typically low and these autoantibody assays tests suffer from poor sensitivity[18] (again many cancers are missed). The healthy respiratory tract tissue surrounding a lung tumour has been shown to undergo changes, termed the "field effect of cancerisation" and the "smoking field of injury" that are detectable by changes in gene expression[19] and a test has been developed to collect upper respiratory tract tissue during a bronchoscopy for the purpose of stratifying cancer risk in subjects with lung nodules. As

17 Sheehan DF *et al*. Cancer Med. 2019 PMCID: PMC6346221.

18 Seijo LM, Massion P, *et al*. J Thorac Oncol. 2019 PMCID: PMC6494979.

19 Spira A *et al*. Nat Med. 2007 PMID: 17334370.

bronchoscopy is an invasive procedure that requires a general anaesthetic, one approach is to collect the same information from a less invasive nasal swab instead. However, while the technology used in both bronchoscopy and from a nasal swab is highly sensitive, both lack specificity. The Directors and Proposed Directors believe that this is because a multitude of factors can change gene expression, including common respiratory allergies and infections, and it is likely that the genes being measured are not necessarily cancer-specific.

5. Directors and Proposed Directors

Directors

Paul Pagano, Ph.D. (aged 37) – *Chief Executive Officer*

Paul Pagano is the CEO of the Company and has over 16 years of experience in the sciences covering chemistry, engineering and cancer biology. He was trained at UCLA in translational lung cancer research and has multiple publications spanning early disease pathogenesis and resistance to targeted lung therapy.

Dr. Pagano has spent the last six years at the Company leading research & development teams in developing clinical diagnostics for lung cancer using liquid biopsy. During his time at the Company, he also developed and patented a microfluidic platform for CTC enrichment and analysis. Dr. Pagano previously worked at Amgen Inc. in quality analytical laboratories.

Dr. Pagano received a B.S. from UC Santa Barbara in microbiology and immunology, and earned a Ph.D. in pharmacology from the David Geffen School of Medicine at UCLA.

James McCullough (aged 53) – *Independent Non-Executive Director*

James McCullough is the CEO of Renalytix AI plc and has experience building emerging technology companies in both the public and private sectors with specific expertise in the life-sciences industry.

Prior to his role at Renalytix AI plc, Mr. McCullough served as CEO of Exosome Diagnostics, Inc., a venture capital backed personalised medicine company developing non-invasive liquid biopsy diagnostics in cancer, which was acquired by Bio-Techne Corporation in 2018. He is a managing partner at Renwick Capital, LLC and also serves on the board of directors of Verici Dx Plc, Kantaro Biosciences, LLC and the GO2 Foundation for Lung Cancer. Mr. McCullough has served on the Board since 2019.

Mr. McCullough received his B.A. from Boston University and an M.B.A. from Columbia Business School.

Proposed Directors

Roy Davis (aged 64) – *Independent Non-Executive Chairman, Chair of the Nomination Committee*

Roy Davis will join the Board conditional upon Admission and it is proposed that Mr. Davis will be the Company's chairman. Mr. Davis has extensive experience spanning medical devices, diagnostics, and the digital healthcare space. He is currently Chairman of Medica Group PLC, the UK's leading teleradiology company, Edinburgh Molecular Imaging Limited, a cancer theragnostic imaging company, Foster & Freeman Limited, a leading forensic imaging manufacturer and RAIR Health Limited, an applied AI and health data company.

Prior to these roles, Mr. Davis served as the chief executive officer of Optos plc, a leading ophthalmology medical device business, from 2008 until June 2016 when he stepped down following the company's acquisition by Nikon Corporation.

Before joining Optos plc, he served from 2007 as chief executive officer of Gyrus Group plc, a leading medical device company, prior to its acquisition by the Olympus Corporation of Japan in 2008, having previously served as COO of Gyrus Group plc from 2003 and a Non-Executive Director since its initial public offering in 1997.

Prior to this, Mr. Davis was the CEO of NTERA Ltd, a nanotechnology company, and before that spent almost 10 years with Arthur D Little Limited, the global management consulting company, where he was Vice President and Global Head of its operations management business.

Roy holds a mechanical engineering degree from the University of Southampton and an M.B.A. from the London Business School.

David Anderson (aged 58) – *Chief Financial Officer*

David Anderson is a chartered accountant and member of the Institute of Chartered Accountants of England and Wales with over 25 years' experience of senior finance roles. He qualified with Stoy Hayward (now BDO LLP) and from 1998 to 2009 was an audit partner in their London office before becoming an audit partner with Crowe Clark Whitehill (now Crowe UK LLP) from 2010 to 2012. Since then he has held senior finance roles with Strategic Minerals Plc, Hakkasan Limited and CT Group International Ltd. Mr. Anderson has been serving the Company as CFO in a consultancy role since 2019 and will formally join the Board as CFO upon Admission. He is currently the CFO and non-board member of Verici Dx Plc on a part-time basis.

Mr. Anderson received a B.S.c. (Econ) from the London School of Economics.

Sara Barrington (aged 53) – *Non-Executive Director*

Sara Barrington will join the Board conditional upon Admission. Ms. Barrington is CEO of Verici Dx Plc and CCO of Kantaro Biosciences, LLC. Ms. Barrington previously served as CEO of the Company from January 2019 to May 2020 and has since acted as a consultant to the Company. She has held numerous senior roles including EVP of Business Operations with Bruin Biometrics, Senior Vice President Finance of Exosome Diagnostics, Inc., and CFO at AusAm Biotechnologies. Prior to working in the US, she worked for British Telecom in London in business development and strategy.

Ms. Barrington received her B.A. from Lancaster University and she is qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales. She has also qualified with Chartered Institute of Marketing.

Ms. Barrington's previous surnames are Wadeson and Scates.

Andrew Boteler (aged 55) – *Senior Independent Non-Executive Director, Chair of the Audit Committee and Remuneration Committee*

Andrew Boteler will join the Board conditional upon Admission. Mr. Boteler is a UK qualified chartered accountant and currently Finance Director of Riverford Organic Farmers Limited and Non-Executive Director of Octopus VCT plc. From 2009 to 2019, Mr. Boteler was CFO of Gooch & Housego PLC and in addition was responsible for legal, investor relations and IT. He has had over 25 years working in the manufacturing sector, spending 19 of those year with high technology manufacturing companies. Mr. Boteler is experienced in M&A and fund raising, including management buy-out, trade sales and bank funding.

6. Business structure

Senior Management

Paul Pagano – *Chief Executive Officer* (biography above)

David Anderson – *Chief Financial Officer* (biography above)

Michael J. Donovan, Ph.D., M.D. – *Chief Medical Officer*

Michael J. Donovan is an adjunct Professor in the Department of Pathology at Mount Sinai and Vice Chair of Translational Research and Professor of Pathology at the University of Miami. Dr. Donovan currently serves as Chief Medical Officer of both Renalytix AI plc and Verici Dx Plc.

Dr. Donovan is acting as an expert in his role as the Company's Chief Medical Officer, not in his capacity as an adjunct professor of Mount Sinai or as a faculty member of the University of Miami.

In addition to an academic career at Harvard Medical School and Boston Children's Hospital, Dr. Donovan has over 20 years' experience in the biotechnology industry, serving in various senior management roles at Millennium Pharmaceuticals, Inc. (now known as Takeda Pharmaceutical Company Limited) and Incyte Corporation. He most recently served as Chief Clinical Officer of Vigilant Biosiences Inc., Chief Medical Officer of MetaStat Inc., and Chief Medical Officer of Exosome Diagnostics, Inc. Dr. Donovan received a B.S. in Zoology, a M.S. in Endocrinology and a Ph.D. in Cell and Developmental Biology from Rutgers University. He received his M.D. from the University of Medicine and Dentistry in New Jersey.

Lara Baden – *Vice President of Clinical Operations*

Lara Baden has over 20 years of diverse laboratory experience and 12 years as a certified Clinical Laboratory Scientist (CLIA), specialising in molecular biology applications including Next-generation sequencing and FISH for oncology applications. Mrs. Baden has extensive CLIA/College of American Pathologists regulatory and compliance experience with Regulatory Affairs Certification from the American Association for Clinical Chemistry, including audits and full-scale assay validation for molecular diagnostics. Most recently she managed molecular laboratories at Pacific Toxicology and Cedars Sinai Medical Center.

Mrs. Baden earned a B.S. in Biochemistry from UCLA.

Rebecca Reed – *Vice President of Quality and Regulatory Affairs*

Rebecca Reed has over 25-years' experience leading robust manufacturing process and worldwide distribution activities in the life sciences industry. Ms. Reed has a wide range of experience in establishing quality control, Good Manufacturing Practices and regulatory support and held positions previously with Epeius Biotechnologies Corporation, CTL Immunotherapies Corp, the Human Gene Therapy Research Institute, and the National Institutes of Health in the United States.

Ms. Reed earned a B.S. in Biological Science from the University of Maryland.

Scientific Advisory Board

Steven M. Dubinett, M.D.

Steven M. Dubinett is the Associate Vice Chancellor and Senior Associate Dean for Translational Research and directs the UCLA Clinical and Translational Science Institute (**"CTSI"**). He is Chief of the Division of Pulmonary, Critical Care Medicine and Clinical Immunology and Allergy at CTSI. Dr. Dubinett is jointly appointed as Distinguished Professor in the Departments of Medicine, Pathology and Laboratory Medicine, and Molecular and Medical Pharmacology at CTSI. He has experience in translational investigation, academic administration, mentorship and peer review. Building on original discoveries relevant to immunity and inflammation in the pathogenesis of lung cancer, he has developed a translational research program, which now utilises these laboratory-based discoveries in the translational research and clinical environment. As a member of NCI Translational Research Working Group, Dr. Dubinett participated in designing pathways to clinical goals. He previously chaired the FDA Cellular, Tissue & Gene Therapies Advisory Committee. He served on the NCI Thoracic Malignancy Steering Committee as a Translational Science Representative.

He serves on the Advisory Boards for the Colorado Lung Cancer Specialised Project of Research Excellence (**"SPORE"**), Lung Cancer Research Foundation in the US, LUNGevity Foundation and the Lung Cancer Foundation of America. He has served on several National Institutes of Health study sections including, Cancer Immunology and Immunotherapy and Tumor Microenvironment.

Dr. Dubinett has trained more than 45-graduate students, post-doctoral fellows and junior faculty, nearly all of whom have continued in academic or industry research careers. His research related

to immunity and inflammation in the pathogenesis of lung cancer and early detection is funded by Stand Up To Cancer, the NCI Moonshot Human Tumor Atlas Network, the NCI Early Detection Research Network, the NCI Molecular Characterization Laboratory Program, the Department of Veteran Affairs, the US Department of Defense and California Institute of Regenerative Medicine.

Dr. Dubinett received his M.D. from Rutgers New Jersey Medical School and has completed fellowships at Massachusetts General Hospital and Harvard Medical School.

Claudia Henschke, Ph.D. M.D.

Claudia Henschke is a pioneer and leading expert in diagnostic radiology and has long believed that smokers and those exposed to second-hand tobacco smoke should be screened for early detection of lung cancer, when a tumour is still small enough to be cured. She has authored more than 400 scientific articles and chapters in statistics and medicine and has authored two books. She has mentored more than 80 medical students, fellows and faculty, including for doctoral and master's degrees. Her Ph.D. thesis and statistical efforts included work on the use of neural networks and modelling of large national databases for large scale national programs.

In 1992, she started the first low-dose CT screening study in the world, the Early Lung Cancer Action Project (**"ELCAP"**), reported in the Lancet on 10 July 1999. Since then, she has led city, state, national, and international projects implementing lung screening.

Dr. Henschke developed and heads the International Early Lung Cancer Action Program (**"I-ELCAP"**), an international collaborative group of physicians and scientists who are experts on lung cancer-related issues.

Dr. Henschke joined the faculty of Mount Sinai in 2010 as a radiologist and Professor of Radiology. She received a B.A. and M.S. in mathematical statistics from Southern Methodist University, Ph.D. in computer science and mathematical statistics from the University of Georgia and M.D. from Howard University. She completed her residency and fellowship training at the Peter Bent Brigham Hospital, Harvard Medical School, where she then became a faculty member. Prior to joining Mount Sinai, Dr. Henschke was Professor of Radiology at Weill Cornell Medical College.

David Yankelevitz, M.D.

David Yankelevitz is a world-recognised expert on Fine Needle Aspirations (**"FNAs"**) of lung nodules and he has developed one of the largest FNA practices in the United States, performing over 10,000 FNA procedures to date.

He is the Co-Principal Investigator of the I-ELCAP which, to date, has enrolled around 79,000 people around the world. He is also the Co-Principal Investigator of the Initiative for Early Lung Cancer Research on Treatment in the US, which started in 2015.

As a researcher, Dr. Yankelevitz's main clinical and academic interest is in the evaluation of treatments for early-diagnosed lung cancer and he has numerous collaborations with thoracic surgeons, pulmonologists, pathologists and molecular biologists on related projects. He led the development of software for volumetric analysis of pulmonary nodules - now a widely accepted tool supporting early diagnosis. In addition, he has been the Principal Investigator (the term used to define the person in charge of a clinical trial or a scientific research grant) on four NCI grants related to this work and has performed the functions of a core lab for several clinical trials in early lung cancer, including development of protocols for saving small amounts of tissue from lung biopsies used for molecular testing, integrating tumour volume assessments, and correlating with molecular markers. Dr. Yankelevitz is working with industry on assessing liquid biopsies to be integrated into diagnostic and treatment approaches. He is a member of the American College of Radiology Committee on screening recommendations.

In addition to his medical and research work, Dr. Yankelevitz has co-authored around 300 articles, abstracts and book chapters; and he has trained around 40 research fellows in thoracic imaging.

Dr. Yankelevitz joined the faculty of Mount Sinai in 2010 as a radiologist and Professor of Radiology. Prior to joining Mount Sinai, Dr. Yankelevitz was Professor of Radiology at Weill Cornell Medical College.

Michael J. Donovan, Ph.D. M.D. – *Chief Medical Officer* (biography is listed above).

Ruth L. Katz, M.D.

Dr. Katz is a board certified Anatomic and Clinical Pathologist with specialist certification in Cytopathology. She was the former Chief of Research Cytopathology, Chief of Cytopathology and Director, Image Cytometry Diagnostic Laboratory at The University of Texas MD Anderson Cancer Center, Houston, Texas. She retired from MD Anderson Cancer Center in 2018 after serving over 40 years on the faculty. She is an honorary professor of pathology at Sheba Medical Center at the University of Tel Aviv, Israel and was formerly a professor of pathology at the University of Texas MD Anderson Cancer Center.

For the last 15 years, her major research interest was in looking at genetic susceptibility to develop lung cancer. She has developed a panel of novel molecular markers in sputum and a circulating tumour-cell test in blood using a four colour FISH test to predict the presence of malignancy within indeterminate lung nodules at high risk for developing lung cancer, which is the basis for the LungLB® technology. In 2015 she was cited by The Pathologist as one of the 100 most influential laboratory professionals in the world. To date she has 14,671 citations in peer reviewed journals.

She graduated from the University of the Witwatersrand in 1969 with a MB. B. CH. She trained to be a pathologist at the University of Cape Town, Cape Town South Africa, New England Medical Center, Tufts University, Boston and at University of Texas MD Anderson Cancer Center.

Max P. Rosen, M.D. M.P.H.

Dr. Rosen is Professor and Chair of Radiology at UMass Medical School and UMass Memorial Medical Center (**"UMAS"**). Prior to his appointment at UMass, he worked for Beth Israel Deaconess Medical Center (**"BIDMC"**) in Boston in Interventional Radiology and Abdominal Imaging sections. At BIDMC, Dr. Rosen developed and managed several outpatient radiology practice sites, including an innovative CT screening service which was one of the early providers of LDCT for lung cancer screening.

Dr. Rosen received his undergraduate degree in Psychology, an M.D. from Tufts Medical School, and a Master in Public Health with a concentration in Clinical Effectiveness from Harvard School of Public Health. He completed fellowship in Vascular Radiology at Mass General.

Joshua D Kuban, M.D.

Dr. Kuban is an Assistant Professor at The University of Texas MD Anderson Cancer Center. Dr. Kuban specialises in local regional cancer therapies, treating vascular complications of malignancy and percutaneous tissue biopsy. His current research is focused on percutaneous lung biopsy, CTCs and portal vein stenting. He serves as the Programme Director for the UT/MD Anderson Interventional Radiology IR Residency programmes.

Dr. Kuban received his degree in Biology from Boston College and Maters and M.D. from Boston University School of Medicine. He completed Radiology training at Baylor College of Medicine and Interventional Radiology fellowship at Brown University prior to joining the MD Anderson Faculty.

7. Pre-Admission Reorganisation

As at the date of this document (prior to the Pre-Admission Reorganisation), the Company has the following classes of securities or rights to subscribe for securities outstanding: (a) Common Shares, (b) Series A Preferred Shares, (c) Series B Preferred Shares, (d) Series A-1 Convertible Notes and Series A-2 Convertible Notes, (e) stock purchase warrants and (f) stock options issued under the Prior Incentive Plans. On the Business Day prior to Admission, all of the Company's outstanding securities will be consolidated into Common Stock. In addition, the Company will,

prior to Admission, effect a reverse stock split of its outstanding securities (the **"Reverse Stock Split"**) and as a result the outstanding securities will be consolidated, which will allow for the share price of each of the Common Stock on Admission to be in a typical range for a company which is admitted to trading on AIM.

The stockholder agreements to which the Company is a party will be terminated and the Company will adopt the Certificate of Incorporation and Bylaws on the Business Day prior to Admission.

Further information on the agreements relating to the Pre-Admission Reorganisation is set out in paragraph 4 of Part 7 (*Additional Information*) of this document.

8. Employees

The Company currently employs six full time employees (including Dr. Paul Pagano), one part time employee and one intern student, all of whom are based at the Company's premises in Thousand Oaks, California.

In the three years to 31 December 2020, the average number of employees of the Company have been:

	Year to 31 December 2018	Year to 31 December 2019	Year to 31 December 2020
Average number of employees	19	11	10

The reduction in the number of employees over this period reflects the winding down of the historic business of the Company, as set out in paragraph 2.12 of this Part 1.

9. Use of proceeds and reasons for Admission

The Directors and Proposed Directors believe that raising money in a public market context provides a signal of quality to prospective partners and customers, raises the profile of the business and its diagnostic tests and provides a supportive platform on which to grow the business further through its clinical development and commercialisation plans, as well as supporting in-licensing of additional technologies or selective acquisitions as may be appropriate in the future.

The Directors and Proposed Directors anticipate that the net proceeds of the Fundraising will be sufficient to:

- complete the validation study and commence the utility study of the LungLB® test for indeterminate nodules (and to pay related costs) each of which are required in the context of seeking FDA approval;
- commence the post-surgical monitoring validation study for the LungLB® test;
- submit the application to the FDA for the LungLB® test for indeterminate nodules;
- obtain a code and commence pricing and coverage for Medicare reimbursement for the LungLB® test;
- further develop the Company's AI algorithms;
- to fund the cash payments due under the Mount Sinai Licence Agreement and Mount Sinai SRA;
- cover general corporate overheads, including marketing and business development, other planned capital expenditure and for general working capital purposes; and
- pay Admission and Fundraising related fees and expenses.

10. Selected historical financial information

The following financial information has been derived from the historical financial information contained in Part 3 (*Historical Financial Information*) of this document and should be read in conjunction with the full text of this document. Prospective investors should not rely solely on the summarised information set out below.

	2018 US$	2019 US$	2020 US$
Revenue	982,019	136,492	205,180
Cost of sales	(73,481)	(149,890)	(188,178)
Gross profit/(loss)	**908,538**	**(13,398)**	**17,002**
Operating loss	**(2,255,999)**	**(3,412,208)**	**(4,061,837)**
Loss before taxation	**(2,571,915)**	**(3,970,631)**	**(4,839,023)**
Loss for the year from continuing operations	**(2,571,915)**	**(3,970,631)**	**(4,839,023)**
Loss from discontinued operations	(677,753)	(207,063)	–
Total comprehensive loss for the year	**(3,249,668)**	**(4,177,694)**	**(4,839,023)**

As a development company, the Company is currently not generating revenues from the sale of its LungLB® test. The revenues in 2018 relate primarily to a sub-licence fee received from Livzon JV to allow Livzon JV to develop the LungLB® test in China. The remainder of the revenues for 2018, 2019 and 2020 relate to the sale of FISH probes to Livzon JV, which the Company itself purchases and sells on. The operating loss reflects the administrative costs of the company, the most significant of which are employee costs.

The loss before taxation is after finance charges, which have increased from 2018 to 2020 to reflect the funding structure of the Company. Following Admission, the interest bearing instruments all convert into common shares.

The loss from discontinued operations relates to those costs associated with the historic operations of the business, as further described in paragraph 2.11 of this Part 1, and which do not form part of the on-going business.

11. Details of the Placing

The Placing comprises the issue of 8,405,554 New Common Shares at the Issue Price representing approximately 33% of the share capital of the Company on Admission and will raise approximately £14.8 million gross.

Pursuant to the Placing Agreement entered into between the Company, the Directors, the Proposed Directors and Investec, Investec has conditionally agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the New Common Shares at the Issue Price. The New Common Shares are being placed with institutional and other investors. The Placing is conditional upon, among other things: the fulfilment by the Company of its obligations under the Placing Agreement; the Company having issued the New Common Shares; Investec not having exercised its right to terminate the Placing Agreement; and Admission occurring not later than 8:00 a.m. on 8 July 2021 or such later date as the Company and Investec may agree, but in any event not later than 8:00 a.m. on 22 July 2021.

The Placing will be conducted in two separate tranches over two Business Days to assist investors in the EIS/VCT Placing to claim EIS Relief or VCT Relief (as applicable). The EIS/VCT Shares will be issued to the relevant Placees on 7 July 2021, being one Business Day prior to the issue of the balance of the New Common Shares and the anticipated date of Admission. **The EIS/VCT Placing is not conditional upon Admission or on the issue of any other New Common Shares.**

Further details of the Placing Agreement are set out in paragraph 13.1 of Part 7 (*Additional Information*) of this document. The terms and conditions of the Placing are described in Part 8 (*Terms and Conditions of the Placing*) of this document.

12. Details of the Subscription

The Subscription comprises the issue of 1,253,537 Subscription Shares to the Subscribers at the Issue Price in a private placement separate from the Placing and will raise approximately £2.2 million gross. The Subscription has not been underwritten and will be conditional upon, among others things, Admission becoming effective. The Placing is not conditional upon the Subscription. Further details of the Subscription Agreements to be entered into are set out in paragraph 13.2 of Part 7 (*Additional Information*) of this document.

13. EIS status

The Company has applied for and received advance assurance from HMRC to the effect that the EIS Shares will be capable of satisfying the requirements for EIS Relief, subject to receipt of a satisfactory compliance statement from the Company. HMRC has also confirmed that the Company will qualify as a 'knowledge-intensive company' for the purposes of the EIS Legislation. Further information on EIS status is set out in Part 2 (*Risk Factors*) of this document.

14. Tax

Certain information on taxation for UK taxpayers is given in, and your attention is drawn to, Part 5 (*UK Taxation*) of this document. These details are intended only as a general guide to the current tax position under UK taxation law and practice. If an investor is in any doubt as to its tax position they should immediately consult their own tax adviser or independent financial adviser.

15. Admission, settlement and CREST

Application has been made to the London Stock Exchange for the Common Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and that dealings in the Common Shares will commence, at 8:00 a.m. on 8 July 2021. As at the date of Admission, the Company will have 25,480,790 Common Shares outstanding and is expected to have a market capitalisation of approximately £44.8 million at the Issue Price.

CREST is a voluntary, paperless settlement procedure enabling securities (including Depositary Interests) to be evidenced otherwise than by a certificate and transferred otherwise than by way of a written instrument in accordance with the CREST Regulations. The system is designed to reduce the costs of settlement and facilitate the processing of settlements and the updating of registers through the introduction of an electronic settlement system.

The requirements of the AIM Rules for Companies provide that the Company must, on Admission becoming effective, have a facility for the electronic settlement of the Common Shares. As the Company is incorporated in the United States, its Common Shares are not eligible to be held directly through CREST and, accordingly, the Company has established, via the Depositary, a Depositary Interest arrangement. The Depositary Interests representing the Common Shares will be issued to the individual Shareholders' CREST account on a one for one basis and with the Depositary providing the necessary custodial service. For further details of the Depositary Interest arrangement please refer to paragraph 14 of Part 7 (*Additional Information*) of this document.

It is expected that the appropriate CREST accounts of Shareholders who have participated in the Placing and have opted to receive their Common Shares in dematerialised form will be credited on or around 8 July 2021. In the case of any Shareholder or Placee who has opted to receive their Common Shares in certificated form, it is expected that share certificates in respect of their Common Shares will be despatched by post as soon as possible and within 10 Business Days of the date of Admission. Details of the restrictions, representations and warranties, as well as the legend that will be affixed to certificates for the Common Shares, are set out more fully in Part 11 (*US Restrictions on the Transfer of Common Shares*) of this document.

16. Effects of US domicile

The Company is a US corporation organised under the laws of the State of Delaware. There are a number of differences between the regulation of corporations incorporated under Delaware Corporation Law and that of a public limited company incorporated in the UK. While the Board

considers that it is appropriate to retain the majority of the usual features of a US corporation, the Board intends to take certain actions to conform to UK standard practice. Paragraph 15 of Part 7 (*Additional Information*) of this document summarises those principal differences and, where appropriate, provisions contained in the Company's constitutional documents to incorporate English law principles in relation to pre-emption rights, notifiable interests and takeovers.

17. Lock-in and Orderly Market Agreement

The Lock-in Shareholders, who will hold a total of 12,573,766 Common Shares on Admission (representing approximately 49.3% of the share capital of the Company on Admission), have each entered into the Lock-In and Orderly Market Agreement pursuant to which they have agreed with the Company and Investec that they will not dispose of any interest in Common Shares for the period of 12 months following Admission except in certain limited circumstances. The Lock-In Shareholders have also agreed that for a further 12 months following the expiry of the initial lock-in period they will only dispose of an interest in Common Shares through Investec (or the broker for the time being of the Company, if it is not Investec) and in such manner as Investec (or such other broker) may reasonably require with a view to the maintenance of an orderly market in the Common Shares.

Further details of the Lock-In and Orderly Market Agreement are set out in paragraph 13.3 of Part 7 (*Additional Information*) of this document.

In addition, under the Mount Sinai Subscription Agreement, Mount Sinai will agree with the Company that it will not dispose of any interest in its Subscription Shares or the Consideration Shares for the period of six months from the date of the Mount Sinai Subscription Agreement without the prior consent of the broker for the time being of the Company except in certain limited circumstances. Mount Sinai will also agree that for a further six months following the expiry of the initial lock-in period it will only dispose of an interest in its Subscription Shares or the Consideration Shares after notifying the broker for the time being of the Company and taking into consideration the broker's reasonable representations with a view to maintaining an orderly market in the Common Shares.

18. Share incentive arrangements

The Company's 2021 Omnibus Long-Term Incentive Plan ("**LTIP**") was approved by the Board on 14 May 2021 and by the Shareholders on 27 May 2021 and will become effective approximately three Business Days prior to Admission.

The LTIP provides for the grant of awards to eligible persons (employees, directors and consultants of the Company's group and associated companies) in the form of options to acquire Common Shares upon payment of an exercise price, full value awards, being Common Shares or rights to acquire Common Shares for no payment, or cash incentive awards, being rights to receive a cash payment, or, at the discretion of the Committee, Common Shares with a value equivalent to the cash otherwise payable.

The LTIP is intended to:

- attract and retain persons eligible to participate in the LTIP;
- motivate eligible individuals to whom awards under the LTIP will be granted by means of appropriate incentives, to achieve long-range goals;
- provide incentive compensation opportunities that are competitive with those of other similar companies; and
- further align participants' interests with those of the Company's other Shareholders through compensation that is based on the Company's Common Shares.

The current intention is to grant awards under the LTIP in the form of options with an exercise price per share at least equal to the fair market value of a Common Share at the date of grant.

Further details of the LTIP are set out in paragraph 8 of Part 7 (*Additional Information*) of this document.

Options under the LTIP will be granted to Paul Pagano and David Anderson shortly before Admission. Further details on these are set out in paragraph 8 of Part 7 (*Additional Information*) of this document.

The Company operated two share incentive plans prior to the date of this document, the 2010 Stock Incentive Plan and the 2020 Stock Incentive Plan. Options outstanding under these plans are summarised in paragraph 8 of Part 7 (*Additional Information*) of this document.

19. Dividend policy

Following Admission, when it is commercially prudent to do so and subject to the availability of distributable reserves, the Board may approve the payment of dividends. However, at present, the Directors and the Proposed Directors consider that it is more prudent to retain cash to fund the development of the Company and, as a result, feel it is inappropriate to give an indication of the likely level or timing of any future dividend payment.

20. Corporate governance

AIM-quoted companies are required to adopt a recognised corporate governance code with effect from their admission to trading on AIM. However, there is no prescribed corporate governance regime in the UK for AIM companies. The Directors and Proposed Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. The Quoted Companies Alliance has published the QCA Corporate Governance Code (the **"QCA Code"**), a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters.

The Directors and the Proposed Directors intend to comply with the QCA Code.

The Board

On Admission, the Board will comprise two executive directors and four non-executive directors (including the Chairman), reflecting a blend of different skills, experiences and backgrounds. Roy Davis, James McCullough and Andrew Boteler are considered to be independent for the purposes of the QCA Code. James McCullough is interested in options over Common Shares, however, due to the immateriality of the quantum this is not considered by the Board to affect his independence. Andrew Boteler will be the senior independent non-executive director of the Company on Admission. Sara Barrington, who was the Company's previous CEO, is not deemed independent.

The Board will be responsible for formulating, reviewing and approving the Company's strategy, its budget and performance and the Company's framework of internal controls. While the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

The Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee with formally delegated rules and responsibilities, a summary of which is set out below. Each of these Board committees will meet as and when appropriate, but at least twice each year.

Audit Committee

The Audit Committee will comprise Andrew Boteler, who will act as chair, and James McCullough, Roy Davis and Sara Barrington, who will be members.

The Audit Committee's main functions include, *inter alia*, reviewing the effectiveness of internal control systems; considering the need for an internal audit function; making recommendations to the Board in relation to the appointment of the Company's auditors; determining in consultation with the Board as a whole the auditors remuneration; and monitoring and reviewing annually the auditors independence, objectivity, effectiveness and qualifications. The Audit Committee also

monitors the integrity of the financial statements of the Company including its annual and interim reports, preliminary results announcements and any other financial information provided to Shareholders. The Audit Committee is responsible for overseeing the Company's relationship with the external auditors as a whole and also considers the nature, scope and results of the auditors' work and reviews, and develops, recommends to the Board and implements policies on the supply of non-audit services that are to be provided by the external auditors. The Audit Committee further focuses on compliance with legal and accounting standards and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts will remain with the Board.

Remuneration Committee

The Remuneration Committee will comprise Andrew Boteler, who will act as chair, and James McCullough and Roy Davis, who will be members.

The Remuneration Committee's main functions includes, *inter alia*, formulating and agreeing with the Board the framework or broad policy for the remuneration of the executive directors; approving the design of, and determining targets for, any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes; operating the LTIP as well as reviewing the design of any and all proposed share incentive plans for approval by the Board and Shareholders together with determining each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive directors and the performance targets to be used; and determining the total individual remuneration package for each of the executive directors including bonuses, incentive payments and share options or other share awards.

The remuneration of non-executive directors will be a matter for the executive members of the Board and the Chairman. No Director will be involved in any decision as to his or her own remuneration.

Nomination Committee

The Nomination Committee will comprise Roy Davis, who will act as chair, and James McCullough, Andrew Boteler and Sara Barrington, who will be members.

The Nomination Committee will be responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required by a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

21. Share Dealing Code

With effect from Admission, the Company will operate its Share Dealing Code, which is compliant with Article 19 of the retained UK law version of the Market Abuse Regulation (EU) 596/2014 pursuant to the Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310) (**"MAR"**) and Rule 21 of the AIM Rules for Companies. The Share Dealing Code will apply to any person discharging management responsibility, including the Directors and the Proposed Directors and any closely associated persons and applicable employees.

The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by FSMA, MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of both financial results and the results of the Company's research trials. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

22. Anti-bribery policy

The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever

they occur. The Company implements effective systems to counter bribery and corruption and as part of this it has adopted an anti-bribery and anti-corruption policy. The policy provides guidance to those working for the Company on how to recognise and deal with bribery and corruption issues and the potential consequences and applies to all persons working for the Company or on its behalf in any capacity, including employees at all levels, consultants and agents.

23. UK City Code on Takeovers and Mergers

The Company is not subject to the UK Takeover Code because its registered office and its place of central management and control are outside the UK, the Channel Islands and the Isle of Man. As a result, certain protections that are afforded to shareholders under the UK Takeover Code, for example in relation to a takeover of a company or certain stakebuilding activities by shareholders, do not apply to the Company. However, the Company has inserted certain provisions into the Certificate of Incorporation which adopt similar procedures to the UK Takeover Code in respect of Rule 9 but there is no assurance that the courts of the State of Delaware, US, will uphold or allow the enforcement of these provisions. Further details relating to these provisions are set out at paragraph 6.16 of Part 7 (*Additional Information*) of this document.

Rule 9 of the UK Takeover Code is designed to prevent the acquisition or consolidation of control of a company subject to the UK Takeover Code without a general offer being made to all shareholders. Rule 9 states that, when any person or group of persons acting in concert acquires (whether by one transaction or a series of transactions) an interest in shares which carry 30% or more of the voting rights of the company, such person or persons acting in concert must normally make a general offer for the balance of the issued share capital of such company. Rule 9 also states that any person or group of persons acting in concert that is interested in shares which in aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights must normally make a general offer for the balance of the issued share capital should there be any increase in the percentage of the shares carrying voting rights in which they or any person acting in concert with them is interested. An offer under Rule 9 must be made in cash and 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 during the 12 months prior to the announcement of the offer.

24. Further information and risks

You should read the whole of this document which provides additional information on the Company and the Fundraising and not rely on summaries or individual parts only. Your attention is drawn, in particular, to the risk factors set out in Part 2 (*Risk Factors*) of this document and the additional information set out in Part 7 (*Additional Information*) of this document.

PART 2

RISK FACTORS

Investment in the Company and the Common Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, the execution of that strategy, operations, taxation and to the Common Shares.

The investment described in this document may not be suitable for all recipients of the document. In addition to all of the other information set out in this document, the following specific risk factors should be considered carefully by potential investors, who should also ensure that they have read this document in its entirety before making a decision to invest in the Company and the Common Shares. Although the Directors and the Proposed Directors will seek to minimise the impact of the risk factors, investment in the Company and the Common Shares should only be made by investors able to sustain a total loss of their investment. Before making a final decision, investors in any doubt are strongly advised to consult a person authorised under FSMA if resident in the UK or, if not, another appropriately authorised independent financial adviser.

Prospective investors should be aware that an investment in the Company and the Common Shares is speculative and involves a high degree of risk. In addition to the other information contained in this document, the Directors and the Proposed Directors believe that the following risk factors are the most significant for potential investors and should be considered carefully in evaluating whether to make an investment in the Company and the Common Shares. If any of the risks described in this document actually occur, the Company may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Common Shares could decline and all or part of an investment in the Common Shares could be lost. However, the risks listed do not necessarily comprise all those associated with an investment in the Company and the Common Shares. Additional risks and uncertainties not presently known to the Directors and the Proposed Directors, or which the Directors and the Proposed Directors currently deem immaterial, may also have an adverse effect on the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. The risks listed below are not set out in any particular order of priority.

1. Risks specific to the Company

1.1 **Positive results from pilot trials and early clinical studies of the Company's LungLB® test are not necessarily predictive of the results of later clinical studies. If the Company cannot replicate the positive results from earlier tests or studies in its later-stage clinical studies, it may be unable to successfully develop, obtain regulatory approval for, and commercialise its diagnostic tests**

Positive results from early stage clinical studies may not necessarily be predictive of the results from later-stage clinical studies. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later-stage clinical trials after achieving positive results in early-stage development, and the Company cannot be certain that it will not face similar setbacks. These setbacks have been caused, among other things, by pre-clinical findings made while clinical trials were underway or by "overfitting" the data when the studies are small and unreliably predict future observations. Moreover, pre-clinical and clinical data is often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in pre-clinical studies and clinical trials nonetheless failed to obtain regulatory approval. The Company may face setbacks if the patient population in the pilot study does not reflect the patient population in large studies it carries out due to different patient demographics, such as age, smoking history, relative risk for lung cancer and comorbidities that may cause interference with biomarker analysis.

The LungLB® test needs to undergo a large-scale clinical validation to support a submission for FDA approval. Whilst the Company has employed statisticians and advisors to help shape the clinical validation study, there are no guarantees that the study will meet its pre-defined performance endpoints or that the FDA will require additional endpoints or follow-on studies which could result in extended study time and costs. If the Company fails to produce positive

results in future clinical trials, the development timeline and regulatory approval and commercialisation prospects for its product candidates, and, correspondingly, its business and financial prospects, would be materially adversely affected.

1.2 **There is no guarantee that physicians will choose to adopt the LungLB® test**

The LungLB® test is a test used to stratify cancerous and benign lung nodules and is intended to support a physician's decision to biopsy or to monitor non-invasively using additional imaging. However, there is no guarantee that physicians will choose to adopt the LungLB® test. The frequency of use of the LungLB® test in lung nodules identified during lung cancer screening, lung nodules found incidentally, and recurrence monitoring following lung cancer surgery will initially depend on the treating physician's preference and health status of the patient, which are outside the control of the Company. Low adoption of the LungLB® test by physicians would negatively impact the Company's commercial prospects and its financial results, and its ability to generate significant revenues could be delayed or adversely affected.

1.3 **The Company does not have collaborations in place with institutions for utility studies and there is no guarantee that the Company will be able to demonstrate clinical utility of the LungLB® test**

Following the clinical validation study, the Company intends to run a clinical utility study to support applications for reimbursement, which is necessary for successful commercialisation of the LungLB® test and to provide further evidence to support marketing claims. In order for a test to be covered by Medicare, it must show the test is "reasonable and necessary" by providing evidence of clinical validity and utility. The results from a utility study aim to measure the LungLB® test's short and long-term impacts on patient health and the impact on healthcare costs and clinical utility is therefore a significant part of the application for reimbursement.

The Company has identified certain US academic medical centres from which it intends to secure support for a multi-centre clinical utility study. However, the Company has not yet entered into the relevant agreements with these institutions. There is a risk that the Company will not be able to secure these collaborations, which would impact the Company's ability to proceed to the utility study stage. Whilst the utility study is not a source of continuing revenue, it is a short term revenue stream available before the Company is able to generate revenue from sales of the LungLB® test outside of the studies following the validation study and FDA approval.

Furthermore, there is a risk that the Company will not be able to demonstrate the clinical utility of the LungLB® test in early lung cancer detection in a real-world setting, by showing the benefits of the LungLB® test to patients, which would impact the Company's ability to secure reimbursement. If such reimbursement is not achieved, it will make commercialisation of the LungLB® test significantly more challenging and would impact the Company's ability to generate revenue.

1.4 **The Company operates in a competitive market and may face competition from competitors involved in lung cancer detection**

The Company may face competition from competitors involved in lung cancer detection who may develop more advanced or alternative tests for the early detection of cancer to the LungLB® test. The future success of the Company depends, in part, on its ability to maintain a competitive position, including an ability to further progress through the necessary preclinical and clinical trials to support commercialisation, marketing authorisation where necessary, and coverage and reimbursement.

Demand for the LungLB® test could be adversely impacted by the development of alternative technologies and alternative medical practices specifically intended for the early detection of lung cancer and the role of AI diagnostics in this. Some of the Company's competitors may have access to greater research, development, marketing, financial and personnel resources which may provide commercial advantages to those competitors. New products may be more effective, cheaper or more effectively marketed than the Company's LungLB® test, meaning other companies may succeed in commercialising products earlier than the Company. As a result, there is the possibility that new technologies or products may be superior to, or render obsolete, the technologies and products that the Company is currently developing. A substantial increase

in competition for any of these reasons could require the Company to, for example, increase its marketing or capital expenditure or require the Company to change its business model to remain competitive, which may have an adverse impact on the Company's business including its profitability and/or financial condition. While the Company will seek to develop its capabilities in order to remain competitive, there can be no assurance that research and development by others will not render the Company's products obsolete or uncompetitive. Any failure of the Company to ensure that its diagnostic tests remain up to date with the latest advances may have a material adverse impact on the Company's competitiveness and financial performance.

1.5 **The Company is dependent upon its strategic collaboration with Mount Sinai**

The Company is planning on collaborating with Mount Sinai to test and validate its LungLB® test as well as to collaborate on future products. Certain aspects of this collaboration have been formalised in the Mount Sinai CTA, the Mount Sinai Licence Agreement and the Mount Sinai SRA.

Whilst the Company is setting up or intends to set up collaborations for its validation and utility studies with multiple academic institutions, Mount Sinai is viewed as a key collaborator due to its expertise in lung cancer and the amount of useful patient data it holds. Furthermore, as set out in the Mount Sinai MOU, the Company intends to run a clinical utility study to support appropriate applications for reimbursement and believes that Mount Sinai intends to participate in it by enrolling patients with indeterminate lung nodules for evaluation of the LungLB® test in an IRB-approved clinical utility study, which is expected to begin in late 2022.

Whilst the Company has an on-going study with Mount Sinai under the Mount Sinai SRA and the Mount Sinai CTA, the Mount Sinai MOU is non-binding and there is a risk that the Company will not enter into an agreement to undertake a clinical utility study with Mount Sinai in relation to the LungLB® test.

If the agreement which is the subject of the Mount Sinai MOU is not entered into, or if any of the agreements with Mount Sinai that have been entered into are terminated at an early stage, or expire without renewal, this is likely to have a material adverse effect on the Company and its ability to achieve its commercial objectives in the anticipated timeframe, as it might lead to delays in testing and validating the LungLB® test (as a result of, for example, slower patient enrolment) and the future product development.

It is expected that, upon the exercise of the option under the Mount Sinai Licence Agreement, the Company will be granted access, on a de-identified basis, to certain Mount Sinai data related to lung cancer patients. Exercise of the option contained in the Mount Sinai Licence Agreement is conditional on (i) Admission; (ii) clearance by Mount Sinai's information security team; and (iii) IRB, data security and data use approvals. Mount Sinai is under an obligation to use commercially reasonable efforts to obtain such clearances and approvals (other than Admission); however there is no guarantee that Mount Sinai will obtain such clearances and approval. If such clearances and approvals are not obtained, the option would not become exercisable meaning that the Company would not be granted the access to the Licensed Information. Further, given that the Option Fee is non-refundable, neither the cash payment made to Mount Sinai would be repaid nor the Consideration Shares issued to Mount Sinai would be redeemed. This could have a material adverse impact on the Company and its future development programme.

The Company's product development will rely on computer-based interrogation of certain biological and health record data to provide insights that the Company anticipates will have clinical (and therefore commercial) value. The majority of this data is owned and controlled by Mount Sinai. Accordingly, if the Mount Sinai Licence Agreement and/or the Mount Sinai SRA are terminated for any reason, and the Company is unable to source suitable alternate data, the development of the Company's diagnostic test pipeline would likely be curtailed dramatically in the short term, unless and until the Company found a suitable alternative source of data of equivalent quality and quantity.

The rights to any IP developed as a result of the Mount Sinai Licence Agreement will be owned by the Company (provided that such IP does not contain any confidential information which is owned by Mount Sinai). However, there can be no guarantee that the use of Mount Sinai's de-

identified patient data will result in the generation of intellectual property that is clinically or commercially valuable. If it does not create valuable intellectual property, it is likely that further product development would be required, including separate validation and utility studies.

These factors relate to a single counterparty collaboration and so any issues arising with that counter-party collaboration may affect multiple factors simultaneously.

1.6 **The Company is reliant on collaborations with UCLA, MD Anderson Cancer Center, the Veterans Affairs Hospital in Phoenix ("Phoenix VA") and the University of Miami for its multi-site validation study**

The Company is reliant on these multiple collaborators for its validation study, in addition to the Company's relationship with Mount Sinai noted above. The Company currently has studies on-going with MD Anderson Cancer Center under a sponsored research agreement and has secured IRB approval at MD Anderson Cancer Center in relation to the validation study currently negotiating separate clinical trial agreements with UCLA and MD Anderson Cancer Center.

The Company is also in early discussions with University of Miami and the VA Hospitals in Los Angeles and Phoenix and the intention will be to enter into separate agreements with these institutions.

The primary objective of the expanded multi-site validation study will be to evaluate the LungLB® test and the Company is reliant upon these sites enrolling patients and collecting blood samples for the validation study.

However, there is no guarantee that the Company will be able to secure the intended collaboration agreements and be able to develop biobanks with these institutions. In addition, even if the collaboration agreements are entered into, the Company will be reliant on these institutions being able to successfully enrol patients and collect the requisite blood samples. If the collaboration agreements are not entered into, or if these collaborations are terminated at an early stage, this is likely to have a material adverse effect on the Company's ability to validate the LungLB® tests, which would lead to a delay in carrying out the utility studies. If the collaboration agreements are delayed, this is likely to impact the accrual rate of study subjects and impact timelines including regulatory submissions and approvals.

1.7 **The Company is reliant on support from CROs**

The Company will rely on appointed CROs and clinical study sites to ensure that its clinical studies are conducted properly and within the required timescales. The appointed CRO may also assist the Company with on-boarding additional clinical sites for its validation and utility studies (although this would be at the Company's discretion). The Company intends to appoint an established CRO that will be able to offer the support required for its validation study. Whilst the Company is in advanced discussions with a possible CRO for its clinical validation studies in relation to its LungLB® test, there is no guarantee that the Company will be able to secure a partnership with this CRO (or another CRO) on acceptable terms.

In addition, whilst the Company will have an agreement in place with the appointed CRO, the Company will have limited control over the CRO's activities and costs. If the Company's CRO does not successfully carry out its contractual duties or obligations or fails to meet expected deadlines, or if the quality or accuracy of the clinical data it obtains is compromised due to its failure to adhere to clinical protocols or regulatory requirements, or for any other reason, the Company's clinical studies may be extended, delayed or terminated and the Company may be unable to obtain regulatory approval or successfully commercialise its product candidates. As a result, the Company's financial results and the commercial prospects for its product candidates may be harmed, its costs may increase, and its ability to generate significant revenues could be delayed or adversely affected.

1.8 **There are risks associated with offering the LungLB® test as an LDT that are outside the Company's control**

The LungLB® test already has status as an LDT through the Company's CLIA-certified laboratory and the Company may be able to generate revenue from offering the LungLB® test as an LDT.

However, there are inherent risks associated with offering the LungLB® test as an LDT that are outside the Company's control, including test uptake, which would have an impact on the amount of revenue the Company could generate.

1.9 **The Company is reliant upon the AI programme built by Persistent Systems for analysing results from the LungLB® test and this AI programme may need to be developed further**

The Company's AI programme is developed by a third party, Persistent Systems. The Company has worked with Persistent Systems to develop a machine learning algorithm that automatically analyses the cells and results from blood samples for the LungLB® test. The Company is voluntarily exploring the use of an AI programme built by Persistent Systems as it is able to considerably reduce the analysis time involved, resulting in more efficient review and analysis carried out by the Company's technicians.

The Company is currently evaluating the third version of the AI programme built by Persistent Systems and is carrying out further testing with patient blood samples. The development of the AI programme has currently been put on hold as the Company evaluates performance of the third version of the model and documents necessary improvements to be made in the next iteration, which is on-going due to the time it takes to test a large quantity of blood samples, following which the Company will provide feedback to Persistent Systems. Interim results of the AI software on 30 patient samples suggest that the algorithm may increase sensitivity by three percentage points; however, there is no guarantee this level of performance will continue for the remaining blood samples. The Company has planned on an additional nine months of development after the third version is evaluated; however, this is just an estimate and it may take additional time. As a result, the development timeline and commercialisation prospects for the LungLB® test, and, correspondingly, the Company's business and financial prospects, would be adversely affected. Should the Persistent Systems AI programme not be successful, the Company has access to commercially available software that is currently in use. However, use of the commercially available software could result in longer sample processing times due to lack of efficiencies gained through AI-enhanced sorting of blood cell images, which could adversely affect product cost (increased labour demand) and commercialisation.

1.10 **The Company is dependent on other third parties who provide certain resources and services to the Company as the Company has limited resources in the short-term**

The Company relies in part on external resources to conduct the research, development, manufacture and clinical testing of its LungLB® test, including in relation to the Company's laboratory systems which rely on software developed by external manufacturers. The future development of the LungLB® test and other diagnostic tests will partly depend upon the performance of these third parties. The Company cannot guarantee that the relevant third parties will be able to carry out their obligations under the relevant arrangements.

In the future the Company may depend on external resources in marketing, sales and distribution of its diagnostic tests. The Company cannot guarantee that it will be able to assign competent partners to conduct these tasks or that these tasks can be completed on the basis of terms which are beneficial to the Company. Additionally, whilst the Directors are and the Proposed Directors will be responsible for making decisions on behalf of the Company, the Directors and Proposed Directors will rely to a certain extent on the advice of external professional advisors. There is no guarantee that the Company will receive the correct advice from such advisers.

Disagreements between the Company and any third parties could lead to delays in the Company's research and development programme and/or commercialisation plans. If any third parties were to terminate their relationships with the Company, the Company would be required to obtain development and/or commercialisation services from other third parties or develop the relevant functions internally.

1.11 **The Company is reliant upon the expertise and continued service of a small number of key individuals of its management, board of directors and scientific advisors**

The Company relies on the expertise and experience of a small number of key individuals of its management (in particular Paul Pagano and David Anderson), Directors and Proposed Directors

and scientific advisors (in particular Michael Donovan, David Yankelevitz, Claudia Henschke and Steven Dubinett) to continue to develop and manage the business of the Company. The retention of their services cannot be guaranteed. Accordingly, the departure of these key individuals could have a negative impact on the Company's operations, financial conditions, its ability to execute the Company's business strategy and future prospects. The Company generally includes non-disclosure provisions in employee and consultant contracts, however the laws of particular states in the US, particularly in California, may limit the enforceability or remedies for breach of such non-disclosure provisions. The Company does not include non-compete provisions that prohibit the individual from engaging in certain types of competition with the Company following the termination of the employment due to the laws of California in relation to non-compete provisions. There is therefore a risk that an employee could terminate his or her employment and compete with the Company if judicial remedies are limited.

Going forward, the Company will rely, in part, on the recruitment of appropriately qualified personnel, including personnel with a high level of scientific and technical expertise in the industry. The Company may be unable to find a sufficient number of appropriately highly-trained individuals to satisfy its growth rate which could affects its ability to develop products as planned.

In addition, if the Company fails to succeed in pre-clinical or clinical studies, it may make it more challenging to recruit and retain appropriately qualified personnel. The Company's inability to recruit key personnel or the loss of the services of key personnel or consultants may impede the progress of the Company's research and development objectives as well as the commercialisation of its lead and other products.

1.12 **The Company is reliant on the FISH probes for the LungLB® test, which are manufactured and supplied by a limited number of third parties**

The Company is reliant on a third-party manufacturer and supplier of the FISH probes used for the LungLB® test. The Company uses custom-designed FISH probes derived from bacterial artificial chromosome ("**BAC**") clones, for the LungLB® test, which are only available from a limited number of third parties. The Company cannot guarantee that the third party that currently manufactures and supplies these BAC clones will continue to produce the BAC clones and/or continue to supply the Company with the BAC clones.

If this third party was to stop supplying the Company with the BAC clones, the Company would be required to obtain the BAC clones from a limited number of other third parties who supply FISH probes. Whilst the Company could contract with other suppliers of FISH probes to build bespoke FISH probes for the Company, this could lead to a delay in the development, use and/or commercialisation of the LungLB® test and potential increased costs for the Company, and there can be no guarantee that the Company would be able to secure a contract for bespoke FISH probes on acceptable terms.

1.13 **The Company may need to raise additional funding to take advantage of future opportunities**

The Company may need to raise additional funding to take advantage of future opportunities. No assurance can be given that any such additional funding will be available or, if available, that it will be on terms that are favourable to the Company or shareholders. If the Company is unable to obtain additional funding as required, it may be required to reduce the scope of its operations or anticipated expansion.

1.14 **The Company is reliant upon proprietary IP, exclusive rights to use proprietary IP and know-how to develop its diagnostic tests and to create and sustain a competitive advantage**

The Company relies to a significant extent on patent protection for its inventions. Some of the Company's patent rights have not yet been granted and remain pending applications.

The Company has also entered into a patent and technology licence agreement with MD Anderson in relation to lung cancer FISH probes used in the LungLB® test. Some legacy licensed MD Anderson patents will expire in August 2021. MD Anderson has submitted an application for

the patent relating to the lung cancer FISH probes used in the LungLB® test, which the Company will have an exclusive licence to use if the patent is successfully granted to MD Anderson.

However, it is not clear what rights might ultimately be granted in respect of IP applications submitted by either the Company or MD Anderson. It is also possible that granted patents might be revoked or challenged in post-grant proceedings. If patent rights were not granted or revoked, this would likely have a material adverse effect on the Company and its ability to achieve its commercial objectives and profitability and may ultimately lead to the Company not being able to develop its LungLB® test or future diagnostic tests.

The Company does not currently own any registered trademarks outside of the United States. Whilst the Company has applied to register the trademarks "LungLife AI" and "LungLB" in the UK, this application is pending approval and may not be successfully registered. The Company therefore does not have trademark protection in any other country and the brand used by the Company may not be available in all the territories in which the Company might want to use the brand in the future. Further, there can be no assurance that the ownership, scope or validity of any patents or other IP registered in the Company's name from time-to-time will not be challenged by third parties, nor that the Company has or will have the resources to pursue any infringer of such IP from time to time due to the costs associated with challenging any such infringements.

In addition to the Company's patent portfolio, the Company relies on unpatented proprietary technology, processes and knowhow. Whilst the Company has non-disclosure agreements in place with key customers, suppliers, partners and employees who have access to this proprietary information and knowhow, such agreements may be breached and the Company may face enforcement proceedings, with potentially inadequate remedies.

Further, there can be no assurance that other companies or individuals have not developed or will not develop similar products, duplicate any of the Company's products or design around any patents or other IP held by the Company. Equally, there can be no assurance that other companies or individuals will not acquire substantial equivalent techniques or otherwise gain access to the Company's unpatented proprietary technology or disclose such technology or that the Company can ultimately protect meaningful rights to such unpatented proprietary technology.

1.15 **The Company's strategy involves generating commercially valuable IP that can be protected**

The Company intends to further build its IP portfolio. No assurance can be given that any future patent applications will result in granted patents, that the scope of any patent protection will exclude competitors or provide competitive advantages to the Company, that any of the Company's patents will be held valid if challenged or that third parties will not claim rights in or ownership of the patents and other proprietary rights held by the Company.

1.16 **The Company's use of certain biomarkers may be challenged**

The Company uses blood-based biomarker analysis to test and develop its LungLB® test, including CTC biomarkers. The IP landscape for protection of biomarkers for disease identification and management has changed considerably in the US due to recent US Supreme Court rulings and is likely to continue to do so. While the Directors and Proposed Directors believe that the Company can build IP protection for its diagnostic tests, there can be no guarantee that this IP protection will completely withstand challenge by a competitor, nor can the scope of the Company's claims be assured to provide adequate barriers to competitive entry in and of themselves.

1.17 **The Company is at a relatively early stage of operations in relation to lung cancer detection and extensive research and development is required, which subjects the Company to various requirements, and may ultimately be unsuccessful**

The Company was incorporated on 30 December 2009, however is still at a relatively early stage of operations in relation to lung cancer detection and the LungLB® test is still being developed. As a result, the Company must conduct extensive research and development, including clinical

evaluations, to establish the safety and effectiveness (including the clinical and analytical validity and clinical utility) of its clinical testing and software products. Research may be governed by various regulatory requirements with regard to human subject protection and other issues which could delay such research or cause it to fail. The LungLB® test is not ready for commercial launch and there are risks in completing the processes required to enable this product to be launched on the market, which may lead to delays and/or it not being possible for the LungLB® test or possible future diagnostic tests to be commercialised. Further, research and development activities may ultimately fail to show the utility and validity of the Company's clinical testing and products and there can be no assurance at this stage that the LungLB® test will deliver the results expected.

1.18 **The Company is subject to research and product development risk**

The Company may not be able to develop new products or to identify specific market needs that can be addressed by tests or solutions developed by the Company. Product development will be a key on-going activity in the Company. However, there can be no guarantee that further products will be developed, successfully launched or accepted by the market. All new product development has an inherent level of risk and can be a lengthy process and suffer unforeseen delays, cost overruns and setbacks, such as difficulty recruiting patients into clinical trials. The nature of the diagnostics industry may mean new products may become obsolete as a result of competition or regulatory changes which could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, research and development may subject to various requirements, such as research subject protection for individuals participating in clinical evaluations of new products, IRB oversight, regulatory authorisations, and design control requirements. Failure to comply with requirements could result in penalties, delay or prevent commercialisation of products.

1.19 **The Company may not obtain FDA approval for the LungLB® test and/or any future diagnostic tests**

The Company intends to apply for FDA regulatory approval for use of the LungLB® test in the US and there can be no guarantee that FDA approval will be granted to the Company. The FDA regulates, among other medical products, "medical devices" which include certain articles intended for use in the diagnosis, prevention, cure, mitigation or treatment of disease or intended to effect the structure or function of the body. Whilst FDA pre-market approval is not currently required for the Company's LungLB® test to be marketed as an LDT, based on the classification of the device, the legislation may change to require FDA approval of the Company's LungLB® test. In general, devices that require FDA pre-market authorisation may not be commercially distributed or promoted prior to obtaining such authorisation, although they may be distributed and used for the purpose of developing the clinical data necessary to support FDA marketing authorisation, subject to certain limitations. Post-market changes to a cleared or approved device also may be subject to prior review, depending on the scope of the change and its potential impact on device safety and effectiveness.

The FDA also regulates a category of medical devices, called *in-vitro* diagnostic medical devices, or IVDs, that are used in the collection, preparation and examination of specimens from the human body. The FDA historically has taken the position that tests developed in-house by a clinical laboratory and used to analyse patient specimens meet the definition of an IVD and fall within the agency's regulatory jurisdiction. At the same time, the FDA historically has for the most part exercised "enforcement discretion", i.e., has not required clinical laboratories performing LDTs to comply with IVD device requirements. In the past, the FDA has signalled intent to modify its enforcement discretion policy with regard to LDT regulation, and in 2014 proposed a regulatory framework for LDTs, which it abandoned before implementation in 2016. It is possible, however, that at any time, the FDA may take further steps with respect to asserting regulatory authority over specific LDTs, classes of LDTs or LDTs generally. It is also possible that Congress will enact legislation directing the FDA to regulate LDTs. Either of these scenarios would drastically change the regulatory landscape for these tests.

Failure to comply with applicable pre- and post-market device requirements can result in a determination by the FDA that a device is "adulterated" or "misbranded" in violation of the US

Federal Food, Drug, and Cosmetics Act. The statute provides for a number of penalties, including seizure, injunction, criminal and civil monetary penalties, for the sale or distribution of adulterated or misbranded devices.

The Company may apply for Breakthrough Designation. If the Company is unsuccessful in obtaining Breakthrough Designation, it would not be eligible for faster review with the FDA. Both an application for Breakthrough Designation and FDA submission are independent, voluntary processes and would not prevent the Company from commercialising the technology. However, the Directors and Proposed Directors believe that FDA clearance would support test adoption. Medicare is finalising a new coverage pathway called MCIT which is based on EO13890 and CMS' continued focus on bringing new and innovative technologies to beneficiaries sooner. The MCIT rule will provide national Medicare coverage as early as the same day as FDA market authorisation for Breakthrough devices and coverage will last for four years while it completes clinical utility studies and other requirements for lasting coverage (i.e. national coverage determinations or LCDs) from Medicare.

However, there is no guarantee that the Company will receive Breakthrough Designation or that it will receive FDA clearance. If the Company cannot secure Breakthrough Designation and FDA clearance, the Company will be at risk for not receiving test reimbursement revenue while seeking coverage, and thus revenue would be delayed.

1.20 **The Company may not obtain certain other regulatory approvals for its diagnostic products, including necessary laboratory licensing and approval for laboratories and tests**

The Company is currently in the process of applying for NYS CLEP regulatory approval for its clinical laboratory and the LungLB® test for use in patients from NYS. NYS CLEP approval will be necessary to run a clinical utility study using subjects from Mount Sinai in NYS. While it is possible that the Company could partner with institutions in jurisdictions for which its current CLIA licence allows, the inability to work with Mount Sinai could result in delays in study completion.

The Company may also need to comply with regulations regarding safety, quality and efficacy standards in order to market its LungLB® test and future diagnostic tests. These regulations, including the time required for regulatory review, vary from country to country and can be lengthy, expensive and uncertain. While efforts will be made to ensure compliance with required standards, there is no guarantee that any products will be able to achieve the necessary regulatory approvals for commercialisation of that product in any of the targeted markets and any such regulatory approval may include significant restrictions on the uses for which the Company's products can be promoted and used. In addition, the Company may be required to incur significant costs in obtaining and/or maintaining applicable regulatory approvals.

Delays or failure in obtaining regulatory licensure or approval for facilities, LDTs or products through any applicable agency or governmental authority would likely have a serious adverse effect on the value of the Company and would negatively impact its financial performance. Such delay or failure may ultimately result in the Company becoming unviable.

1.21 **The Company's failure to maintain compliance of its clinical laboratory operations with applicable laws could result in substantial civil or criminal penalties**

The operation of a clinical laboratory by the Company will be in a highly regulated environment which, among other things, will require maintaining compliance with CLIA certification and state clinical laboratory licensing requirements. Failure to maintain compliance with these requirements may result in a range of enforcement actions, including certificate or licence suspension, limitation, or revocation, directed plan of action, onsite monitoring, civil monetary penalties and criminal sanctions. Such failure may also result in significant adverse publicity. Any of these consequences could limit or entirely prevent continued operation of the Company and therefore impact its financial performance.

1.22 **The Company is subject to various health regulatory laws pertaining to fraud and abuse and related matters, and any failure to comply with such laws could result in substantial civil or criminal penalties**

The Company's employees, independent contractors, consultants and collaborators may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for the Company and harm the Company's operations and reputation.

The Company is exposed to the risk that the Company's employees, independent contractors, consultants and collaborators may engage in fraud or other misconduct to comply with manufacturing standards the Company has established, to comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable non-US regulatory authorities, to report financial information or data accurately or to disclose unauthorised activities to the Company. Such misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to the Company's reputation. It is not always possible to identify and deter misconduct, and the precautions the Company will take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws, standards or regulations. If any such actions are instituted against the Company, or the Company's key employees, independent contractors, consultants, or collaborators, and the Company is not successful in defending ourselves or asserting the Company's rights, those actions could have a significant impact on the Company's business and results of operations, including the imposition of significant criminal, civil and administrative sanctions including monetary penalties, damages, fines, disgorgement, individual imprisonment, additional reporting requirements and oversight if the Company becomes subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, reputational harm, and the Company may be required to curtail or restructure the Company's operations.

1.23 **The Company will be reliant on multiple information technology systems, which may be affected by unanticipated damage, disruption or shutdown**

Once developed, the Company will be reliant on multiple information technology systems, which will be integral to the provision of the LungLB® test and other future diagnostic tests. Any damage, disruption or shutdown due to problems with upgrading or replacing software, power outages, hardware issues, viruses, cyber-attacks, telecommunication or connectivity failures, human error or other unanticipated events that effect the Company's information technology systems may have a significant impact the Company's ability to provide its diagnostic tests, on a short or longer-term basis. Although the Company plans to have appropriate safeguards and backup systems in place, including those provided by its suppliers, there can be no guarantee that such safeguards and systems will adequately cover all risks of damage, disruption or shutdown or whether the Company's insurance policies would cover any adverse effects of such events on the Company's business operations and overall financial position.

1.24 **The Company's failure to prevent a data breach would result in serious reputational damage to the Company and may result in civil or criminal lawsuits and associated penalties**

The Company takes its responsibility to maintain patient confidentiality and protect patient data extremely seriously. By its nature, the de-identified data that is being processed is highly sensitive and includes genetic and demographic information, the processing of which is subject to the most onerous obligations of applicable data protection legislation. If, due to a technical oversight or malicious action by an employee or third party, the privacy, security or integrity of the data were compromised, the Company would be obliged to report such breach once it became aware under applicable laws and regulations such as HIPAA or other state specific laws.

Depending on the nature and extent of the breach, the Company may become subject to a regulator investigation, which would divert time and financial resources from the day-to-day operation of the business and may result in civil or criminal lawsuits and financial penalties as

well as adverse publicity. If third parties and/or customers of the Company become aware of such breaches, they may opt to cancel existing contracts or not enter new contracts with the Company, reducing revenue. The Company may also be required to personally inform the patients whose data was released or accessed as a result of a data breach, which may increase the severity of the reputational damage and may lead to patients revoking their consent for the data to be used by the Company. To mitigate the risk of a data breach or related issue, the Company will employ technical security measures to protect data and work closely with its data providers to ensure that each party understands its obligations to protect data.

1.25 **Risks relating to EIS Relief and VCT Relief**

The Company has received advance assurance from HMRC that, subject to the receipt of a satisfactory compliance statement from the Company, HMRC would be able to authorise the Company to issue "compliance certificates" under the EIS Legislation for the purposes of enabling qualifying individual investors to apply for EIS Relief in respect of their subscription for Common Shares. This advance assurance is expected to apply only in relation to the EIS Shares. HMRC has also confirmed that the Company will qualify as a "knowledge-intensive company" for the purposes of the EIS Legislation.

The HMRC advance assurance in connection with EIS, and the HMRC confirmation in connection with knowledge-intensive company status, were given on the basis of the legislation as enacted at the date that the advance assurances and confirmation were given, and on the basis of the facts set out in the application made to HMRC. In the event of any change to the legislation, any alteration to the Company's position or the rights attaching to the EIS Shares, or if HMRC were to consider that all material facts were not set out in the application, the advance assurances and knowledge-intensive company confirmation given by HMRC may not apply.

The advance assurances in respect of EIS relate only to the requirements in the EIS Legislation that relate to the Company and the EIS Shares, and will not guarantee that any particular investor will be able to obtain EIS Relief in respect of a subscription for EIS Shares. The availability of EIS Relief will be conditional on (amongst other things) the Company and the investor continuing to satisfy the relevant requirements, under the EIS Legislation, throughout, broadly, the period of three years from the date of issue of the relevant EIS Shares. Neither the Company, the Board nor the Company's advisers represent, warrant or undertake that the Company or the EIS Shares will comply with the requirements of the EIS Legislation following the EIS/VCT Placing, at or following the EIS/VCT Placing, that investors will be able to obtain EIS Relief in respect of their subscription for EIS/VCT Shares, or that in due course such EIS Relief will not be withdrawn.

Circumstances may arise (which may include the sale of the Company) where the Board believes that the interests of the Company are not best served by acting in a way that preserves VCT qualifying status (if granted), or ensures that the Company and/or the EIS Shares will continue to meet the conditions for EIS Relief. In such circumstances, the Company and the Board cannot undertake to conduct the activities of the Company in a manner designed to preserve any such relief or status. Should the relevant legislation regarding the EIS change then eligibility for EIS Relief previously obtained may be lost.

Any person seeking to obtain EIS Relief or VCT Relief should consult their own professional tax adviser in order that they may fully understand how the EIS Legislation and VCT Legislation applies in their individual circumstances.

The EIS/VCT Placing is not conditional on Admission or on the issue of any other New Common Shares. If all of the Placing Shares are not issued and Admission does not take place, the Company may not be able to implement the strategy and growth plans as outlined in this document.

1.26 **Any change in the Company's tax status or a change in tax legislation could affect the Company's ability to provide returns to shareholders**

Tax rules and their interpretation relating to any investment in the Company may change during its lifetime. Any change in the Company's tax status, taxation legislation, or interpretation could affect the Company's ability to provide returns to shareholders or could change post-tax returns

to shareholders. Statements in this document concerning the taxation of the Company and investors are based upon current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

1.27 **The outbreak of epidemics or pandemics, such as COVID-19, may disrupt and/or otherwise negatively impact the operations of the Company, third-party suppliers and/or its customers, and may result in the Company's core business being put on hold as viral testing is not a core business of the Company**

The Company's core business could be materially and adversely affected by the outbreak of a widespread health pandemic, such as COVID-19 or similar. The occurrence of a prolonged epidemic or pandemic or other adverse health developments in the US or elsewhere in the world could materially disrupt the Company's business and operations, including temporary suspension or delay of clinical trials and testing, closure of laboratories, or delays to regulatory submissions and approvals. The Company's operations could also be disrupted if its employees, customers and suppliers contract such a virus. The Company's revenue and profitability could be adversely affected as a result and the measures the Company can take to mitigate such a risk are limited given the nature of epidemic or pandemic outbreaks and inherent uncertainty.

1.28 **Unexpected closures of the Company's laboratory in California, or unforeseen damage to the Company's laboratory equipment, may occur which could result in disruptions to the Company's operations**

The Company is reliant on the performance and availability of its CLIA-certified laboratory and laboratory equipment. The Company may not be able to access its laboratory as a result of events beyond the control of the Company, such as extreme weather conditions, flood, fire, theft or terrorist action. An unexpected closure of the Company's laboratory in California, or unforeseen damage to the Company's equipment which it relies on to use, test, evaluate and develop the LungLB® test, could result in disruptions to the Company's operations, including delays to the development of the LungLB® test, and could lead to increased costs for the Company associated with the closure of the laboratory and/or damage to the equipment.

2. Risks relating to the markets in which the Company will operate

2.1 **Changes in legal, governmental and regulatory requirements applicable to the Company's activities may have significant adverse impact on the Company's ability to operate**

The Company's operations are subject to laws, regulatory restrictions and certain governmental directives, recommendations and guidelines relating to, amongst other things, occupational safety, clinical laboratory operations, medical devices, data privacy and security, coverage and reimbursement, the use and handling of hazardous materials, prevention of illness and injury, environmental protection, the use of animals in research, personal data and privacy and the participation of human research subjects in clinical trials and research studies.

Such requirements, legislation and rules and their interpretation may change, which could affect the Company's ability to comply with applicable legal and regulatory requirements and could result in a variety of adverse effects, including fines, penalties, inability to obtain or maintain required licences, permits, or certifications, inability to obtain coverage or reimbursement from third-party payors, and lack of market acceptance. There also can be no assurance that future requirements, legislation or rules will not be imposed, which may adversely affect the ability of the Company to commercialise its LungLB® test and may affect the operations and/or financial condition of the Company.

2.2 **The Company is subject to increasingly stringent privacy and data security legislation**

Regulatory, legislative or self-regulatory/standard developments regarding privacy and data security matters could adversely affect the Company's ability to conduct the Company's business. The Company is subject to laws, rules, regulations and industry standards related to data privacy and cyber security, and restrictions or technological requirements regarding the collection, use, storage, protection, retention or transfer of data.

For the foreseeable future, the Company will only process data relating to patients in the US and will therefore be subject to various rules and regulations, including those promulgated under the authority of the HHS, the Federal Trade Commission, and state cybersecurity and breach notification laws, as well as regulator enforcement positions and expectations. In certain circumstances, the Company and a healthcare provider may agree to share identifiable patient information and other patient data under a fully HIPAA-compliant Business Associates Agreement.

Globally, governments and agencies have adopted and could in the future adopt, modify, apply or enforce laws, policies, regulations, and standards covering user privacy, data security, technologies that are used to collect, store and/or process data, marketing online, the use of data to inform marketing, the taxation of products and services, unfair and deceptive practices, and the collection (including the collection of information), use, processing, transfer, storage and/or disclosure of data associated with unique individual internet users. New regulation or legislative actions regarding data privacy and security (together with applicable industry standards) may increase the costs of doing business and could have a material adverse impact on the Company's operations and cash flows.

Despite the Company's on-going efforts to ensure practices are compliant, the Company may not be successful either due to various factors within the Company control, such as limited financial or human resources, or other factors outside the Company's control.

Any failure or perceived failure (including as a result of deficiencies in the Company's policies, procedures, or measures relating to privacy, data protection, marketing, or client communications) by the Company to comply with laws, regulations, policies, legal or contractual obligations, industry standards, or regulatory guidance relating to privacy or data security, may result in governmental investigations and enforcement actions, litigation, fines and penalties or adverse publicity, and could cause the Company's clients and partners to lose trust in the Company, which could have an adverse effect on the Company's reputation and business. The Company expects that there will continue to be new proposed laws, regulations and industry standards relating to privacy, data protection, marketing, consumer communications and information security in the US, the EU and other jurisdictions, and the Company cannot determine the impact such future laws, regulations and standards may have on the Company's business. Future laws, regulations, standards and other obligations or any changed interpretation of existing laws or regulations could impair the Company's ability to develop and market new services and maintain and grow the Company's client base and increase revenue.

2.3 **Successful commercialisation of certain of the Company's products will depend in part on the extent to which governmental authorities and health insurers establish adequate coverage, reimbursement levels and pricing policies. Failure to obtain or maintain adequate coverage and reimbursement for the Company's products, if approved, could limit the Company's ability to market those products and decrease the Company's ability to generate revenue.**

The availability and adequacy of coverage and reimbursement by healthcare programmes, such as Medicare and Medicaid, private health insurers and other third-party payors, is essential for most patients to be able to afford products such as the Company's products. The Company's ability to achieve acceptable levels of coverage and reimbursement for products by governmental authorities, private health insurers and other organisations will have an effect on the Company's ability to successfully commercialise the Company's products and attract additional collaboration partners to invest in the development of the Company's products. There can be no assurance that the Company will receive reimbursement under government programmes, such as Medicare and Medicaid. The Company does not control the process by which payors establish reimbursement rates, and even if payors agree to provide coverage, there is no assurance of the level at which such reimbursement will be provided. Assuming the Company obtains coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. The Company cannot be sure that coverage and adequate reimbursement in the US, the European Union or elsewhere will be available for any product that the Company may develop, and any reimbursement that may become available may be decreased or eliminated in the future.

Increasingly, third-party payors are challenging prices charged for medical products and services, and many third-party payors may refuse to provide coverage and reimbursement for particular tests when a less expensive option is available. It is possible that a third-party payor may consider the Company's products as substitutable by less expensive tests and only offer to reimburse patients for the less expensive product. Even if the Company shows improved clinical utility and better patient outcomes with the Company's products, pricing of existing tests may limit the amount the Company will be able to charge for the Company's products, once approved. These payors may deny or revoke the reimbursement status of a given product or establish prices for new or existing marketed products at levels that are too low to enable the Company to realise an appropriate return on the Company's investment in product development. If reimbursement is not available or is available only at limited levels, the Company may not be able to successfully commercialise the Company's products, and may not be able to obtain a satisfactory financial return on products that the Company may develop.

There is significant uncertainty related to the insurance coverage and reimbursement of newly developed products. In the US, third-party payors, including private and governmental payors, such as the Medicare and Medicaid programmes, play an important role in determining the extent to which new tests will be covered. The Medicare and Medicaid programmes increasingly are used as models for how private payors and other governmental payors develop their coverage and reimbursement policies for tests. Some third-party payors may require pre-approval of coverage for new or innovative devices or tests before they will reimburse health care providers who use such products. It is difficult to predict what third-party payors will decide with respect to the coverage and reimbursement for the Company's future diagnostic tests.

Obtaining and maintaining reimbursement status is time-consuming and costly. No uniform policy for coverage and reimbursement for products exists among third-party payors in the US. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require the Company to provide scientific and clinical support for the use of the Company's products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Furthermore, rules and regulations regarding reimbursement change frequently, in some cases at short notice, and the Directors and Proposed Directors believe that changes in these rules and regulations are likely.

Moreover, increasing efforts by governmental and third-party payors in the US and abroad to cap or reduce healthcare costs may cause such organisations to limit both coverage and the level of reimbursement for newly approved products and, as a result, they may not cover or provide adequate payment for the Company's products. The Company expects to experience pricing pressures in connection with the sale of any of the Company's products due to the trend toward managed healthcare, the increasing influence of health maintenance organisations, and additional legislative changes. The downward pressure on healthcare costs in general has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. The continuing efforts of the government, insurance companies, managed care organisations and other payors of health care services to contain or reduce costs of health care may adversely affect:

- the demand for any products for which the Company may obtain regulatory approval;
- the Company's ability to set a price that the Directors and Proposed Directors believe is fair for the Company's products;
- the Company's ability to obtain coverage and reimbursement approval for a product;
- the Company's ability to generate revenues and achieve or maintain profitability; and
- the level of taxes that the Company is required to pay.

2.4 **Adverse public opinion may affect the Company's business**

The life sciences industry is frequently subject to adverse publicity on many topics, including corporate governance or accounting issues, product recalls and research and discovery

methods, data privacy and security, as well as to political controversy over the impact of novel technologies, diagnostic and prognostic methodologies, and therapies on humans, animals and the environment. Adverse publicity about the Company, its collaborators, its diagnostic tests, its subsidiaries and subsidiary undertakings or any other part of the life sciences industry may adversely affect the Company's public image, which could harm its operations, impair its ability to gain market acceptance for its diagnostic tests or cause the Company's share price to decrease.

2.5 **Losses from uninsured or partially insured risks, insurance premiums and maintenance of insurance**

The Company maintains at least the minimum level of insurance required under the laws of each jurisdiction in which it operates. In particular, the Company maintains insurance for, amongst others, directors and officers liability; workers compensation and employers' liability insurance; commercial general liability insurance; automobile liability insurance; and umbrella liability insurance. Losses from uninsured risks (including losses which are in excess of the retention under the relevant policy) or partially insured risks may cause the Company to incur significant costs, and no assurance can be given that such insurance will thereafter continue to be available, that it will be available at commercially reasonable premiums or that the Company will obtain or maintain such insurance.

3. Risks relating to an investment in the Common Shares

3.1 **Investment in AIM companies**

Although the Company is applying for the admission of its Common Shares to trading on AIM, there can be no assurance that an active trading market for the Common Shares will develop, or if developed, that it will be maintained. An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Prospective investors should be aware that the value of the Common Shares may go down as well as up and that the market price of the Common Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

3.2 **AIM Rules for Companies and volatility of share price**

The AIM Rules for Companies are less onerous than those applicable to companies on the Official List and an investment in a company whose shares are traded on AIM is likely to carry a higher risk than an investment in a company whose shares are quoted on the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document.

The share price of publicly traded, early stage companies can be highly volatile and it may be more difficult for investors to realise their investment in a company whose shares are traded on AIM than to realise an investment in a company whose shares are quoted on the Official List. The price at which the Common Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, such as variations in operating results, announcements of innovations or new services by the Company or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Common Shares, liquidity (or absence of liquidity) in the Common Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Common Shares, regardless of the Company's performance.

In addition, if the stock market in general experiences a loss of investor confidence, the trading price of the Common Shares could decline for reasons unrelated to the Company's business, financial condition or operating results. The trading price of the Common Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Company. Each of these factors, among others, could harm the value of the Common Shares.

The value of Common Shares will be dependent upon the success of the operational activities undertaken by the Company and prospective investors should be aware that the value of the Common Shares can go down as well as up. Furthermore, there is no guarantee that the market price of a Common Share will accurately reflect its underlying value. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration.

3.3 **Impact of research on Common Share price**

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Common Shares could decline. The trading market for the Common Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Directors and the Proposed Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Common Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the Common Shares or publish inaccurate or unfavourable research about the Company's business, the share price would be likely to decline. If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Common Shares could decrease, which might cause the price and trading volume of the Common Shares to decline.

3.4 **Future sales of Common Shares could adversely affect the price of the Common Shares**

The Lock-in Shareholders have entered into the Lock-In and Orderly Market Agreement pursuant to which they have each agreed with the Company and Investec that they will not dispose of any interest in Common Shares for the period of 12 months following Admission except in certain limited circumstances. Mount Sinai will agree, pursuant to the Mount Sinai Subscription Agreement, that it will not dispose of any interest in its Subscription Shares or the Consideration Shares for the period of six months from the date of the Mount Sinai Subscription Agreement except in certain limited circumstances. There can be no assurance that such parties will not effect transactions upon the expiry of such agreements or any earlier waiver of the provisions of their lock-in. The sale of a significant number of Common Shares in the public market, or the perception that such sales may occur, could materially adversely affect the market price of the Common Shares.

Shareholders not subject to lock-in arrangements and, following the expiry of the lock-in arrangements (or earlier in the event of a waiver of the provisions of the relevant lock-in arrangements), Shareholders who are otherwise subject to lock-in arrangements, may sell their Common Shares in the public or private market and the Company may undertake a public or private offering of Common Shares. The Company cannot predict what effect, if any, future sales of Common Shares will have on the market price of the Common Shares. If the Shareholders were to sell, or the Company was to issue a substantial number of Common Shares in the public market, the market price of the Common Shares could be materially adversely affected. Sales by the Shareholders could also make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate.

3.5 **Dilution of Shareholders' interests as a result of additional equity fundraising**

The Company may need or choose to raise additional funds in the future to finance, amongst other things, working capital, expansion of the Company, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Common Shares. The Company may also issue shares as consideration for acquisitions or investments which would also dilute Shareholders' interests in the Company.

3.6 **Disapplication of pre-emption rights**

The Directors and the Proposed Directors have been granted authority to issue up to 24,519,210 Common Shares following Admission. Accordingly, potential investors should consider the risk that, following Admission, Shareholders may be diluted if the Directors and the Proposed Directors decide to issue further Common Shares. It is expected that the Company will adopt the Certification of Incorporation on Admission, pursuant to which the Shareholders will have Pre-emptive Rights (as defined below). However, the Pre-emptive Rights will not apply to certain issuances of new Common Shares of the Company as set forth in the Certificate of Incorporation, including (among others) the authorisation and/or issuance for cash of new Common Shares of the Company where the nominal amount of such shares or the shares into which such new Common Shares of the Company may be converted, during any 12-month period, does not exceed, in aggregate, 10% of the outstanding Common Shares as of the first day of such 12-month period.

3.7 **Future payment of dividends**

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the Directors and the Proposed Directors, and will depend upon, amongst other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

There can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future.

3.8 **Valuation of Common Shares**

The Issue Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Common Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

3.9 **Tax**

Statements in this document on relation to tax and concerning the taxation of investors in Common Shares are based on current tax law and practice, which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

3.10 **Shareholders outside the United Kingdom may not be able to participate in future equity offerings**

Securities laws of certain jurisdictions, including US federal and state securities laws, may restrict the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the US may not be entitled to exercise these rights unless either the rights and Common Shares are registered under the US Securities Act and qualified under applicable US state securities laws, or the rights and Common Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and the qualification requirements of applicable US state securities laws. Any Shareholder who is unable to participate in future equity offerings will suffer dilution.

3.11 **Forward-looking statements**

This document contains forward-looking statements that involve risks and uncertainties. The Company's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in the document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business.

4. Risks relating to cross-border securities offerings

4.1 Enforcement of judgments

The Company is incorporated under the laws of the State of Delaware and its assets are primarily located in the US. There is no convention or treaty between the US and the UK governing the recognition and enforcement of judgments. A US judgment cannot be automatically enforced in the UK or a UK judgement in the US. The only way to enforce a US judgment in the UK is to treat the US judgment as a debt and make a claim in court. A UK judgment may be enforced against a US company in the UK, provided the US company has assets in the UK.

4.2 Restrictions on transfer under the US Securities Act

The Common Shares have not been, and will not be, registered under the US Securities Act or qualified under applicable US state securities laws. The Common Shares are being offered only to non-US Persons outside the US in transactions exempt from, or not subject to, the registration requirements of the US Securities Act in reliance on Regulation S and otherwise in transactions that are exempt from the registration requirements set out under the US Securities Act and applicable US state securities laws. Accordingly, the Common Shares are a "restricted security" as defined in Rule 144 under the US Securities Act. The Common Shares may not be offered sold or delivered in the US or to, or for the account or benefit of, any US Person, unless the transfer is registered under the US Securities Act or an exemption from the registration requirements is available, including a transaction specified by Regulation S. Only the Company is entitled to register the Common Shares under the US Securities Act, and the Company has no obligation to do so. The Company can give no assurances that an exemption from registration or qualification will be available for any resales or transfers of Common Shares.

In addition, the Common Shares offered to non-US Persons in the Placing are subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Placing and additional restrictions are imposed on resales of the Common Shares. All Common Shares are subject to these restrictions until at least the expiry of the one-year distribution compliance period following the date of Admission (under Regulation S) in relation to the Common Shares. These restrictions may remain in place or be reintroduced following the expiry of the one-year distribution compliance period following the date of Admission (under Regulation S) in relation to the Common Shares, at the discretion of the Company. The Common Shares will bear a legend describing restrictions on transfer to US Persons and prohibiting hedging transactions in the Common Shares unless in compliance with the US Securities Act. Each subscriber for Common Shares, by subscribing for such Common Shares, agrees to reoffer or resell the Common Shares only pursuant to registration under the US Securities Act and qualification under applicable US state securities laws or in accordance with the provisions of Regulation S or pursuant to another available exemption from registration, and agrees not to engage in hedging transactions with regard to such securities unless in compliance with the US Securities Act and applicable US state securities laws. Representations, warranties and certifications must be made through the CREST system by those selling or acquiring the Common Shares. If such representations, warranties and certifications cannot be made or are not made, settlement through CREST will be rejected.

These Category 3 offering restrictions may negatively impact the ability of subscribers in the Placing or holders of Common Shares to sell such shares at the time or at the price or upon such other terms as the holder desires.

Furthermore, Common Shares held by "**Affiliates**" (as defined in Rule 405 of the US Securities Act) of the Company shall be held in certificated form and accordingly settlement shall not be permitted via CREST until such time as the restrictions are no longer applicable. The above restrictions may severely restrict subscribers for Common Shares from reselling the Common Shares. The Common Shares will not be admitted for trading on any US securities exchange in connection with the Placing.

4.3 **SEC review of the Euroclear electronic settlement procedures for securities offered and sold pursuant to Category 3 of Regulation S**

Following Admission, holders of New Common Shares may choose to convert the Common Shares into Depositary Interests for the purpose of secondary trading on the CREST automated book entry system managed and operated by Euroclear UK & Ireland. Because the Company is a US ''domestic issuer'' under the US Securities Act, the New Common Shares qualify as Category 3 securities under Rule 903 of Regulation S under the US Securities Act. Category 3 securities are subject to strict transfer restrictions (the "**Transfer Restrictions**") and must bear certain legends so that counterparties in the secondary market for the Common Shares can determine whether any particular offer and resale complies with the resale safe harbour under Regulation S. Pursuant to EU regulatory requirements regarding the clearance and settlement of securities traded on regulated markets, Euroclear has established procedures designed to facilitate the trading of dematerialised Category 3 securities in accordance with the Transfer Restrictions applicable to resales of such securities (the "**Procedures**"). To the knowledge of the Directors and the Proposed Directors, the commissioners and staff of the SEC have thus far declined requests to express any view, and have not in fact expressed any view, on the sufficiency of the Procedures for the purpose of complying with the Transfer Restrictions. The SEC may determine the Procedures to be insufficient for the purpose of complying with the Transfer Restrictions. If this were to occur, the SEC could make a determination that the Company did not comply with the requirements of Regulation S. Although the outcome of such a determination is difficult to predict, the secondary market in the Common Shares could be adversely affected. The Company may be required to register the Common Shares with the SEC, which would entail significant expense to the Company and a significant amount of time on behalf of the Directors and the Proposed Directors. Furthermore, the Company, the Directors and the Proposed Directors could also be subject to criminal, civil or administrative proceedings.

4.4 **Application of United Kingdom and United States legislation**

The Company is incorporated under the laws of the State of Delaware, US. Accordingly, a significant amount of the legislation in England and Wales regulating the operation of companies does not apply to the Company. In addition, the laws of the State of Delaware will apply in respect to the Company and these laws may provide for mechanisms and procedures that would not otherwise apply to companies incorporated in England and Wales. The rights of Shareholders are governed by Delaware law and by the Certificate of Incorporation and Bylaws, which may differ from the typical rights of Shareholders in the UK and other jurisdictions. It should be noted that certain provisions have been incorporated into the Certificate of Incorporation and Bylaws to enshrine rights that are not conferred by the provisions of Delaware Corporation Law, but which the Company believes Shareholders would expect to see in a company whose shares are admitted to trading on AIM, however there is no assurance that the courts of the State of Delaware, US will uphold or allow the enforcement of these provisions.

4.5 **Takeover regulations**

The Company is incorporated in and subject to the laws of the State of Delaware, US. Accordingly, the Company and transactions in its Common Shares are not subject to the provisions of the UK Takeover Code. Certain provisions of the Certificate of Incorporation adopt similar procedures to the UK Takeover Code, however there is no assurance that the courts of the State of Delaware, US will uphold or allow the enforcement of these provisions.

PART 3

HISTORICAL FINANCIAL INFORMATION

This Part 3 (*Historical Financial Information*) contains the historical financial information of the Company for the years ended 31 December 2018, 31 December 2019 and 31 December 2020.

Section A: Accountant's Report on the Historical Financial Information of the Company

Crowe U.K. LLP
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2 July 2021

The Directors
LungLife AI, Inc.
2545 W Hillcrest Drive
Suite 140
Thousand Oaks
CA 91320
USA

The Directors
Investec Bank Plc
30 Gresham Street
London
EC2V 7QP

Dear Sirs

Introduction

We report on the audited historical financial information of LungLife AI, Inc. (the **"Company"**) set out in Section B of Part 3 (**"Historical Financial Information"**) of the admission document dated 2 July 2021 (the **"Document"**) of the Company. This Historical Financial Information has been prepared for inclusion in the Document on the basis of preparation and accounting policies set out in note 1 to the Financial Information. This report is required by paragraph 20.1 of Annex 1 of the Prospectus Directive Regulation as applied by part (a) of Schedule Two to the AIM Rules for Companies (the **"AIM Rules"**) and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the **"Directors"**) are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union (**"IFRS"**).

It is our responsibility to form an opinion on the Financial Information as to whether the financial information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in

connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Document.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Financial Information gives, for the purposes of the Document, a true and fair view of the state of affairs of the Company as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1 to the Financial Information and International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules.

Yours faithfully

Crowe U.K. LLP
Chartered Accountants

Section B: Historical Financial Information of the Company

INCOME STATEMENT

For the years ended 31 December 2018, 31 December 2019 and 31 December 2020

	Note	2018 US$	2019 US$	2020 US$
Revenue	*(3)*	982,019	136,492	205,180
Cost of sales		(73,481)	(149,890)	(188,178)
Gross profit/(loss)		**908,538**	**(13,398)**	**17,002**
Administrative expenses		(2,837,420)	(3,096,369)	(3,796,185)
Depreciation	*(10)*	(327,117)	(302,441)	(282,654)
Operating loss		**(2,255,999)**	**(3,412,208)**	**(4,061,837)**
Finance income	*(6)*	2,753	8	–
Finance charges	*(6)*	(318,669)	(558,431)	(777,186)
Loss before taxation		**(2,571,915)**	**(3,970,631)**	**(4,839,023)**
Taxation	*(8)*	–	–	–
Loss for the year		**(2,571,915)**	**(3,970,631)**	**(4,839,023)**
Other comprehensive income		–	–	–
Loss for the year from continuing operations		**(2,571,915)**	**(3,970,631)**	**(4,839,023)**
Loss from discontinued operations	*(9)*	(677,753)	(207,063)	–
Total comprehensive loss for the year		**(3,249,668)**	**(4,177,694)**	**(4,839,023)**
Loss per share from continuing activities attributable to the ordinary equity holders of the Company				
Basic and diluted (US Dollars per share)	*(7)*	(0.027)	(0.047)	(0.057)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018, 31 December 2019 and 31 December 2020

	Note	2018 US$	2019 US$	2020 US$
Assets				
Non-current assets				
Property, plant and equipment	*(10)*	340,415	740,763	463,437
Other receivables	*(11)*	17,648	13,235	13,235
Total non-current assets		**358,063**	**753,998**	**476,672**
Current assets				
Trade and other receivables	*(11)*	69,260	251,928	169,801
Discontinued operations	*(9)*	71,635	–	–
Cash and cash equivalents	*(12)*	222,401	726,794	127,628
Total current assets		**363,296**	**978,722**	**297,429**
Total assets		**721,359**	**1,732,720**	**774,101**
Equity and liabilities				
Equity				
Called up share capital	*(13)*	8,483	8,483	8,665
Share premium	*(13)*	52,104,062	52,104,062	52,194,390
Other equity	*(14)*	396,696	828,318	843,137
Share based payment reserve	*(15)*	276,475	324,876	550,511
Accumulated losses		(55,886,001)	(60,063,695)	(64,902,718)
Total equity		**(3,100,285)**	**(6,797,956)**	**(11,306,015)**
Non-current liabilities				
Convertible notes	*(19)*	2,900,375	–	–
Lease liabilities	*(18)*	–	337,523	167,488
Provisions	*(20)*	–	50,000	50,000
		2,900,375	**387,523**	**217,488**
Current liabilities				
Trade and other payables	*(16)*	749,324	628,433	1,225,836
Lease liabilities	*(18)*	139,228	156,909	169,955
Discontinued operations	*(9)*	–	174,057	174,057
Convertible notes	*(19)*	–	7,063,386	10,086,616
Borrowings and loans	*(17)*	32,717	120,368	206,164
Total current liabilities		**921,269**	**8,143,153**	**11,862,628**
Total liabilities		**3,821,644**	**8,530,676**	**12,080,116**
Total equity and liabilities		**721,359**	**1,732,720**	**774,101**

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2017, 31 December 2018 and 31 December 2019

	Share capital US$	Share premium US$	Other equity US$	Share based payment reserve US$	Retained deficit US$	Total equity US$
Balance at 1 January 2018	**9,536**	**53,462,308**	**(1,126,375)**	**227,280**	**(52,636,333)**	**(63,584)**
Comprehensive income:						
Loss for the year	–	–	–	–	(3,249,668)	(3,249,668)
Transactions with owners:						
Cancellation of shares	(1,053)	(1,358,246)	1,358,246	–	–	(1,053)
Cancellation of interest on subscriptions Receivable	–	–	78,060	–	–	78,060
Convertible debt	–	–	86,765	–	–	86,765
Share based payments	–	–	–	49,195	–	49,195
Balance at 31 December 2018	**8,483**	**52,104,062**	**396,696**	**276,475**	**(55,886,001)**	**(3,100,285)**
Balance at 1 January 2019	**8,483**	**52,104,062**	**396,696**	**276,475**	**(55,886,001)**	**(3,100,285)**
Comprehensive income:						
Loss for the year	–	–	–	–	(4,177,694)	(4,177,694)
Transactions with owners:						
Convertible debt	–	–	431,622	–	–	431,622
Share based payments	–	–	–	48,401	–	48,401
Balance at 31 December 2019	**8,483**	**52,104,062**	**828,318**	**324,876**	**(60,063,695)**	**(6,797,956)**
Balance at 1 January 2020	**8,483**	**52,104,062**	**828,318**	**324,876**	**(60,063,695)**	**(6,797,956)**
Comprehensive income:						
Loss for the year	–	–	–	–	(4,839,023)	(4,839,023)
Transactions with owners:						
Issue of common stock	182	90,328	–	–	–	90,510
Convertible debt	–	–	14,819	–	–	14,819
Share based payments	–	–	–	225,635	–	225,635
Balance at 31 December 2020	**8,665**	**52,194,390**	**843,137**	**550,511**	**(64,902,718)**	**(11,306,015)**

STATEMENT OF CASH FLOWS

For the years ended 31 December 2018, 31 December 2019 and 31 December 2020

	Note	2018 US$	2019 US$	2020 US$
Cash flows from operating activities				
Loss for the year		(3,249,668)	(4,177,694)	(4,839,023)
Adjustments for non-cash/non-operating items:				
Depreciation		327,117	302,441	282,654
Finance income		(2,753)	(8)	–
Finance expense		318,669	558,431	777,186
Share based compensation		49,195	48,401	225,635
		(2,557,440)	**(3,268,429)**	**(3,553,548)**
Changes in working capital				
Increase/(decrease) in trade and other receivables		(1,702)	(178,256)	82,127
Decrease in discontinued operations		208,012	245,693	–
(Decrease)/increase in trade and other payables		208,291	(120,971)	597,396
Cash outflow from operations		**(2,142,839)**	**(3,321,963)**	**(2,874,025)**
Taxation paid		**–**	**–**	**–**
Net cash outflow from operating activities		**(2,142,839)**	**(3,321,963)**	**(2,874,025)**
Cash outflows from investing activities				
Purchase of property, plant and equipment		–	(91,914)	(5,328)
Proceeds from disposal of joint venture		1,750,000	–	–
Interest received		2,753	8	–
Net cash flows from investing activities		**1,752,753**	**(91,906)**	**(5,328)**
Cash flows from financing activities				
Issue of Convertible Notes		740,000	4,071,420	2,290,899
Issue of common stock		–	–	90,510
Interest paid		(4,689)	(9,658)	(6,297)
Paycheck Protection Program loan		–	–	205,822
Issuance/(repayment) of loans		32,717	87,650	(120,368)
Repayment of lease liabilities		(261,083)	(231,150)	(180,379)
Net cash inflow from financing activities		**506,945**	**3,918,262**	**2,280,187**
Net increase/(decrease) in cash and cash equivalents		116,859	504,393	(599,166)
Cash and cash equivalents brought forward		105,542	222,401	726,794
Cash and cash equivalents carried forward	*(12)*	**222,401**	**726,794**	**127,628**

1. General Information

LungLife AI, Inc, (the **"Company"**) is a company based in Thousand Oaks, California which is developing a diagnostic test for the early detection of lung cancer. The Company was incorporated under the laws of the state of Delaware on 30 December 2009.

The Company's costs associated with developing and commercialising its test include costs associated with the development of intellectual property, optimising the technology, and obtaining regulatory approval. To complete clinical trials the Company will continue to require additional operating funds. The Company has raised funds through offerings of debt, common stock and Series A Preferred Shares.

There are no restrictions on the Company's ability to access or use its assets and settle its liabilities.

The Company's historical financial information is presented for the years ended 31 December 2018, 31 December 2019 and 31 December 2020.

(a) Basis of preparation

The historical financial information presents the financial track record of the Company for the three years ended 31 December 2018, 2019 and 2020. This financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (**"IFRS"**). The Company has not previously applied IFRS or published financial information on any other basis. No summary of the impact of transition to IFRS is therefore included.

This historical financial information is prepared in accordance with IFRS under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value. The historical financial information is presented in United States Dollars (**"US$"**) except where otherwise indicated.

The principal accounting policies adopted in the preparation of the historical financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Going concern

This historical financial information relating to the Company has been prepared on the going concern basis.

The directors of the Company (the **"Directors"**) have a reasonable expectation that the Company has adequate resources, including the proceeds of the Placing and Subscription, to continue in operational existence for the foreseeable future and for at least one year from the date of this historical financial information. For these reasons, they continue to adopt the going concern basis in preparing the Company's historical financial information.

(c) New standards, amendments and interpretations effective from 1 January 2019

New standards impacting the Company that have been adopted in the preparation of the financial information for the three years ended 31 December 2019 and reflected in the Company's accounting policies are:

- IFRS 16 Leases (IFRS 16); and
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements of the Company are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its convertible debt instruments which are classified within non-current liabilities.

(d) **Revenue recognition**

Sale of goods

Revenue comprises the fair value of the sale of FISH probes used to identify the properties of blood samples under the terms of a sub licence agreement with a third party, net of applicable sales taxes. Revenue is recognised on the sale of goods when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue on goods delivered is recognised when the customer accepts delivery and on services when those services have been rendered.

Rendering of services

Under the terms of a patent and sub licence agreement the company receives a fixed licence fee. As the patent and technology transferred under the agreement is considered to have stand-alone functionality as any improvements carried out by the sub-licencee are for their benefit, the fee is recognised in full.

Cash is received from revenues recognised according to terms of trade within the relevant contractual relationship, usually in accordance with agreed events such as placing of order, fulfilment of order and delivery.

(e) **Property, plant and equipment**

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- computer and IT equipment – 33 per cent. straight line
- leasehold improvements – 33 per cent. straight line
- laboratory equipment – 20 per cent. straight line

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income" in the statement of income.

(f) **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are considered at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) **Financial assets**

Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method.

Impairment of financial assets

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired asset.

(h) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(i) **Financial liabilities**

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Other equity" within shareholders' equity, net of income tax effects.

(j) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are de-recognised from the statement of financial position when the obligation specified in the contract is discharged, is cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as other operating income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(k) **Provisions**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance costs.

(l) **Share capital**

Ordinary shares are classified as equity. There are various classes of ordinary shares in issue, as detailed in note 14. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

(m) **Net finance costs**

Finance costs

Finance costs comprise interest payable on borrowings, direct issue costs, dividends on preference shares and foreign exchange losses, and are expensed in the period in which they are incurred.

Finance income

Finance income comprises interest receivable on funds invested, and foreign exchange gains.

Interest income is recognised in the income statement as it accrues using the effective interest method

(n) **Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 21).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

(o) **Income tax**

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax

payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

The following temporary differences are not recognised if they arise from (a) the initial recognition of goodwill; and (b) for the initial recognition of other assets or liabilities in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Critical Accounting Judgements and Estimates

The preparation of the Company's historical financial information under IFRS as endorsed by the EU requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial information.

Carrying value of intangible assets, property, plant and equipment

In determining whether there are indicators of impairment of the Company's intangible assets, the directors take into consideration various factors including the economic viability and expected future financial performance of the asset and when it relates to the intangible assets arising on a business combination, the expected future performance of the business acquired.

3. Segment Analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker (which takes the form of the Board of Directors) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

The chief operating decision maker has determined that the Company has one operating segment, the development and commercialisation of its lung cancer early detection test. Revenues are reviewed based on the products and services provided.

The Company operates in the United States of America. Revenue by origin of geographical segment is as follows:

	2018 US$	2019 US$	2020 US$
Revenue			
People's Republic of China	982,019	136,492	205,180
	982,019	**136,492**	**205,180**

	2018 US$	2019 US$	2020 US$
Non-current assets			
United States of America	358,063	753,998	476,672
	358,063	**753,998**	**476,672**

	2018 US$	2019 US$	2020 US$
Product and service revenue			
Sub-licence fees	977,760	–	–
Consumable items	4,259	136,492	205,180
	982,019	**136,492**	**205,180**

4. Directors and Employees

	2018 US$	2019 US$	2020 US$
Staff costs			
Wages and salaries	1,736,868	1,506,943	1,070,151
Share based payment charges	49,195	48,401	225,635
	1,786,063	**1,555,344**	**1,295,786**

	2018 No	2019 No	2020 No
Number of employees			
Average number of employees (excluding directors)	19	11	10

Key management compensation

The following table details the aggregate compensation paid in respect of the members of the board of directors and key management

	2018 US$	2019 US$	2020 US$
Salaries	130,947	452,167	299,042
Share based payments	23,672	31,007	126,175
	154,619	**483,174**	**425,217**

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the Company.

5. Expenditure by type

Expenditure by type includes:

	2018 US$	2019 US$	2020 US$
Depreciation	327,117	302,441	282,654
Research and development expenditure	947,041	1,494,427	1,077,652

6. Net Finance Costs

	2018 US$	2019 US$	2020 US$
Finance income			
Interest income	2,753	8	–
Total finance income	**2,753**	**8**	**–**
Finance costs			
Interest expense on lease liabilities	22,131	25,488	23,390
Interest expense on liabilities measured at amortised cost	296,538	529,980	747,157
Interest expense on other loans	–	2,963	6,639
Total finance costs	**318,669**	**558,431**	**777,186**

7. Loss Per Share

The basic loss per share from continuing activities is based on a loss for the year attributable to equity holders of the Parent Company of $4,839,023 (2019: loss $3,970,631; 2018: loss $2,571,915) and the weighted average number of shares in issue for the year of 84,988,201 (2019: 84,831,399, 2018: 95,605,844).

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive warrants and convertible loans over ordinary shares. Potential ordinary shares resulting from the exercise of warrants and the conversion of convertible loans have an anti-dilutive effect due to the Company being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share.

8. Taxation

There were no charges to current corporate taxation due to the losses incurred by the Company in the period. No deferred tax assets have been recognised due to the uncertainty of reversal being dependent on future taxable profits.

Income taxes computed at the statutory federal income tax of 21 per cent. and the state income tax of 8.84 per cent.

	2018 US$	2019 US$	2020 US$
Loss on ordinary activities before tax	(3,249,668)	(4,177,694)	(4,839,023)
Loss on ordinary activities at the applicable rate of corporate tax in the USA	(969,701)	(1,246,623)	(1,443,964)
Effects of:			
Expenses not deductible	38,795	67,474	410,500
Unrelieved tax losses carried forward	930,906	1,179,149	1,033,464
Total taxation charge/(credit)	**–**	**–**	**–**

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The level of tax losses carried forward is $44,940,832 (2019 - $41,477,480; 2018 - $37,976,141) and a capital loss of $4,583,333 (2019 - $4,583,333; 2018 - $4,583,333).

9. Discontinued Operations

On 31 December 2019 the Company closed its LiquidBiopsy® platform business, being that part of the business involved in the assembly and sale of platform units to third parties. The business was discontinued without a sale to a third party as a consequence of the declining sales and profitability and the desire to focus resources on the development of the Company's core product the LungLB diagnostic test. Customers were informed that there will be no further support provided by the Company after the close date of 31 December 2019.

The prior years presented have been adjusted to reflect this discontinuance as if it took place effective 1 January 2018. The Income Statement records the net amount of all the revenue and

associated costs of this business segment, and the Statement of Financial Position records the net assets of this business segment.

Summary of discontinued operations:

	2018 US$	2019 US$	2020 US$
Revenue	1,274,844	87,305	–
Cost of sales	(593,965)	(178,321)	–
Gross profit/(loss)	***680,879***	***(91,016)***	**–**
Operating costs	(1,358,632)	(116,047)	–
Operating loss	***(677,753)***	***(207,063)***	**–**
Finance and other charges	–	–	–
Loss on discontinued activities before and after taxation	**(677,753)**	**(207,063)**	**–**
Net assets/(liabilities) of discontinued operations	**71,635**	**(174,057)**	**(174,057)**
Loss per share – discontinued operations	**(0.007)**	**(0.002)**	**–**
Cash flows attributable to discontinued operations:			
Loss for the year	(677,753)	(207,063)	–
Changes in working capital	469,741	(38,630)	–
Noncash movements	–	–	–
Net cash flows attributable to discontinued operations	**(208,012)**	**(245,693)**	**–**

10. Property, Plant and Equipment

	Leasehold improvements US$	Furniture and equipment US$	Computers and IT equipment US$	Total US$
Cost				
At 1 January 2018	473,337	907,951	49,831	1,431,119
Additions	–	–	–	–
At 31 December 2018	**473,337**	**907,951**	**49,831**	**1,431,119**
Additions	508,276	194,513	–	702,789
At 31 December 2019	**981,613**	**1,102,464**	**49,831**	**2,133,908**
Additions	–	5,328	–	5,328
At 31 December 2020	**981,613**	**1,107,792**	**49,831**	**2,139,236**
Depreciation				
At 1 January 2018	**189,335**	**549,066**	**25,186**	**763,587**
Charge for the year	189,335	125,502	12,280	327,117
At 31 December 2018	**378,670**	**674,568**	**37,466**	**1,090,704**
Charge for the year	179,381	112,216	10,844	302,441
At 31 December 2019	**558,051**	**786,784**	**48,310**	**1,393,145**
Charge for the year	153,126	128,007	1,521	282,654
At 31 December 2020	**711,177**	**914,791**	**49,831**	**1,393,145**
Net book value				
At 31 December 2018	94,667	233,383	12,365	340,415
At 31 December 2019	423,562	315,680	1,521	740,763
At 31 December 2020	**270,436**	**193,001**	**–**	**463,437**

11. Trade and Other Receivables

	2018 US$	2019 US$	2020 US$
Amounts falling due within one year			
Trade receivables	–	9,800	–
Other receivables	–	–	–
Prepayments	69,260	242,128	169,801
	69,260	**251,928**	**169,801**

	2018 US$	2019 US$	2020 US$
Amounts falling due after one year			
Rent deposit	17,648	13,235	13,235
	17,648	**13,235**	**13,235**

All receivables are denominated in US dollars

12. Cash and Cash Equivalents

	2018 US$	2019 US$	2020 US$
Cash at bank and in hand	222,401	726,794	127,628
	845,217	**845,217**	**425,217**

All bank balances are denominated in US dollars

13. Called Up Share Capital

	2018 No.	2019 No.	2020 No.
Allotted and called up			
Common Stock of $0.0001 par value each	5,092,839	5,092,839	6,913,246
Series A Preferred Stock of $0.0001 value each	35,868,370	35,868,370	35,868,370
Series B Preferred Stock of $0.0001 value each	43,870,190	43,870,190	43,870,190
	84,831,399	**84,831,399**	**86,651,806**

	2018 US$	2019 US$	2020 US$
Common shares of $0.0001 par value per share	509	509	691
Series A preference shares of $0.0001 par value per share	3,587	3,587	3,587
Series B preference shares of $0.0001 par value per share	4,387	4,387	4,387
	8,483	**8,483**	**8,665**

	2018 US$	2019 US$	2020 US$
Share premium			
Common Stock of $0.0001 par value each	632,842	632,842	723,170
Preferred Stock of $0.0001 par value each	51,471,220	51,471,220	51,471,220
	52,104,062	**52,104,062**	**52,194,390**

Voting rights

The Common Stock and Preferred Stock are entitled to one vote per share on an as-converted basis. Series A Preferred Stock and Series B Preferred Stock have approval/veto rights over certain matters and are also entitled to appoint two directors each.

Dividends

Holders of Series B Preferred Stock are entitled to an eight per cent. non-cumulative dividend, if and when declared by the board, in preference to the Common Stock or Series A Preferred Stock. Holders of Preferred Stock (i.e., Series A Preferred Stock and Series B Preferred Stock) have the right to receive, in preference to or concurrently with the Common Stock, any dividends declared by the board on Common Stock, on an as-converted basis. Subject to the preferences above, holders of Common Stock are entitled to dividends only if declared by the board.

Directors' beneficial interests in shares of the Company:

	2018 Number	2019 Number	2020 Number
Simon Raab (resigned 1 July 2021)			
Common shares of $0.0001 par value per share	–	–	–
Series A preference shares of $0.0001 par value per share	8,950,664	8,950,664	8,950,664
Series B preference shares of $0.0001 par value per share	2,424,135	2,424,135	2,424,135
Frederick Gluck (resigned 1 July 2021)			
Common shares of $0.0001 par value per share	1,194,792	1,194,792	1,194,792
Series A preference shares of $0.0001 par value per share	4,295,583	4,295,583	4,295,583
Series B preference shares of $0.0001 par value per share	1,092,663	1,092,663	1,092,663
	17,957,837	**17,957,837**	**17,957,837**

The shareholdings noted above include those shares held beneficially by connected persons of the individual director.

Directors' beneficial interests in options to subscribe for additional shares of the Company:

	2018 Number	2019 Number	2020 Number
Simon Raab (resigned 1 July 2021)	425,217	845,217	845,217
Frederick Gluck (resigned 1 July 2021)	695,217	695,217	695,217
James McCullough	–	800,000	800,000
Justin Xiang (resigned 1 July 2021)	–	150,000	150,000
Paul Pagano (appointed 15 May 2020)	–	–	4,432,675
Sara Barrington (resigned 15 May 2020)	–	4,124,871	–
Jenny Liu (resigned 1 July 2021)	–	150,000	150,000
	1,120,434	**6,765,305**	**7,073,109**

The option holdings noted above include those options held beneficially by connected persons of the individual director. Sara Barrington resigned from the Company whereupon her options were reduced to 1,289,024.

14. Reserves

Share premium

Includes all current and prior period premiums on shares allotted, less the associated costs.

Other equity

Includes the value of conversion rights on convertible loans.

Accumulated losses

Includes all current and prior year retained profits and losses.

15. Share Based Payments

Share options

On 1 January 2010, the Board of Directors (**"Board"**) approved the 2010 Stock Incentive Plan (the **"Plan"**). The Plan is administered by the Board who designates eligible participants, approves the number of options, and terms of options granted from time to time. The maximum number of option shares issuable under the Plan is 9,185,097. The exercise price of options issued under the Plan shall not be less than the fair value of the underlying shares on the date of grant as determined by the Board. On 14 May 2020, the Board approved the 2020 Stock Incentive Plan. The maximum number of option shares issuable under the 2020 Plan is 8,903,281.

Management uses the Black Scholes option pricing model to determine the value of options.

Management uses the "simplified method" to estimate the expected term and uses a composite volatility consisting of the Company's historical volatility and the historical volatility of similar publicly traded companies.

The share-based payment expense will be recognised over the service periods ranging from immediate vesting to four years. For the years ended 31 December 2018, 31 December 2019 and 31 December 2020, the Company recognised US$49,195, US$48,401, and US$225,635 respectively, as a share-based payment expense.

The assumptions used to calculate the fair value of options are as follows:

	2018	2019	2020
Expected dividend yield	–	–	–
Risk-free interest rate	2.4%	2.4%	2.4%
Expected life in years	5	5	5
Expected volatility	100%	100%	100%

The following is an analysis of options issued and outstanding to purchase shares in the Company:

	Total options Number	Weighted average exercise price US$
At 1 January 2018	2,183,634	0.025
Movement	–	–
At 31 December 2018	**2,183,634**	**0.025**
Granted	10,046,564	0.025
At 31 December 2019	**12,230,198**	**0.025**
Exercised	(51,561)	0.025
Cancelled	(25,000)	0.025
Modified	(2,993,540)	0.025
Granted	2,678,825	0.004
At 31 December 2020	**11,838,922**	**0.020**

16. Trade and Other Payables

	2018 US$	2019 US$	2020 US$
Trade payables	679,385	517,688	786,018
Accruals and other payables	69,939	110,745	439,818
	749,324	**628,433**	**1,225,836**

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. All trade and other payables are due in less than a year. All balances are denominated in US Dollars.

17. Borrowings and Loans

	2018 US$	2019 US$	2020 US$
Loans payable	32,717	120,368	206,164
	32,717	**120,368**	**206,164**

In May 2020 the Company applied for and received a loan of $205,822 under the US Government Paycheck Protection Program. An application for forgiveness of the entire principal balance as permitted under the Program was made subsequent to the year-end but confirmation of the forgiveness has yet to be received.

18. Lease Liabilities

	Land and buildings US$	Furniture and equipment US$	Total US$
At 1 January 2018	284,002	94,178	378,180
Interest expense	22,131	–	22,131
Repayments	(211,466)	(49,617)	(261,083)
At 31 December 2018	**94,667**	**44,561**	**139,228**
Additions	409,377	151,489	560,866
Repayments	(179,720)	(51,430)	(231,150)
Interest expense	25,479	9	25,488
At 31 December 2019	**349,803**	**144,629**	**494,432**
Interest expense	23,390	–	23,390
Repayments	(151,859)	(28,520)	(180,379)
At 1 January 2018	**221,334**	**116,109**	**337,443**

The Company acquired certain tangible assets under capital lease financing arrangements. The Company also operates from one office which is rented on an annual basis with the option to extend each year without payment of any additional rent.

19. Convertible Notes

	2018 US$	2019 US$	2020 US$
Due within one year:			
Convertible Secured Promissory Notes	–	7,063,386	10,086,616
Due after more than one year:			
Convertible Secured Promissory Notes	2,900,375	–	–
	2,900,375	**7,063,386**	**10,086,616**

On 26 October 2017 the Company issued a Convertible Secured Promissory Note Purchase Agreement (the **"Notes"**) that provided for the issuance of up to a principal amount US$3m on which interest of eight per cent. accrued. Unless converted into shares the principal and accrued interest are payable in full at the earlier of the maturity date of 26 January 2020 or the occurrence of a defined corporate transaction.

On 31 December 2018 the total principal amount of Notes that could be issued increased to US$6m and on 20 August 2019 the total principal amounts of Notes that could be issued increased to US$7.5m. On 20 August 2019 the Company determined that the Notes issued before that date should be classified as Series A-1 Notes and those issued after that date Series A-2 Notes. The Series A-2 Notes have a different conversion term and are repayable in preference to the Series A-1 Notes.

As the conversion feature results in the conversion of a fixed amount of stated principal into a fixed number of shares, it satisfies the 'fixed for fixed' criterion and, therefore, it is classified as an equity instrument.

The value of the liability component and the equity conversion component were determined at the date the instrument was issued.

The fair value of the liability component, included above, at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was eight per cent.

On 15 June 2020 the Company entered into an agreement to extend the maturity date of the Notes to 30 June 2021.

The interests of the directors and their connected persons in the Convertible Notes was:

	2018 US$	2019 US$	2020 US$
Simon Raab (resigned 1 July 2021)	596,259	2,141,348	3,232,380
Frederick Gluck (resigned 1 July 2021)	894,427	1,501,454	1,711,953
	1,490,686	**3,642,802**	**4,944,333**

20. Provisions

	Dilapidations US$	Total US$
At 1 January 2018	–	–
Movement	–	–
At 31 December 2018	**–**	**–**
Additions	50,000	50,000
At 31 December 2019	**50,000**	**50,000**
Movement	–	–
At 31 December 2020	**50,000**	**50,000**

Provision is made for the anticipated cost of returning the Company's premises to their prior state on termination of the lease.

21. Net Debt Reconciliation

	2018 US$	2019 US$	2020 US$
Cash and cash equivalents	222,401	726,794	127,628
Convertible notes	(2,900,375)	(7,063,386)	(10,086,616)
Other borrowings and loans	(32,717)	(120,368)	(206,164)
Lease liabilities	(139,228)	(494,432)	(337,443)
Net debt	**(2,849,919)**	**(6,951,392)**	**(10,502,595)**

	Cash and cash equivalents US$	Borrowings and loans US$	Net Debt US$
Net debt at 1 January 2018	105,542	(2,410,477)	**(2,304,935)**
Cash flows	116,859	(772,717)	**(655,858)**
Other non-cash movements:			
Accretion of interest on convertible notes	–	(128,078)	**(128,078)**
Lease liabilities derecognised – right of use assets	–	238,952	**238,952**
Net debt at 31 December 2018	**222,401**	**(3,072,320)**	**(2,849,919)**
Cash flows	504,393	(4,159,071)	**(3,654,678)**
Other non-cash movements:			
Liabilities recognised – right of use assets	–	(560,866)	**(560,866)**
Lease liabilities derecognised – right of use assets	–	205,662	**205,662**
Accretion of interest on convertible notes	–	(91,591)	**(91,591)**
Net debt at 31 December 2019	**726,794**	**(7,678,186)**	**(6,951,392)**
Cash flows	(599,166)	(2,376,353)	(2,975,519)
Other non-cash movements:			
Liabilities recognised – right of use assets	–	–	–
Lease liabilities derecognised – right of use assets	–	156,647	156,647
Accretion of interest on convertible notes	–	(732,331)	(732,331)
Net debt at 31 December 2020	**127,628**	**(10,630,223)**	**(10,502,595)**

22. Commitments and Contingencies

Periodically, the Company may be involved in claims and other legal matters. The Company records accruals for loss contingencies to the extent that management concludes that it is probable that a liability has occurred and the amount of the related loss can be reasonably estimated. No such accrual was deemed necessary for the years ended 31 December 2018, 31 December 2019 and 31 December 2020. Legal fees and other expenses related to litigation are expensed as incurred and included in general and administrative expenses.

23. Financial Instruments – Classification and Measurement

Financial assets

Financial assets measured at amortised cost comprise cash, trade receivables and other receivables, as follows:

	2018 US$	2019 US$	2020 US$
Trade receivables	–	9,800	–
Other receivables	–	–	–
Cash at bank	222,401	726,794	127,628
	222,401	**222,401**	**127,628**

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, accruals and other payables, lease liabilities, and Convertible Notes as follows:

	2018 US$	2019 US$	2020 US$
Trade payables	679,385	517,608	786,018
Accruals and other payables	69,939	110,745	439,821
Lease liabilities	147,348	494,512	337,443
Convertible Notes	2,900,375	7,063,386	10,086,616
	3,797,047	**8,186,251**	**11,649,898**

24. Financial Instruments – Risk Management

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the board of directors. The Company uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

(a) Market risk

The interest rate profile of the Company's borrowings is shown below:

Interest rate profile of interest-bearing borrowings

	2018		2019		2020	
Fixed rate borrowings	**Debt US$**	**Interest rate**	**Debt US$**	**Interest rate**	**Debt US$**	**Interest rate**
Convertible Notes	2,900,375	8%	7,063,386	8%	10,086,616	8%

Details of the above borrowings can be found in note 20 above.

Interest rate sensitivity analysis

As the interest rates on shareholders loans are fixed, interest rate risk is considered to be very low.

(b) Liquidity risk

A maturity analysis of the Company's Convertible Notes is shown below:

	2018 US$	2019 US$	2020 US$
Less than one year	–	7,063,386	10,086,616
One to two years	2,900,375	–	–
Two to five years	–	–	–
Total including interest cash flows	**2,900,375**	**7,063,386**	**10,086,616**
Less, interest cash flows	–	–	–
Total principal cash flow	**2,900,375**	**7,063,386**	**10,086,616**

Capital risk management

The Company is both equity and Convertible Notes and these two elements combine to make up the capital structure of the business. Equity comprises share capital, share premium and retained losses and is equal to the amount shown as 'Equity' in the statement of financial position. Debt comprises various items which are set out in further detail above and in note 20.

The Company's current objectives when maintaining capital are to:

- safeguard the Company's ability as a going concern so that it can continue to pursue its growth plans;
- provide a reasonable expectation of future returns to shareholders; and
- maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

During the years ended 31 December 2018, 31 December 2019 and 31 December 2020 the Company's strategy remained unchanged.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. In order to minimise the risk, the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

The Directors do not consider that there is any concentration of risk within either trade or other receivables. There are no impairments to trade or other receivables in each of the years presented.

25. Related Party Transactions

Details of Key Management and their compensation is set out in note 4. In addition, consultancy fees of $21,750 were paid to Sara Barrington in the period to 31 December 2020.

Details of directors' interests in the share capital and options are set out in note 13.

Details of the interests of the directors and their connected persons in the Convertible Notes are set out in note 19 and note 26.

26. Subsequent Events

Other than convertible notes in the principal of $1,300,000 issued to Simon Raab, there have been no events since the balance sheet date which require disclosure in the historic financial information.

27. Ultimate Controlling Party

As at 31 December 2020, the Company did not have any one identifiable controlling party.

28. Nature of the Financial Information

The financial information presented above does not constitute statutory financial statements for the period under review.

PART 4

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Accountant's Report on the unaudited Pro Forma Financial Information

Crowe U.K. LLP
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2 July 2021

The Directors
LungLife AI, Inc.
2545 W Hillcrest Drive
Suite 140
Thousand Oaks
CA 91320
USA

The Directors
Investec Bank Plc
30 Gresham Street
London
EC2V 7QP

Dear Sirs

We report on the unaudited pro forma statement of net assets of LungLife AI, Inc. (the **"Company"**) (the **"Pro Forma Financial Information"**) set out in section B of Part IV of the Company's AIM admission document dated 2 July 2021 (the **"Document"**).

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Sections 1 & 2 of Annex 20 of the UK version of Regulation number 2019/980 of the European Commission, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (together, the **"Prospectus Regulation"**).

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the Prospectus Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the audited financial information for the period ended 31 December 2020. This report is required by Section 3 of Annex 20 of the Prospectus Regulation and is given for the purpose of complying with that schedule and for no other purpose.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. We are independent of the Company and Insight in accordance with relevant ethical requirements. In the United Kingdom this is the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Section 3 of Annex 20 of the Prospectus Regulation, we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Section 3 of Annex 20 of the Prospectus Regulation.

Yours faithfully,

Crowe U.K. LLP
Chartered Accountants

Section B: Unaudited Pro Forma Financial Information

Set out below is the Pro Forma Financial Information, which has been prepared on the basis of the financial information of the Company as at 31 December 2020, as adjusted for:

- the receipt of the net proceeds from the Placing; and
- the conversion of loan notes.

as set out in the notes below. The Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature will not represent the actual financial position of the Company as at the date of Admission.

Unaudited pro-forma net assets

US$	(Audited) The Company (Note 1)	Conversion of loan notes (Note 2)	Net proceeds from the Placing (Note 3)	(Unaudited) Pro forma net assets of the Company
Non-current assets				
Property, plant and equipment	463,437	–	–	463,437
Other receivables	13,235	–	–	13,235
Total non-current assets	476,672	–	–	476,672
Current assets				
Trade and other receivables	169,801	–	–	169,801
Cash and cash equivalents	127,628	–	20,746,800	20,874,428
Total current assets	297,429	–	20,746,800	21,044,229
Total assets	**774,101**	**–**	**20,746,800**	**21,520,901**
Non-current liabilities				
Lease liabilities	167,488	–	–	167,488
Provisions	50,000	–	–	50,000
Total non-current liabilities	**217,488**	**–**	**–**	**217,488**
Current liabilities				
Trade and other payables	1,225,836	–	–	1,225,836
Lease liabilities	169,955	–	–	169,955
Discontinued operations	174,057	–	–	174,057
Convertible notes	10,086,616	(10,086,616)	–	–
Borrowings and loans	206,164	–	–	206,164
Total current liabilities	11,862,628	(10,086,616)	–	1,776,012
Total liabilities	**12,080,116**	**(10,086,616)**	**–**	**1,993,500**
Net liabilities	**(11,306,015)**	**10,086,616**	**20,746,800**	**19,527,401**

Notes:

1. The financial information of the Company as at 31 December 2020 has been extracted without further adjustment, from Part 3, section B of this Document "Historical financial information of the Company". No account has been taken of the activities of the Company subsequent to 31 December 2020, except for those set out in the notes below.
2. The total principal amount available under the convertible loan note instrument made available to the Company was up to $12,332,080. The principal balance as at the date of conversion amounted to $11,253,287. The convertible loan notes of $12,601,665 (comprising the principal amount of $11,253,287 and accrued interest of $1,348,378) will convert in full into Common Shares on 7 July 2021.
3. The gross proceeds of the Fundraise were approximately £17,000,000 and associated costs of the Fundraise were approximately £1,784,000 (excluding any amounts in respect of any applicable VAT). The net proceeds from the Fundraise received by the Company were approximately £15,216,000. The net proceeds in the pro forma statement of net assets have been translated to US$ at an exchange rate of £1:US$1.36.
4. No account has been taken of any movement in the net assets of the Company since 31 December 2020, nor of any other event save as disclosed above.

PART 5

UK TAXATION

1. Taxation in the United Kingdom

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

1.1 Tax treatment of the Company

The following information is based on the law and practice currently in force in the UK.

Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of any income arising from UK permanent establishment, interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK).

It is the intention of the Directors and Proposed Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors and Proposed Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as UK tax resident but will be assessable to UK corporation tax in respect of its UK permanent establishment and UK source income.

1.2 Tax treatment of UK investors

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

(a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or

(b) who intend to acquire Common Shares as part of tax avoidance arrangements; or

(c) who are in any doubt as to their taxation position.

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

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

1.3 Dividends

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

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

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

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

1.4 **Disposals of Common Shares**

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

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

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19 per cent. In the Budget on 3 March 2021, it was announced that the rate would increase to 25% after 1 April 2023.

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

"Transactions in securities"

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

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

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

If the Company keeps its share register outside the UK and the Common Shares are not paired with shares issued by a UK incorporated body it is likely that the Common Shares will continue to be exempt from stamp duty and stamp duty reserve tax as being outside the scope of the taxes. However, depending on the arrangements it may be necessary to keep management control outside the UK. In any case, advice will be needed at the time. If within charge, the position is likely to be as follows.

No stamp duty or SDRT will generally be payable on the issue of Common Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Common Shares on AIM (including instruments transferring Common Shares and agreements to transfer Common Shares) based on the following assumptions:

(a) the Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986 ("**Finance Act**")), and this has been certified to Euroclear; and

(b) AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act.

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Common Shares in certain circumstances.

Any transfer of Common Shares for consideration prior to Admission is likely to be subject to stamp duty or SDRT.

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

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

2. EIS Shares

The following provides an outline of the EIS income tax and capital gains tax reliefs available to individuals under the EIS Legislation and certain of the conditions that must be satisfied in order to obtain relief. The EIS Legislation is complex and any potential investors should obtain independent advice from a professional tax adviser as to the potential availability of EIS Relief in relation to their own circumstances.

2.1 Broadly, EIS Relief may be available where a qualifying company issues new, non-redeemable shares that satisfy certain conditions as to the holder's entitlement to dividends and to the Company's assets on a winding up, for the purpose of a qualifying business activity so as to promote business growth and development in circumstances where it would be reasonable to conclude that there is a significant risk that there will be a loss of capital of an amount greater than the net investment return. The EIS Shares must be subscribed for in cash and be fully paid up at the date of issue.

2.2 EIS Relief is available only to individuals. Qualifying investors may claim a reduction in their income tax liability of an amount equal to 30% of the amount subscribed for the EIS Shares, to be set against the individual's income tax liability for the tax year in which the EIS investment is made and/or the prior year, subject to an annual investment limit of £2,000,000 (on the basis that any amounts in excess of £1,000,000 per annum are invested in "knowledge-intensive companies" (within the meaning of the EIS Legislation)). HMRC has confirmed that the Company will be considered a knowledge-intensive company for the purposes of the EIS Legislation. Where an investor has claimed EIS income tax relief on EIS Shares which has not been withdrawn, and subject to complying with the other requirements of the EIS Legislation, a subsequent disposal of the shares in qualifying circumstances is generally free from capital gains tax. If the EIS Shares are disposed of at a loss, capital gains tax relief will generally be available for that loss net of any income tax relief previously given. Individuals who have realised gains on other assets within one year prior to, and three years after, a subscription for EIS Shares may defer any capital gains tax liability arising on those gains by making a claim to reinvest an amount of those gains against the subscription cost of the EIS Shares. Deferred gains will become chargeable on the subsequent disposal or deemed disposal of the EIS Shares.

2.3 Investors will be qualifying investors if they satisfy the conditions set out in chapter 2 of the EIS Legislation, including a requirement that, subject to certain exceptions, the investor must not be connected with the Company during, broadly, the period of two years prior to and three years after the subscription for the EIS Shares. Generally speaking, an individual is connected with the Company if, *inter alia*, the individual or his associates are employees or directors of the Company or have an interest in more than 30% of the Company's common share capital. In particular, any such person should seek professional tax advice as to whether or not they are considered to be "independent", for the purposes of seeking EIS Relief. There is a risk that such person may consider themselves to be "independent" but HMRC does not agree with such classification.

2.4 The Company has obtained advance assurance from HMRC to the effect that the Company and the EIS Shares comply with certain conditions of the EIS Legislation such that, subject to the submission of a duly completed "compliance statement" by the Company, HMRC will be able to authorise the Company to issue "compliance certificates" under section 204(1) of ITA 2007 in respect of the relevant EIS Shares for the purposes of enabling Shareholders to claim EIS Relief. The obtaining of such advance assurance and subsequent issuance of compliance certificates by the Company does not guarantee the availability of EIS Relief for an individual. In particular, relief will be conditional upon the investor's own individual circumstances as summarised briefly above. In addition, for EIS Relief not to be withdrawn or reduced, the Company and the investor must comply with a number of conditions set out in the EIS Legislation on an on-going basis, including a requirement that the relevant EIS Shares be held by the investor for, broadly, at least three years from the later of the date they were issued or the commencement of the Company's qualifying trade for the purposes of the EIS Legislation.

2.5 None of the Company, the Board or the Company's advisers represents, warrants or undertakes that the Company or the EIS Shares will meet the conditions of the EIS Legislation, including in the event that the Board believes that the interests of the Company are not best served by preserving the availability of EIS Relief in respect of the EIS Shares, or as a result of changes in any relevant legislation.

PART 6

REGULATORY OVERVIEW

1. US health regulatory overview

The following provides an overview of the key aspects of laboratory service and medical device regulation within the US. It should be noted this overview does not address every facet of regulation at the federal and state level, but only those that would generally be most relevant to the activities described in this document.

1.1 Federal and state clinical laboratory licensing requirements

The CLIA governs the operations of all clinical laboratories operating in or returning results to individuals in the US. CLIA is administered by CMS, in partnership with state health departments. A clinical laboratory is defined as a laboratory that performs testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention or treatment of disease, or the assessment of health. Clinical laboratories must hold a certificate applicable to the type of laboratory examinations they perform and must demonstrate compliance with regulations addressing, among other things, personnel qualification and training, record keeping, quality control, and proficiency testing, all of which are intended to ensure the timeliness, reliability, and accuracy of clinical laboratory testing services. CLIA requires that laboratories demonstrate or verify the analytical validity of all tests they perform. Where a clinical laboratory analyses specimens based on a proprietary test method (i.e., an LDT), the laboratory must, among other things, document the accuracy, precision, specificity, sensitivity of, and establish a reference range for, such test.

The Company has received CLIA certification for its laboratory and LungLB® test from the California Department of Public Health as of December 2019, and as such the test is currently marketed as an LDT in the US. The Company intends to pursue CLIA certification for all states. CLIA certification is necessary to sell laboratory tests, however the Directors and Proposed Directors believe that CLIA certification alone it is insufficient for commercialisation, including reimbursement and physician adoption.

CMS provides for exemption from CLIA for states that develop clinical laboratory standards that are at least as stringent as federal requirements. Both New York and Washington State are exempt from CLIA. The NYS CLEP requires all independent clinical laboratories operating in, or testing specimens from, NYS to obtain a laboratory permit prior to commencing operations. NYS CLEP requires clinical laboratories performing LDTs to submit test validation documentation demonstrating the tests' analytical and clinical validity. The Company intends to pursue NYS CLEP certification for its LungLB® test.

Failure to comply with CLIA certification and state clinical laboratory licensure requirements may result in a range of enforcement actions, including certificate or licence suspension, limitation, or revocation, directed plan of action, onsite monitoring, civil monetary penalties, criminal sanctions, and revocation of the laboratory's approval to receive Medicare and Medicaid payment for its services, as well as significant adverse publicity.

1.2 FDA

The FDA regulates, among other medical products, "medical devices" which include certain articles intended for use in the diagnosis, prevention, cure, mitigation, or treatment of disease or intended to effect the structure or function of the body. Whether a product is intended for use as a medical device is generally determined, in the first instance, based on the manufacturer's product labelling, which includes the label affixed to the product, materials distributed with the product, and promotional communications concerning the product. In some cases, the FDA may take into account other factors, such as the circumstances of distribution, in determining the manufacturer's intended use of the product.

Devices classified as Class I (low risk), generally may be marketed without FDA pre-market review, but are subject to "general controls", including establishment registration, device listing, record keeping, medical device reporting, and quality system regulations, including design controls. Devices classified as Class II (moderate risk), may, in addition to general controls, also be subject to "special controls" (for example, performance standards, manufacturing standards, post-market surveillance, patient registries, special labelling requirements, pre-market data requirements and guidelines), and also generally must obtain 510(k) pre-market clearance or DeNovo authorisation from the FDA. Class III (high risk) devices must, in addition to general controls, obtain FDA pre-market approval through the submission of a pre-market approval application that contains evidence, including data from adequate and well-controlled clinical studies, demonstrating that the device is safe and effective for its intended use. In general, devices that require FDA pre-market clearance or DeNovo authorisation may not be commercially distributed or promoted prior to obtaining such authorisation, although they may be distributed and used for the purpose of developing the clinical data necessary to support FDA marketing applications, subject to certain limitations. Post-market changes to a cleared/authorised or approved device also may be subject to prior review by the FDA, depending on the scope of the change and its potential impact on device safety and effectiveness.

The Company intends to submit a DeNovo regulatory review application with the FDA as a Class II device. Upon DeNovo authorisation granted from the FDA, the Company intends to market the test as an IVD that is performed within its CLIA certified laboratory.

It should also be emphasised that this pre-market review process is only one facet of the FDA's regulation. For example, the FDA regulates product labelling, including promotional claims; the manufacturing of medical devices, including their design, under FDA quality system requirements; clinical trials with new or modified products; and post-market monitoring for, reporting of, and action related to, safety concerns. Failure to comply with applicable pre- and post-market device requirements can result in a determination by the FDA that a device is "adulterated" (Section 501) or "misbranded" (Section 502) in violation of the US Federal Food, Drug, and Cosmetics Act. The statute provides for a number of penalties, including seizure, injunction, criminal, and civil monetary penalties, for the sale or distribution of adulterated or misbranded devices. In general, prior to undertaking enforcement action, the FDA will notify a regulated entity of a violation or suspected violation through a communication, such as a "Warning Letter" or an "Untitled Letter". If the FDA identifies violations during inspection of a manufacturer's facility, the agency will issue a Form 483 listing the identified violation and directing the manufacturer to make the necessary corrections.

1.3 **FDA regulation of software**

Commercially distributed software applications that meet the definition of a medical device may be subject to FDA pre-market authorisation, depending on their classification and software function. These include both applications that are components of a hardware medical device and certain "stand-alone" software. In 2017, the FDA issued final guidance adopting international principles established by the International Medical Device Regulators Forum for the clinical evaluation of software as a medical device (**"SaMD"**), which refers to software that is intended to be used for one or more medical purposes that perform these purposes without being part of a hardware medical device. In 2019, the FDA issued a guidance on the FDA's oversight of device software functions including mobile medical applications (**"MMAs"**). While the guidance is not binding on either the FDA or regulated industry, the FDA intends to consider the principles in developing regulatory approaches for SaMD as well as for digital health technologies.

The Company intends to build software that runs a machine learning-derived algorithm used to identify target cells in the LungLB® test. While the Company does not intend on distributing this software to other clinical laboratories, as it is considered part of the LungLB® device, upon DeNovo authorisation granted by the FDA, the software will be controlled as a device.

1.4 **FDA regulation of LDTs**

The FDA regulates a category of medical devices, called *in-vitro* diagnostic medical devices, or IVDs, that are used in the collection, preparation, and examination of specimens from the human

body. IVDs include reagents, instruments, and systems that are intended for use in diagnosis of disease or other conditions, including the state of health, in order to cure, mitigate, treat, or prevention disease or its sequelae. The FDA historically has taken the position that tests developed in-house by a clinical laboratory and used to analyse patient specimens meet the definition of an IVD and fall within the agency's regulatory jurisdiction. At the same time, the FDA historically has for the most part exercised "enforcement discretion," i.e., has not required clinical laboratories performing LDTs to comply with IVD device requirements.

In the past, the FDA has signalled intent to modify its enforcement discretion policy with regard to LDT regulation, and in 2014 proposed a regulatory framework for LDTs, which it abandoned before implementation in 2016. As of 19 August 2020, the HHS determined that LDTs will not require a premarket review with the FDA, but rather an applicant may voluntarily submit a premarket notification or premarket approval (or an Emergency Use Authorisation in the case of COVID-19 tests) for their LDT. It is possible that Congress will enact legislation directing the FDA to regulate LDTs, which would drastically change the regulatory landscape for these tests.

1.5 **The US Federal Trade Commission and Consumer Protection Laws**

Within the US, the US Federal Trade Commission (**"FTC"**), has authority to regulate advertising for most medical devices and for laboratory services. In addition, various state consumer protection laws exist which can similarly regulate claims that are being made by entities with respect to what benefits their products or services can provide to consumers. In some instances, FTC or US states have taken action with respect to medical products based on claims being made with respect to, for example, their benefits to patients, seeking various penalties, such as injunctions and substantial fines. Activities have focused more, to date, on products that are sold directly to consumers, such as dietary supplements, as opposed to prescription products ordered by physicians, although the possibility exists that FTC or other consumer protection bodies could take steps to regulate claims with respect to IVDs or LDTs.

1.6 **Fraud and abuse**

The federal US Anti-Kickback Statute 42 US Code § 1320a–7b imposes criminal penalties on persons and entities for, among other things, knowingly and wilfully soliciting, offering, receiving or providing remuneration (including any kickback, bribe or rebate), directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, lease or order of a good, facility, item or service for which payment may be made under a government healthcare programme such as Medicare and Medicaid.

The US federal false claims and civil monetary penalties laws, including the federal civil US False Claims Act 31 USC. §§ 3729 – 3733, impose criminal and civil penalties, including through civil whistle-blower or qui tam actions against individuals or entities for, among other things, knowingly presenting or causing to be presented false or fraudulent claims for payment by a federal healthcare programme or making a false statement or record material to payment of a false claim or avoiding, decreasing, or concealing an obligation to pay money to the federal government, with potential liability including mandatory treble damages, significant per-claim penalties, and administrative penalties.

The US Physician Payments Sunshine Act (known as Affordable Care Act Section 6002: Transparency Reports and Reporting of Physician Ownership or Investment Interests) requires certain manufacturers of drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, with specific exceptions, to report annually to the CMS information related to payments or transfers of value made to physicians and teaching hospitals, as well as information regarding ownership and investment interests held by physicians and their immediate family members. Any failure to report or providing incomplete or misleading information may subject the Company to penalties.

Analogous state fraud and abuse laws and regulations, such as US state anti-kickback and false claims laws, can apply to sales or marketing arrangements, and claims involving healthcare items or services reimbursed by governmental or non-governmental third-party payors. These laws are generally broad and are enforced by many different US federal and state agencies as well as through private actions. Some state laws require adherence to compliance guidelines

promulgated by the US federal government and require device and drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures.

1.7 Data privacy and security

The HIPAA imposes criminal and civil liability for, among other things, failing to protect the privacy of patient and security of patient data. Additionally, the HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations on covered entities and their business associates that perform certain functions or activities that involve the use or disclosure of protected health information on their behalf, including mandatory contractual terms as well as implementing reasonable and appropriate administrative, physical and technical safeguards with respect to maintaining the privacy, security and transmission of protected health information.

The FTC has taken an active role with regard to protection of personal information, relying on its broad consumer protection powers to seek substantial penalties where companies that have made deceptive or misleading statements regarding practices of collecting and safeguarding data or did not have adequate safeguards to protect information consistent with their claims regarding data security.

State laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not pre-empted by HIPAA, thus complicating compliance efforts.

2. EU and UK regulatory overview

The following provides an overview of key aspects of medical device regulation within the EU and UK. It should be noted this overview does not address every facet of regulation but only those that would generally be most relevant to the activities discussed in this document. In addition, the Company's first focus will be on US regulatory approval and marketing.

The Company operates and intends to operate in a highly regulated industry that is subject to a changing political, economic and regulatory landscape across many countries. The Company's products will be subject to national and supra-national EU laws and regulations. The Company's products will also be subject to UK laws and regulations.

2.1 Current EU and UK regulatory framework

Software applications (whether stand-alone or components of a larger system) qualify as medical devices or medical device accessories under EU rules if they meet the relevant definition under the EU Medical Device Directive 93/42/EEC (the **"Medical Device Directive"**) or they may be classified as *in-vitro* medical devices and governed by the In-Vitro Diagnostic Medical Device Directive 98/79/EC (the **"IVD Directive"**) as the regulatory route to bear CE Marking. Which directive is applicable to the Company's products will depend on a number of factors, including whether or not the Company's software interprets data derived from human tissue or blood samples, or data which itself has been derived from an *in-vitro* medical device. Given that the data the Company's software may analyse may come from multiple sources and may change over time, the Company has set out below an overview of both the Medical Device Directive and the IVD Directive.

Included in discussion below is the upcoming change to meet EU Medical Device Regulation (Regulation EU, 2017/745) (the **"EU Medical Device Regulation"** or **"MDR"**) and IVDR.

As published on 1 September 2020 guidance document, the MHRA will continue to recognise CE Marks and certificates issued by EEA-based notified bodies until 30 June 2023 and then medical devices and IVDs distributed in the UK will be required to bear the new UKCA mark from 1 July 2023. Commercialisation of products in Northern Ireland will continue to require a CE Mark as achieved through the MDD or IVDD regime (or MDR by 26 May 2021 and IVDR by 26 May 2022).

As a result of Brexit, the transition period with the EU will end by December 2020 and due to the delay with MDR and IVDR taking effect after Brexit, IVDR and MDR will not automatically apply in the UK. It is anticipated that additional changes to requirements for commercialising medical devices and IVDs in the UK may be forthcoming as suggested in MHRA's guidance document. Until then, under UK law, Medical Devices Regulations 2002 (UK MDR 2002, and as amended 2019 No. 791), as transposed from MDD and IVDD into UK law will continue to apply post-Brexit.

2.2 **The Medical Device Directive**

Under the Medical Device Directive, a software medical device may be placed on the EU market only if it conforms with the "essential requirements" set out in Annex I to the Medical Device Directive. To assist manufacturers in satisfying the essential requirements, the European standards organisations have prepared European standards applicable to medical devices. These include harmonised international quality standards (including standards from the International Organisation for Standardisation ("**ISO**") and the International Electrotechnical Commission) aimed at ensuring that medical devices are correctly designed and manufactured. While not mandatory, compliance with these standards entitles the manufacturer to a presumption of conformity with the essential requirement that is covered by the standards concerned.

The manufacturer is obliged to demonstrate that the device conforms to the relevant essential requirements through a conformity assessment procedure. For Class I non-sterile and non-measuring medical devices, the manufacturer is responsible for performing the conformity assessment procedure. For Class II and III devices, as well as the sterility/measuring aspects of Class I devices, the manufacturer declares conformity with the essential requirements, but this must be backed up with a conformity assessment by a notified body resulting in a CE certificate. Depending on the conformity assessment route agreed with the notified body, separate certificates may be issued for the device and the underlying quality assurance system against harmonised standard EN ISO 13485.

EU government regulatory bodies are not involved in the pre-market approval of medical devices. The onus of ensuring a device is safe enough to be placed on the market is ultimately the responsibility of the manufacturer and, where relevant, the notified body. Notified bodies are entities licensed by the individual member states to provide independent certification of certain classes of medical device. They apply for and are designated to carry out this function by the relevant national competent authorities, which carry out periodic assessment audits to determine whether the notified bodies continue to satisfy the requirements set out in the Medical Device Directive and the guidance developed by the Notified Body Oversight Group. Amongst other things, a notified body must possess the resources (for example, facilities and staff) for the conformity assessment of medical devices for which it is designated and must conduct such assessments in a competent, transparent, independent and impartial manner.

Once the appropriate conformity assessment procedure for a medical device has been completed, the manufacturer must draw up a written declaration of conformity and affix the CE Mark to the device. The device can then be marketed throughout the EEA. Notified bodies perform surveillance and unannounced audits at the manufacturer and critical suppliers with respect to the devices covered by the certificates issued by them. If non-conformities raised during the audits are not timely remedied by the manufacturer, the notified body may (partially or wholly) suspend or withdraw the certificate concerned.

Manufacturers of medical devices are subject to post-market requirements, notably device vigilance and safety reporting obligations. EU member states are responsible for enforcing the EU's medical device rules and for ensuring that only compliant medical devices are placed on the market or put into service in their jurisdictions. They have powers to suspend the marketing and use, or demand the recall, of unsafe or non-compliant devices. They also have the power to bring enforcement action against companies or individuals for breaches of the device rules, but this is extremely rare absent a public health risk. Non-compliance may also result in notified bodies revoking any certificate of conformity that they have issued for a device or the manufacturer's quality system.

2.3 **The IVD Directive**

The EU regulates IVDs as a specific category of medical devices with particular differences, which means they are regulated under a separate regime. The company's software application is envisaged to process input data from EHRs and from 'wet' samples and is envisaged to be installed as a local software layer in clinical institutions that will communicate with the cloud. The EU Guidance document "Qualification and Classification of standalone software" provides that stand alone software fulfilling the definition of medical device and intended to be used for the purpose of providing information derived from *in-vitro* examination of a specimen derived from the human body falls under the IVD Directive. The software may therefore qualify as 'expert function software' for the purposes of the applicable guidance, in which case it would therefore be regulated under the IVD Directive.

The IVD Directive sets out certain "essential requirements" set out in Annex I of the IVD Directive and with which IVDs must comply before being placed on the market in the EU. Not all the essential requirements will apply to all devices and it is up to the manufacturer of the device to assess which are appropriate for that particular product. As for the Medical Device Directive, one way in which manufacturers can demonstrate that they have met the essential requirements is to comply with the relevant national standards that transpose harmonised standards.

There are four categories of IVDs, reflecting the perceived risk. Annex II of the IVD Directive sets out specific device types that are categorised as either high risk (**"List A"**) or moderate risk (**"List B"**). There are also self-test IVDs, which are those devices intended by the manufacturer to be able to be used by lay persons in a home environment, and then the final category covers all IVDs which are not classified as List A, List B or self-test IVDs, known as general IVDs. As for other medical devices, pre-market approval is delegated to notified bodies. For List A, List B and self-test IVDs this means that the manufacturer must gain independent certification by a notified body in order to complete the conformity route process, apply for CE Marking and be able to place the device on the European market.

Manufacturers of IVDs are subject to post-market requirements, including setting up an on-going systematic process to review experience gained for their device on the market and to have a vigilance procedure to immediately inform relevant competent authorities. Each relevant competent authority has the right to remove a device that they believe is unsafe from their national market.

2.4 **The EU Medical Device Regulation**

In May 2017, the European Commission finalised and adopted the text of the EU Medical Device Regulation, which will repeal and replace the EU Medical Device Directive. Due to the COVID-19 pandemic, implementation of the EU Medical Device Regulation will take effect from 26 May 2021. The Company will need to ensure compliance with the EU Medical Device Regulation in the future if it is to place software that is a medical device on the EU market.

The EU Medical Device Regulation contains a new classification rule specific to software in Annex VIII (rule 11). All software intended to provide information used to make diagnostic or therapeutic decisions will be in Class IIa, except if the decisions may cause death or an irreversible deterioration in health, in which case it will be in Class III. Where decisions could result in a serious deterioration in a person's state of health or a surgical intervention, they will be in Class IIb. Software intended to monitor physiological processes will be in Class IIa, except if it is intended to monitor vital physiological parameters and variations in those parameters could result in immediate danger to the patient, in which case it is classified as Class IIb. All other software will be in Class I. Software that currently qualifies as a Class I device under the EU Medical Device Directive may therefore need to be reclassified as Class IIa or higher once the EU Medical Device Regulation becomes applicable. This will require a notified body conformity assessment in accordance with the requirements of the EU Medical Device Regulation.

The Medical Devices Regulation will require significantly more clinical data for CE Marking than is currently required by the Medical Device Directive. It also promulgates new design requirements for software, and will not grandfather any previous CE Mark under the Medical Devices Directive. As a result, should the EU Medical Device Regulation apply to the Company's products, the Company will need to obtain timely CE Marking under the new regulation.

2.5 **IVDR**

The IVDR was adopted in May 2017 and will repeal the existing In-Vitro Diagnostic Medical Devices Directive (98/79/EC). The majority of the provisions of the IVDR apply from 26 May 2022 and will harmonise the law on *in-vitro* medical devices across the EU. The Company will need to ensure compliance with the IVDR in the future if it is to place software that is a medical device which is used as an *in-vitro* diagnostic on the EU market after this regulation comes into force. The IVDR will require significantly more clinical data for CE Marking than is currently required by the IVD Directive. It also promulgates new design requirements for software, and will not grandfather any previous CE Mark under the IVD Directive.

As a result, should the IVDR apply to the Company's products, the Company will need to obtain timely CE Marking under the new regulation.

The IVDR contains a new classification regime for all IVDs, including software that qualifies as an IVD, in Annex VIII. The new classification regime groups all IVDs in four risk classes A, B, C, and D, of which only risk class A remains subject to self-declaration for CE Marking.

The Company is developing software that utilises a machine learning-derived algorithm. Because the software is intended to work with blood-based biomarkers it is likely that, if it is regulated by the IVDR, it will be classified in the second highest risk class (C) and will be subject to notified body conformity assessment.

With implementation of IVDR and MDR, Medical Device Coordination Group (MDCG) have established a set of guidelines. The MDCG guidances are specific to IVDR and MDR and therefore replaces prior MEDEV guidances that are specific to IVDD and MDD.

2.6 **UK MDR 2002 (as amended per 2019 NO.791, MDR 2019)**

At this time, essential requirements and conformity assessments follow similarly to those described per MDD and IVDD with specific modifications as transposed into UK MDR 2002 and their respective amendments. Process by which requirements for conformity assessments as specified in UK MDR 2002 (and amendments) are supplemented by guidance issued by the MHRA. With respect to software as the medical device defined by UK MDR 2002, similar definitions to MDD and IVDD applied. Guidance to medical device stand-alone software including apps and *in-vitro* diagnostic medical device provides an interim guide until such time as the MHRA publishes a new set of guidance.

PART 7

ADDITIONAL INFORMATION

1. Persons responsible

Each of the Directors and the Proposed Directors, whose names and functions appear on page 11 of this document, and the Company accept responsibility, both collectively and individually, for the information contained in this document and for its compliance with the AIM Rules for Companies. To the best of the knowledge and belief of each of the Directors, the Proposed Directors and the Company, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and status of the Company

2.1 The Company was incorporated and registered under the laws of the State of Delaware, US, on 30 December 2009 as a Delaware corporation with the name Cynvenio Biosystems, Inc. The Company changed its name to LungLife AI, Inc. on 1 May 2019.

2.2 The Company is domiciled in the State of Delaware, US, with its registered office at 850 New Burton Road, Suite 201, Dover, Delaware 19904. The principal place of business of the Company is 2545 W Hillcrest Drive, Suite 140, Thousand Oaks, California, CA 91320, USA. The telephone number of the principal place of business of the Company is +1 805 409 9868.

2.3 The Company's principal activity is research and development of diagnostic products relating to lung cancer.

2.4 The principal legislation under which the Company operates is the Delaware Corporation Law.

2.5 The liability of the Company's Shareholders is limited.

2.6 The address of the Company's website, at which the information required by Rule 26 of the AIM Rules for Companies can be found, is www.lunglifeai.com.

2.7 The Company does not have any subsidiaries, and will not at Admission have any subsidiaries.

3. Share capital

3.1 As at the date of this document (prior to the Pre-Admission Reorganisation) the Company is authorised to issue up to 105,272,592 Common Shares and up to 80,895,755 Preferred Shares (consisting of 37,025,565 authorised shares of Series A Preferred Shares and 43,870,190 authorised shares of Series B Preferred Shares).

3.2 Changes in the amount of the outstanding share capital of the Company during the years covered by the financial information set out in Part 3 (*Historical Financial Information*) of this document are as follows:

Share Capital	As of 31 December 2018	As of 31 December 2019	As of 31 December 2020
Common Shares	5,092,839	5,092,839	6,913,246
Preferred Shares, consisting of:			
Series A	35,868,370	35,868,370	35,868,370
Series B	43,870,190	43,870,190	43,870,190
Total Preferred Shares	79,738,560	79,738,560	79,738,560

3.3 The Company's outstanding share capital as at the date of this document (prior to the Pre-Admission Reorganisation) is:

Class	Number	Par value per share ($)
Common Shares	7,498,189	$0.0001
Preferred Shares, consisting of:		
Series A Preferred Shares	35,868,370	$0.0001
Series B Preferred Shares	43,285,247	$0.0001

3.4 As at the date of this document (prior to the Pre-Admission Reorganisation), the Company has outstanding Convertible Secured Promissory Notes, consisting of the Series A-1 Convertible Notes and the Series A-2 Convertible Notes (together with the Series A-1 Notes, the **"Convertible Notes"**). The Convertible Notes will convert into Common Shares prior to Admission.

3.5 As at the date of this document (prior to the Pre-Admission Reorganisation), the Company has outstanding Stock Purchase Warrants (the **"Warrants"**), issued to the holders of Convertible Notes, entitling the holders thereof to purchase the following number of shares of the Company's common stock at a price of $0.07 (the **"Warrant Exercise Price"**):

(a) with respect to Convertible Notes issued prior to 16 March 2020, a number of Common Shares determined by dividing (i) 20% of the original investment amount of such notes, by (ii) the Warrant Exercise Price; and

(b) with respect to Convertible Notes issued on or after 16 March 2020, a number of Common Shares determined by dividing (i) 100% of the original investment amount of such notes, by (ii) the Warrant Exercise Price.

The Warrants will convert into Common Shares prior to Admission.

3.6 Assuming that the Fundraising is fully subscribed, immediately following Admission, the outstanding and fully paid up and non-assessable share capital of the Company will be as follows:

Class	Number	Par value per share ($)
Common Shares	25,480,790	$0.0001

4. Pre-Admission Reorganisation

As at the date of this document (prior to the Pre-Admission Reorganisation), the Company has the following classes of securities or rights to subscribe for securities outstanding: (a) Common Shares, (b) Series A Preferred Shares, (c) Series B Preferred Shares, (d) the Convertible Notes, (e) the Warrants, and (f) stock options issued under the Prior Incentive Plans. On the Business Day prior to Admission, all of the Company's outstanding securities will be consolidated into Common Shares. In addition, the Company will effect the Reverse Stock Split and as a result the outstanding securities will be consolidated, which will allow for the share price of each of the Common Stock on Admission to be in a typical range for a company which is admitted to trading on AIM.

The Pre-Admission Reorganisation will occur as follows:

4.1 The Company will effect the Reverse Stock Split so as to occur three Business Days prior to Admission.

4.2 The Series A-1 Convertible Notes will automatically convert into Common Shares pursuant to their terms on the Business Day prior to Admission. After their conversion, the Series A-1 Convertible Notes will have no further effect.

4.3 The Series A-2 Convertible Notes will automatically convert into Common Shares pursuant to their terms on the Business Day prior to Admission. After their conversion, the Series A-2 Convertible Notes will have no further effect.

4.4 The Warrants will automatically convert into Common Shares pursuant to their terms on the Business Day prior to Admission, in a cashless conversion at an exercise price of $1.26. The number of Common Shares issuable upon the conversion of the Warrants will be determined by dividing a dollar amount representing a percentage of the Warrant holder's Convertible Note investments (20% for Convertible Note investments made prior to 16 March 2020 and 100% for Convertible Note investments made on or after 16 March 2020) by the Warrant Exercise Price. After their conversion, the Warrants will have no further effect.

4.5 The Series A Preferred Shares and Series B Preferred Shares will convert into Common Shares on the Business Day prior to Admission, following the conversion of the Convertible Notes and Warrants into Common Shares, on the following basis: 1.387 Common Shares for every one Series A Preferred Share or Series B Preferred Share held.

4.6 The options granted under the Prior Incentive Plans will remain outstanding prior to and after Admission, unless and until exercised by the holders thereof or termination or expiration in accordance with their terms. The number of Common Shares subject to the options and the per-share exercise prices will be adjusted to reflect the Reverse Stock Split as described in paragraph 8.14 of this Part 7.

4.7 The Board and Shareholders have approved an amendment and restatement of the Company's existing certificate of incorporation (in force as at the date of this document), in the form of the Certificate of Incorporation, to (a) authorise the allotment of additional Common Shares in connection with Admission, and (b) implement certain additional changes in connection with Admission, which are reflected in the summary of the Certificate of Incorporation set out in paragraph 6 of this Part 7. The Certificate of Incorporation will become effective on the Business Day prior to Admission, following the conversion of the Convertible Notes, Warrants, and Preferred Stock into Common Shares.

4.8 The Board and Shareholders have approved an amendment and restatement of the Company's existing bylaws (in force as at the date of this document), in the form of the Bylaws, to implement certain changes in connection with Admission, which are reflected in the summary of the Bylaws set out in paragraph 6 of this Part 7. The Bylaws will become effective on the Business Day prior to Admission, following the conversion of the Convertible Notes, Warrants, and Preferred Stock into Common Shares.

4.9 The par value of each Common Share shall remain $0.0001 and shall not be adjusted in connection with the Pre-Admission Reorganisation.

4.10 On Admission, the New Common Shares will rank *pari passu* in all respects with the Existing Common Shares, including the right to receive all dividends or other distributions declared, made or paid after Admission.

5. CREST

5.1 CREST is a paperless settlement system enabling title to securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument, in accordance with the CREST Regulations. However, as set out in paragraph 15 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document, in the case of Placees that are not US Persons and where such Placees have asked to hold their Common Shares in uncertificated form, they will have their CREST accounts credited with Depositary Interests on the day of Admission. Note, however, that the Common Shares offered to non-US Persons in the Fundraising are subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Fundraising and additional restrictions are imposed on resales of the Common Shares. Representations, warranties and certifications must be made through the CREST system by those selling or acquiring the Common Shares. If such representations, warranties and certifications cannot be made or are not made, settlement through CREST will be rejected. Furthermore, Common Shares held by **"Affiliates"** (as defined in Rule 403 of the US Securities Act) of the Company and accordingly settlement shall not be permitted via CREST until such time as the relevant restrictions are no longer applicable. These restrictions, representations and warranties, as well as the legend that will be affixed to certificates for the

Common Shares, are set out more fully in Part 11 (*US Restrictions on the Transfer of Common Shares*) of this document.

5.2 The holders of the Common Shares will participate on a *pari passu* basis and proportionately to their shareholdings in all distributions of capital or income by the Company or any surplus arising on liquidation of the Company. There are no fixed dates for dividend payments on the Common Shares. Each Common Share affords the holder of such share the right to one vote. There are no restrictions on the transferability of the Common Shares.

5.3 The New Common Shares will be issued on Admission, which is expected to occur on 8 July 2021. The ISIN of the Common Shares is USU5500L1045.

6. Certificate of Incorporation and Bylaws

The following is a summary of certain provisions of the Certificate of Incorporation, Bylaws and provisions of the Delaware Corporation Law that apply to the Company as in effect from Admission. As summarised in paragraph 15 of this Part 7, certain provisions have been incorporated into the Certificate of Incorporation and Bylaws to enshrine rights that are not conferred by the provisions of Delaware Corporation Law, but which the Company believes Shareholders would expect to see in a company whose shares are admitted to trading on AIM, and accordingly this paragraph 6 should be read in conjunction with that paragraph 15. Reference is made to the actual Certificate of Incorporation.

6.1 Objects

The Company may, and is authorised by its Certificate of Incorporation to, engage in any lawful act or activity for which corporations may be engaged in under the Delaware Corporation Law.

6.2 Authorised shares

The Certificate of Incorporation authorises the Company to issue one class of share to be designated Common Shares.

6.3 Common Shares

(a) *Voting Rights*

Each holder of Common Shares is entitled to one vote for each share of Common Shares held by such holder. The Bylaws provide that the holders of a majority of all Common Shares entitled to vote on a matter, represented by Shareholders of record in person or by proxy, shall constitute a quorum for the transaction of business, unless otherwise required by law. If a quorum is present at a meeting of the Shareholders, then, other than for the election of directors, the affirmative vote of a majority of the Common Shares represented and voting shall be the act of the Shareholders, unless the vote of a greater number of Shareholders of voting classes is required by law, the Certificate of Incorporation or the Bylaws. Unless otherwise required by law or the Certificate of Incorporation, the Bylaws provide that the election of directors shall be decided by a plurality of the votes present in person or represented by proxy at the meeting entitled to vote in the election. Unless otherwise provided by applicable law, the Certificate of Incorporation or the Bylaws, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote on such matter that are present in person or represented by proxy at the meeting and are voted for or against the matter.

(b) *Issue of Common Shares*

The Company may issue Common Shares from time to time for such consideration as may be fixed by the Board in accordance with the Certificate of Incorporation and the Delaware Corporation Law.

6.4 **Dividends**

Holders of Common Shares are entitled to receive dividends, when, as and if declared by the Board out of assets or funds of the Company legally available for such purposes.

6.5 **Rights upon liquidation, dissolution or winding-up**

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of Common Shares shall be entitled to receive the net assets of the Company legally available for distribution to its Shareholders, rateably in proportion to the number of Common Shares held by them.

6.6 **Pre-emption rights**

The Certificate of Incorporation provides that, subject to the Delaware Corporation Law and so long as the Common Shares are admitted to trading on AIM or the London Stock Exchange and unless otherwise determined in a general meeting by Shareholders holding at least 75% of the voting power of the then outstanding share capital, then the Company shall not issue any new Company securities (the **"New Securities"**) unless it has first made an offer to each Shareholder (unless waived by such Shareholder) to sell to the Shareholders a *pro rata* share of such New Securities on substantially the same or more favourable terms (the **"Pre-emptive Rights"**).

The Pre-emptive Rights are subject to such exclusions or other arrangements as the Board may deem necessary or expedient. The Pre-emptive Rights shall not apply to certain issuances of New Securities set forth in the Certificate of Incorporation, which are set out below:

(a) the authorisation and/or issuance for cash of New Securities provided that the nominal amount of such shares or the shares into which such New Securities may be converted, during any 12-month period, does not exceed, in aggregate, 10% of the outstanding Common Shares as of the first day of such 12-month period;

(b) the placing and/or sale for cash of any shares of Common Shares in connection with and simultaneous with the Admission, on terms and conditions acceptable to the Board in its sole discretion;

(c) options, restricted stock units, shares or other equity awards previously, or to be, granted to employees, officers, directors, consultants, contractors or advisors of the Company and/or its subsidiaries under, and the issuance of shares pursuant to, such securities or benefits granted under any stock option or incentive plan or agreement heretofore or hereafter adopted by the Corporation, including, without limitation, any of the foregoing granted or to be granted under any employees' share scheme;

(d) shares issued upon the exercise of any outstanding warrants or options, or upon the conversion of any convertible promissory notes or debt, in each case that were outstanding before or as of the date of Admission;

(e) shares issued, whether upon exercise of any warrants, options or otherwise, in connection with business transactions of the Company (including, without limitation, to lessors, financial institutions, vendors, landlords, and research and development joint venture, channel or strategic partners); or

(f) shares issued for or in connection with the purchase or acquisition of the stock, business or assets of one or more other person, or in connection with a merger or consolidation of the Company with or into one or more other persons or any similar business combination or acquisition.

6.7 **Meetings of Shareholders**

The Bylaws provide for an annual or special meeting of Shareholders called in accordance with the Bylaws and the Delaware Corporation Law.

The Bylaws provide that, unless the directors are elected by written consent in lieu of an annual meeting in accordance with the Delaware Corporation Law, an annual meeting of the

Shareholders shall be called for the election of directors and for the transaction of such other business as may properly come before the meeting. A special meeting of the Shareholders for any purpose or purposes may be called at any time by the chairperson of the Board, Chief Executive Officer, the President, a resolution adopted by a majority of the **"Whole Board"**, being the total number of authorised directors, or by the Secretary following receipt of written demands to call a special meeting of the Shareholders, describing the purpose or purposes for which such special meeting is to be held, from Shareholders of record who own, in the aggregate, at least 5% of the voting power of the outstanding shares of the Company then entitled to vote on the matter or matters to be brought before the proposed special meeting.

6.8 **Notices of Shareholder meetings**

The Bylaws provide for notice to Shareholders to be in writing or by electronic transmission in accordance with applicable law and the Bylaws. Unless otherwise required by applicable law or the Certificate of Incorporation, notice of meetings of Shareholders shall be given not less than ten, nor more than 60, days before the date of the meeting to each Shareholder entitled to vote at such meeting. Notice of any meeting need not be given to any Shareholders who shall, either before or after the meeting, submit a waiver of notice or who shall attend such meeting, except when the Shareholders attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

6.9 **Method of appointing proxy**

Shareholders of record may vote at any meeting by appointing a proxy in accordance with applicable laws and the Bylaws.

6.10 **Directors**

(a) *Powers of Directors*

Subject to the provisions of the Certificate of Incorporation, the Bylaws and applicable law, the business and property of the Company shall be managed by the Board.

(b) *Number of Directors*

The Certificate of Incorporation provides that the number of directors constituting the Board will be the then-authorised number of directors fixed from time to time by a resolution adopted by the Whole Board. Pursuant to the Bylaws, the Board shall consist of not less than four and not more than eight directors, as fixed from time to time by resolution of the Board.

(c) *Annual retirement and election*

Pursuant to the Certificate of Incorporation, each director shall retire and (except to the extent that any director's terms of appointment with the Company specify otherwise) is eligible for election or re-election at each annual meeting of the stockholders.

(d) *Director terms and removal*

Each director shall hold office until such director's successor is duly elected and qualified, or, if earlier, such director's death, resignation or removal. Any director may resign at any time upon written notice to the Company or by any electronic transmission permitted in the Bylaws. The Shareholders may, by the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, remove any director from office with or without cause. No decrease in the authorised number of directors constituting the Board shall shorten the term of any incumbent director.

(e) *Vacancies*

Any vacancy occurring in the Board for any cause, and any newly created directorship resulting from any increase in the authorised number of directors, shall be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or

by the sole remaining director, and not by the Shareholders. Any director so elected shall hold office for a term expiring at the annual meeting of Shareholders at which the term of office to which the director has been assigned expires and until such director's successor is elected and qualified, or, if earlier, such director's death, resignation or removal.

(f) *Board Action without a Meeting*

The Bylaws provide that, unless otherwise restricted by the Certificate of Incorporation or the Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting by the consent in writing of all the directors or members of the committee as the case may be (such written consents to be filed with the minutes of proceedings of the Board).

(g) *Meetings of Directors*

The Bylaws provide that regular meetings of the Board may be held at any place or time that the Board determines. Special meetings of the Board may be called by the chairperson of the Board, the president, or a majority of the directors then in office with reasonable notice of the time, date and place of such meeting must be given, orally, in writing or by electronic transmission to each director by the person or persons calling the meeting. One third of the directors of the "Whole Board", being the total number of authorised directors, shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors at a meeting of the Board where a quorum is present is regarded as an act of the Board except as otherwise required by the Bylaws, applicable law or the Certificate of Incorporation.

(h) *Board Committees*

Pursuant to the Bylaws and the Delaware Corporation Law, the Board may designate one or more committees, each committee to consist of one or more of the directors of the Company.

6.11 **Officers**

The officers of the Company consist of a Chief Executive Officer (who may also be the president), a secretary, and a treasurer, and may also consist of such other officers, including a Chief Financial Officer, Chief Technology Officer and one or more vice presidents as may from time to time be appointed by the Board. All officers of the Company are appointed by the Board, provided that the Board may empower the Chief Executive Officer to appoint any officer with the exception of the Chairperson, the Chief Executive Officer, the president, the Chief Financial Officer or the treasurer. Any two or more offices may be held by the same person to the extent permitted by the Delaware Corporation Law.

6.12 **Exculpation and indemnification of officers, directors, employees and other agents**

The Certificate of Incorporation provides that a Director (to the fullest extent permitted by law) will not be personally liable to the Company or its Shareholders for monetary damages for breach of fiduciary duty as a director.

The Certificate of Incorporation also provides that, to the fullest extent permitted by Delaware Corporation Law and other applicable law, the Company is authorised to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company in excess of the indemnification and advancement otherwise permitted by Section 145 of the Delaware Corporation Law.

The Bylaws further provide that each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a **"Proceeding")**, shall be indemnified and held harmless by the Company to the fullest extent permitted by the Delaware Corporation Law against all expenses, liability and loss reasonably incurred or suffered by such indemnitee. Notwithstanding the foregoing, the Company shall indemnify any such indemnified person seeking indemnity in connection with a Proceeding (or part thereof) initiated by such indemnified person only if the

Proceeding was authorised by the Board. The Bylaws also require the Company to pay all expenses (including attorneys' fees) incurred by an indemnified person in defending any such Proceeding as they are incurred in advance of its final disposition, subject to limitations and repayment as provided in the Bylaws.

6.13 **Disclosure of significant shareholdings**

The Certificate of Incorporation provides that a person must notify the Company, subject to the Delaware Corporation Law, the Exchange Act (if the Company has any equity securities under the Exchange Act) and any applicable SEC regulations or other law, where the person acquires an aggregate nominal value of the Company's securities which carry voting rights in which such person's interest is equal to or more than three per cent., of such securities and of any subsequent relevant change to their holdings (being a one per cent. incremental increase or decrease while their holdings are above the three per cent. threshold).

6.14 **Right to refuse transfers of Common Shares**

The Bylaws provide that the Company, and any transfer agents designated to transfer shares of the Company, shall have the authority to refuse to register any transfer of Common Shares that (a) does not comply with Regulation S of the US Securities Act; (b) is not made under a registration statement as set out under the US Securities Act; or (c) is not made pursuant to an exemption from the registration requirements set out under the US Securities Act.

6.15 **Amendments to Certificate of Incorporation and Bylaws**

The Certificate of Incorporation may be amended in the manner prescribed by the Delaware Corporation Law provided that (i) in addition to any vote of the Shareholders required by law or by the Certificate of Incorporation, the affirmative vote of the Shareholders of at least two-thirds of the voting power of all of the then-outstanding share capital of the Company entitled to vote shall be required; and (ii) if two-thirds of the Whole Board has approved such amendment or repeal of any provisions of the Certificate of Incorporation, then only the affirmative vote of the Shareholders of at least a majority of the voting power of all of the then-outstanding share capital of the Company entitled to vote, shall be required to amend or repeal such provisions of the Certificate of Incorporation.

The Certificate of Incorporation provides that the Board shall have the power to adopt, amend or repeal the Bylaws. Any adoption, amendment or repeal of the Bylaws by the Board shall require the approval of a majority of the Whole Board. The Shareholders shall also have the power to adopt, amend or repeal the Bylaws provided that (i) in addition to any vote of the Shareholders of the Company required by law or by the Certificate of Incorporation, the affirmative vote of the Shareholders of at least two-thirds of the voting power of all of the then-outstanding share capital of the Company entitled to vote generally shall be required to adopt, amend or repeal any provision of the Bylaws.

6.16 **Takeover provisions**

The Certificate of Incorporation provides that, subject to the Delaware Corporation Law, the US Securities Act, the Exchange Act (if the Company has a class of equity securities registered under the Exchange Act) and any applicable SEC rules and regulations:

(a) if a person (a) acquires Common Shares which (taken together with securities held or acquired by persons acting in concert with such person) represent 30%, or more of the voting rights attaching to the outstanding Common Shares, or (b) (together with persons acting in concert with such person) holds not less than 30%, but not more than 50%, of the voting rights attaching to the outstanding Common Shares and such person, or any person acting in concert with such person, acquires additional securities, which will increase such person's percentage holding of such voting rights, then any such person (and any persons acting in concert with such person) must make a written cash offer to the holders of all of the Common Shares to acquire the outstanding Common Shares subject to the terms and conditions set forth in the Certificate of Incorporation. The obligation to make such an offer made be waived in certain circumstances and with the relevant consent as set out in the Certificate of Incorporation; and

(b) at all times when the Company is in an "offer period", in relation to an offer as specified above, each Shareholder must comply with the disclosure obligations set out in Rule 8 of the UK Takeover Code as if the UK Takeover Code applied to the Company. The Company is entitled, without the requirement to obtain the consent of a stockholder, to make all such announcements as would be required or permitted under Rule 8 of the UK Takeover Code (if the UK Takeover Code applied to the Company), notwithstanding that such announcements may make reference to, or contain information about, Shareholders or persons acting in concert with Shareholders;

The takeover provisions, as summarised above, which would fall to the UK Panel on Takeovers and Merger if the UK Takeover Code applied to the Company, shall be determined by the Board.

These takeover provisions will cease to apply if the Common Shares ceases to be admitted to trading on AIM.

6.17 **Section 203 waiver**

The Company has elected not to be governed by Section 203 of the Delaware Corporation Law (as summarised in paragraph 15(c) of this Part 7).

6.18 **Choice of forum**

The Certificate of Incorporation provides that, unless otherwise consented to by the Company, the Court of Chancery of the State of Delaware, United States, shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company; (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's Shareholders; (c) any action asserting a claim against the Company arising pursuant to any provision of the Delaware Corporation Law, the Certificate of Incorporation or the Bylaws; (d) any action to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws; or (e) any action asserting a claim against the Company governed by the internal affairs doctrine. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the US Securities Act, or under the rules of the AIM or the London Stock Exchange.

7. Squeeze-out rules relevant to the holders of Common Shares as set out in the Delaware Corporation Law

7.1 Section 267 of the Delaware Corporation Law outlines the procedures by which a controlling Shareholder or parent corporation that has obtained 90%, or more of the Company's Common Shares may consummate a short-form merger to squeeze out the remaining Shareholders. Generally, Section 267 allows for a short-form merger between a parent and a subsidiary, whereby a parent corporation that owns at least 90%, of the outstanding Common Shares of each class of a subsidiary corporation's shares may merge the subsidiary corporation into itself, or, alternatively, may merge both itself and the subsidiary corporation into a third corporation. A short-form merger is effected through the approval of the parent company in accordance with its governing documents and by filing with the Secretary of State of Delaware a certificate of merger. A Shareholder would be entitled to certain appraisal rights under Section 262 of the Delaware Corporation Law (as discussed below) in connection with the squeeze-out merger if the merger consideration was considered by such Shareholder to be below "fair value". However, no resolution of the Board or the Shareholders of the Company would be required to effect the squeeze-out merger.

7.2 Under Section 262 of the Delaware Corporation Law, a holder of Common Shares of a corporation that is the target of a merger, sale or consolidation who does not wish to accept the consideration being offered may elect to have the corporation pay in cash to him or her the "fair value" of his or her Common Shares, plus accrued interest (excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable), provided that the Shareholder complies with the conditions set forth in Section 262 of the Delaware Corporation Law. If there is a dispute between the Shareholder and the corporation as

to the fair value of the Common Shares, Section 262 of the Delaware Corporation Law provides that the fair value may be judicially determined.

8. Share-based incentive plans

8.1 Overview

The Company operated two share incentive plans prior to the date of this document, the 2010 Stock Incentive Plan and the 2020 Stock Incentive Plan (the **"Prior Incentive Plans"**). No further awards will be made under these plans. Options outstanding under these plans are summarised in paragraph 8.14 of this Part 7.

The Company's 2021 Omnibus Long-Term Incentive Plan was approved by the Board on 14 May 2021 and by the Shareholders on 27 May 2021 and will become effective approximately three Business Days prior to Admission.

The LTIP provides for the grant of awards to eligible persons (employees, directors and consultants of the Company's group and associated companies) in the form of options to acquire Common Shares upon payment of an exercise price, full value awards, being Common Shares or rights to acquire Common Shares for no payment, or cash incentive awards, being rights to receive a cash payment, or, at the discretion of the Committee, Common Shares with a value equivalent to the cash otherwise payable.

The principal features of the LTIP are outlined below.

8.2 Administration

The LTIP is administered by a committee (the **"Committee"**) of two or more members of the Board selected by the Board. Unless otherwise provided by the Board, the Committee's functions will be performed by the Remuneration Committee of the Board. The Committee determines the participants, the time or times of receipt of awards, the types of awards to be granted and the applicable terms, conditions, performance targets, restrictions and other provisions of such awards, to adjust, cancel or suspend awards, and to accelerate the exercisability or vesting of any award under circumstances designated by it. The Committee has the authority and discretion to interpret the LTIP, establish, amend and rescind any rules and regulations regarding the LTIP, and to make all other determinations necessary or advisable for administering the LTIP. The Committee may delegate all or any portion of its responsibilities or powers under the LTIP to persons selected by it. If the Committee does not exist or for any other reason determined by the Board, and to the extent not prohibited by applicable law or the applicable rules of any stock exchange, the Board may take any action under the LTIP that would otherwise be the responsibility of the Committee.

8.3 Grant of awards

The Committee may grant awards to eligible persons in the form of options to acquire Common Shares upon payment of an exercise price (**"Options"**), Common Shares or rights to acquire Common Shares for no payment (**"Full Value Awards"**), or rights to receive a cash payment, or, at the discretion of the Committee, Common Shares with a value equivalent to the cash otherwise payable (**"Cash Incentive Awards"**).

8.4 Eligibility

All employees and directors of, and consultants and other advisors providing services to, the Company or any of its subsidiaries (or any parent or other related company, as determined by the Committee) (**"Eligible Persons"**) are eligible to become participants in the LTIP (**"Participants"**), except that non-employees may not be granted incentive stock options.

8.5 Limits on awards

There are two separate limits on the number of Common Shares that may be used pursuant to the LTIP: a fixed numerical limit, and a limit related to 10% of the number of Common Shares in issue at the date of grant.

(a) *Numerical limit*

The maximum number of shares that may be delivered to Participants and their beneficiaries under the LTIP will be 60,000,000 Common Shares, however that number shall decrease to 3,333,333 once the Company effects the Reverse Stock Split.

For these purposes, if an award denominated in Common Shares is settled in cash, the total number of shares with respect to which such payment is made shall not be considered to have been delivered. However: (i) if shares covered by an award are used to satisfy the applicable tax withholding obligation, the number of shares held back by the Company to satisfy such withholding obligation shall be considered to have been delivered; (ii) if the exercise price of any option granted under the LTIP is satisfied by tendering shares to the Company (including shares that would otherwise be distributable upon the exercise of the option), the number of shares tendered to satisfy such exercise price shall be considered to have been delivered; and (iii) if the Company repurchases shares with proceeds received from the exercise of an option issued under the LTIP, the total number of shares repurchased shall be deemed delivered.

Notwithstanding the minimum vesting limitations described below with respect to Options and Full Value Awards, the Committee may grant a certain number of Options and Full Value Awards that are not subject to such minimum vesting provisions. The total aggregate number of Common Shares subject to Options and Full Value Awards granted pursuant to the LTIP that are not subject to such minimum vesting limitations (in addition to the Option to be granted to Paul Pagano shortly before Admission (as described in paragraph 8.13 of this Part 7) which will vest in part on Admission, in part on the date that is 12 months from Admission and the remainder in equal monthly instalments over the subsequent 12 months) may not exceed five per cent. of the limit of the total number of Common Shares that may be delivered under the LTIP.

In addition, the maximum number of Common Shares that may be delivered to Participants with respect to incentive stock options shall also be 60,000,000 shares, however that number will decrease to 3,333,333 once the Company effects the Reverse Stock Split.

(b) *10% limit*

Irrespective of the numerical limit set out in paragraph (a) above, awards may not be granted under the LTIP if the grant would result in the number of dilutive shares exceeding 10% of the aggregate number of Common Shares in issue at that time.

For these purposes, dilutive shares on any date are all Common Shares that: (i) have been issued, or transferred out of treasury, on the exercise of options granted, or in satisfaction of any other awards made, under any share plan providing for awards over Common Shares to be made to Eligible Persons (including the LTIP); or (ii) remain capable of issue, or transfer out of treasury, under any outstanding awards that were granted under such a plan; in either case where the grant of the option or the making of the award occurred during the shorter of the period of 10 years ending on (and including) that date and the period since the date of Admission. The Options to be granted to Paul Pagano and David Anderson shortly before Admission as described in paragraph 8.13 of this Part 7 will be taken into account for the purpose of this limit if the grant of the relevant Option occurred during that 10 year period, even if it was granted on or before the date of Admission.

8.6 **Options**

The Committee may grant Options in the form of incentive stock options or non-qualified stock options to purchase Common Shares. An incentive stock option is an Option intended to satisfy the requirements applicable to an “incentive stock option” as described in Section 422(b) of the US Internal Revenue Code of 1986 (and any incentive stock option granted that does not satisfy such requirements shall be treated as a non-qualified stock option). A non-qualified option is an Option that is not intended to be an incentive stock option. In addition, the Committee may provide for special terms to accommodate differences in local law, tax policy or custom for Participants who are subject to taxation outside the United States.

Except as described below, the exercise price for an Option shall not be less than the fair market value of a Common Share at the time the option is granted. The exercise price of an Option may not be decreased after the date of grant nor may an Option be surrendered to the Company as consideration for the grant of a replacement Option with a lower exercise price, except as approved by Shareholders or as adjusted for corporate transactions as described in paragraph 8.11 of this Part 7.

In addition, the Committee may grant Options with an exercise price less than the fair market value of the Common Shares at the time of grant in replacement for awards under other plans assumed in connection with business combinations if the Committee determines that doing so is appropriate to preserve the benefit of the awards being replaced.

An Option shall be exercisable in accordance with the terms established by the Committee, but in no event shall an Option become exercisable or vested prior to the earlier of: (i) the first anniversary of the date of grant (save as provided in paragraph 8.5(a) of this Part 7 and save for the Option to be granted to Paul Pagano shortly before Admission as described in paragraph 8.13 of this Part 7); or (ii) to the extent provided by the Committee, the date of a Change in Control or the date on which the Participant's termination occurs by reason of involuntary termination, death or disability. In the event of the Participant's termination occurs for any reason other than involuntary termination, death, disability or involuntary termination without cause, any unvested Options will be forfeited. In the event the Participant's termination occurs due to death, disability or involuntary termination without cause, any unvested Options shall be exercisable only as determined by the Committee in its sole discretion.

The Committee, in its discretion, may impose such conditions, restrictions, and contingencies on Common Shares acquired pursuant to the exercise of an Option as the Committee determines to be desirable.

An Option will expire no later than the last day of the term of the Option as described in the award agreement. In no event will an Option expire more than 10 years after the grant date.

No dividend equivalents may be granted under the LTIP with respect to any Option.

8.7 **Full Value Awards**

Full Value Awards shall be subject to such conditions, restrictions and contingencies as the Committee determines. If the right to become vested in a Full Value Award is conditioned on the completion of a specified period of service with the Company or the related companies, without achievement of performance targets or other performance objectives being required as a condition of vesting, and without it being granted in lieu of other compensation, then the required period of service shall not end prior to the earlier to occur of: (i) the first anniversary of the date of grant (save as provided in paragraph 8.5(a) of this Part 7); and (ii) to the extent provided by the Committee, the date of a Change in Control or the date on which the Participant's termination occurs by reason of involuntary termination, death or disability. If the right to become vested in a Full Value Award is conditioned on the achievement of performance targets or performance objectives, and without it being granted in lieu of other compensation, then the required performance period shall not end prior to the earlier to occur of: (i) the first anniversary of the date of grant; and (ii) to the extent provided by the Committee, the date of a Change in Control or the date on which the Participant's termination occurs by reason of involuntary termination, death or disability. In the event of the Participant's termination occurs for any reason other than death, disability, or involuntary termination without cause, any unvested Full Value Awards will be forfeited. In the event the Participant's termination occurs due to death, disability or involuntary termination without cause, any unvested Full Value Awards shall become vested only as determined by the Committee in its sole discretion.

Dividends or dividend equivalents settled in cash or Common Shares may be granted to a Participant in relation to a Full Value Award with payments made either currently or credited to an account. No dividend or dividend equivalents granted in relation to a Full Value Award that is subject to vesting shall be settled prior to the date such Full Value Award (or applicable portion thereof) becomes vested and is settled.

8.8 **Cash Incentive Awards**

The Committee may grant Cash Incentive Awards that may be contingent on service conditions or achievement of performance objectives over a specified period established by the Committee. The grant of Cash Incentive Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee.

8.9 **Change in Control**

Except as otherwise provided in an award agreement, upon a Change in Control, if the LTIP is terminated without provision for the continuation of outstanding awards, the Committee may cancel any outstanding awards in return for cash payment of the current value of the award, determined with the award fully vested at the time of payment, provided that in the case of an Option, the amount of such payment will be the excess of value of the Common Shares subject to the Option at the time of the transaction over the exercise price (and the Option will be cancelled with no payment if the value of the shares at the time of the transaction are equal to or less than the exercise price).

For the purposes of the LTIP, a **"Change in Control"** is generally deemed to occur when:

- any person becomes the beneficial owner of 50 per cent. or more of the Company's voting stock;
- the consummation of a reorganisation, merger, consolidation, acquisition, share exchange or other corporate transaction of the Company where, immediately after the transaction, the Company stockholders immediately prior to the combination hold, directly or indirectly, 50 per cent. or less of the voting stock of the combined company;
- the consummation of any plan of liquidation or dissolution providing for the distribution of all or substantially all of the assets of the Company and its subsidiaries or the consummation of a sale of substantially all of the assets of the Company and its subsidiaries; or
- at any time during any period of two consecutive years, individuals who at the beginning of such period were members of the Board (**"Incumbent Directors"**), cease for any reason to constitute at least a majority thereof (unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by a vote of at least two-thirds of the Incumbent Directors).

8.10 **Amendment and termination**

The Board may amend or terminate the LTIP at any time, and the Board or the Committee may amend any award granted under the LTIP, but no amendment or termination may adversely affect the rights of any Participant without the Participant's written consent. The Board may not amend the provision of the LTIP related to re-pricing or the maximum numbers of shares which may be delivered under the LTIP as described in paragraph 8.5(a) of this Part 7 without approval of Shareholders. The LTIP will remain in effect as long as any awards under the LTIP remain outstanding, but no new awards may be granted after the tenth anniversary of the date on which the stockholders approved the LTIP.

8.11 **Adjustments for corporate transactions**

In the event of a corporate transaction involving the Company (including, without limitation, any share dividend, share split, extraordinary cash dividend, recapitalisation, reorganisation, merger, amalgamation, consolidation, share exchange, split-up, spin-off, sale of assets or subsidiaries, combination or exchange of shares), the Committee shall, in the manner it determines equitable in its sole discretion, adjust awards to reflect the transactions (subject to certain constraints for tax reasons).

8.12 **Tax**

All distributions under the LTIP are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any Common Shares or other benefits under the LTIP on satisfaction of the applicable withholding.

8.13 **Grant of Options prior to Admission**

The following Options are to be granted shortly before Admission:

(a) an Option over 769,707 Common Shares (after taking into account the Pre-Admission Reorganisation) which, when aggregated with the options he currently holds, will equal four per cent. of the issued and to be issued share capital of the Company (which for the purposes of this calculation includes the options being granted under this paragraph 8.13(a) of this Part 7) immediately following Admission but excluding the Consideration Shares, to be granted to Paul Pagano with an exercise price per share equal to the Issue Price, vesting as follows: 384,924 on Admission, 192,391 on the date that is 12 months following Admission, and thereafter, 16,032 on the last day of each full subsequent calendar month; and

(b) Options over 386,703 Common Shares (after taking into account the Pre-Admission Reorganisation), which will equal 1.5 per cent. of the issued and to be issued share capital of the Company (which for the purposes of this calculation includes the options being granted under this paragraph 8.13(a) of this Part 7) immediately following Admission but excluding the Consideration Shares, to be granted to David Anderson with an exercise price per share equal to the Issue Price, vesting as to 25 per cent. of the aggregate number of shares on the first anniversary of Admission and an additional one-forty-eighth (1/48th) of the aggregate number of shares after each subsequent calendar month.[20]

8.14 **Options granted under Prior Incentive Plans**

The Prior Incentive Plans provide for the grant of options to acquire Common Shares to employees, officers and other service providers of the Company and its subsidiaries. As at the Latest Practicable Date, there were options outstanding over a total of 14,499,482 Common Shares (of which 14,036,244 are held by Directors and current employees and consultants of the Company and 463,238 are held by former directors, employees and consultants of the Company) and held by 32 option holders under these plans, with exercise prices ranging from $0.0044 to $0.16 per share. These numbers will be adjusted to reflect the Pre-Admission Reorganisation, such that following the Pre-Admission Reorganisation there will be options outstanding over a total of 805,492 Common Shares held by 32 option holders under these plans, with exercise prices ranging from $0.0792 to $2.8800 per share. Some of these options were fully vested when granted, and the others generally have staggered vesting, over vesting periods up to four years. No performance conditions are attached to the options, but option holders may lose their options if they cease to be connected to the Company.

Of the options referred to above in this paragraph 8.14:

(a) options granted under the 2010 Stock Incentive Plan fall into two groups:

(i) options granted in or before 2016 over a total of 2,183,634 shares, with exercise prices ranging from $0.10 to $0.16 per share, these options are now fully vested; and

(ii) options granted in 2019 over a total of 6,951,463 shares, with an exercise price of $0.025 per share: these options generally vest on a monthly basis over three or four years from the date of grant. However, those granted to current employees of the Company have been amended so that they become exercisable in full on Admission.

(b) Options were granted in 2020 and 2021 under the 2020 Stock Incentive Plan over a total of 5,364,385 shares with an exercise price of $0.0044 per share. These options vest over four years from the date of grant on a monthly basis, but certain of these options will accelerate immediately before Admission, and become fully exercisable at Admission.

20 For the purposes of calculating the number of options to be granted, Mr. Pagano's options will be determined first, followed by those of Mr. Anderson.

9. Interests of the Directors, the Proposed Directors, the Senior Management and the Scientific Advisory Board

9.1 The interests of the Directors, the Proposed Directors, the Senior Management and the members of the Scientific Advisory Board and their respective immediate families in the outstanding share capital of the Company (all of which are beneficial unless otherwise stated), as at the date of this document and as expected to be immediately following Admission are as follows:

	As at the date of this document[21]			*On Admission*	
Name	*Number of outstanding Preference Shares*	*Number of outstanding Common Shares*	*Percentage of share capital*	*Number of outstanding Common Shares*	*Percentage of share capital*
Roy Davis	Nil	Nil	–	14,204	0.06%
Paul Pagano	Nil	Nil	–	Nil	0.00%
David Anderson	Nil	Nil	–	Nil	0.00%
Sara Barrington	Nil	Nil	–	Nil	0.00%
James McCullough	Nil	Nil	–	Nil	0.00%
Andrew Boteler	Nil	Nil	–	5,681	0.02%
Michael J. Donovan	Nil	Nil	–	Nil	0.00%
Lara Baden	Nil	Nil	Nil	Nil	0.00%
Rebecca Reed	Nil	Nil	Nil	Nil	0.00%
Steven M. Dubinett	Nil	Nil	–	Nil	0.00%
Claudia Henschke	Nil	Nil	–	Nil	0.00%
David Yankelevitz	Nil	Nil	–	Nil	0.00%
Ruth L. Katz	Nil	Nil	–	Nil	0.00%
Max P. Rosen	74,285	Nil	0.07%	6,969	0.03%
Joshua D. Kuban	Nil	Nil	–	Nil	0.00%

9.2 Options over the outstanding share capital of the Company held by the Directors, the Proposed Directors, the Senior Management and the members of the Scientific Advisory Board on Admission as at the date of this document are as set out below:

Name	*Number of outstanding Common Shares under option*[22]	*Date of grant*	*Exercise price (in $ per Common Share)*	*Exercise period*
Paul Pagano	1,041	12 April 2016	$2.7000	10 years from grant
	1,736	12 April 2016	$2.7000	10 years from grant
	85,934	1 July 2019	$0.4500	10 years from grant
	42,967	31 December 2019	$0.4500	10 years from grant
	114,579	17 September 2020	$0.0792	10 years from grant
	769,707	7 July 2021	$2.4602	10 years from grant

21 The numbers are presented as at the date of this document and prior to the Pre-Admission Reorganisation.

Name	*Number of outstanding Common Shares under option*[22]	*Date of grant*	*Exercise price (in $ per Common Share)*	*Exercise period*
David Anderson	2,777	1 July 2019	$0.4500	10 years from grant
	2,777	17 September 2020	$0.0792	10 years from grant
	386,703	7 July 2021	$2.4602	10 years from grant
Sara Barrington	71,612	1 July 2019	$0.4500	10 years from grant
	61,014	31 March 2021	$0.0792	10 years from grant
James McCullough	8,333	1 July 2019	$0.4500	10 years from grant
	8,333	31 December 2019	$0.4500	10 years from grant
	88,182	31 December 2019	$0.0792	10 years from grant
	27,777	31 March 2021	$0.4500	10 years from grant
Michael J. Donovan	6,025	14 February 2011	$2.8800	10 years from grant
	13,888	1 July 2019	$0.4500	10 years from grant
	1,388	1 July 2019	$0.4500	10 years from grant
	8,333	31 December 2019	$0.4500	10 years from grant
Lara Baden	8,593	1 July 2019	$0.4500	10 years from grant
	8,593	17 September 2020	$0.0792	10 years from grant

22 The numbers are presented as at the date of this document and prior to the Pre-Admission Reorganisation.

Name	*Number of outstanding Common Shares under option*[22]	*Date of grant*	*Exercise price (in $ per Common Share)*	*Exercise period*
Rebecca Reed	8,593	1 July 2019	$0.4500	10 years from grant
	8,593	17 September 2020	$0.0792	10 years from grant
Steven M. Dubinett	1,388	1 July 2019	$0.4500	10 years from grant
Ruth L. Katz	1,388	1 July 2019	$0.4500	10 years from grant
Max P. Rosen	833	12 July 2013	$2.3400	10 years from grant
	1,388	1 July 2019	$0.4500	10 years from grant

9.3 Options are to be granted to certain Directors shortly before Admission as described at paragraph 8.13 above.

9.4 Save as disclosed above, none of the Directors the Proposed Directors, the Senior Management and the members of the Scientific Advisory Board nor any member of their respective immediate families holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company.

9.5 None of the Directors or the Proposed Directors are, nor have any of them been, interested in any transaction which is, or was when entered into, unusual in its nature or conditions or significant to the business of the Company during the current or immediately preceding financial year and which was effected by the Company and remains in any respect outstanding or unperformed. There are no loans made or guarantees granted or provided by the Company to or for the benefit of any of the Directors or the Proposed Directors which are outstanding.

9.6 None of the Directors, the Proposed Directors or any significant Shareholders have different voting rights to the other Shareholders.

9.7 None of the Directors, the Proposed Directors or members of their respective families have a financial product whose value in whole or in part is determined directly or indirectly by reference to the price of Common Shares.

10. Additional information on the Directors and the Proposed Directors

10.1 The Directors and the Proposed Directors have not held any directorships of any company (other than the Company) or partnerships within the five years prior to the date of this document, except as set forth below:

Name	*Current*	*Previous*
Roy Davis	Medica Group PLC RAIR Health Limited Galton Bidco Limited Galton Midco Limited Galton Tradeco Limited Galton Topco Limited Edinburgh Molecular Imaging Limited	Optos plc Optos Switzerland

Name	*Current*	*Previous*
David Anderson	Weston Lane Limited Alithia LLP	None
Sara Barrington	Verici Dx Plc	Bruin Biometrics Europe Limited
James McCullough	BalletNext Inc. GO2 Foundation for Lung Cancer (previously Bonnie J Addario Lung Cancer Foundation) Kantaro Biosciences, LLC Renalytix AI plc Verici Dx Plc Renwick Capital, LLC Renwick Capital Management LLC	San Francisco Sentry Inc Tavec Inc.
Andrew Boteler	Riverford Organic Farmers Ltd Octopus AIM VCT plc	Gooch & Housego PLC Gooch & Housego (UK) Limited Gooch & Housego (Torquay) Limited Spanoptic Limited Kent Periscopes Limited Gooch & Housego (Deutschland) GmbH Constelex Technology Enablers Limited G&H (Property) Holdings Limited G&H (US Holdings) Limited VITL Limited Wave Optronics Ltd 100% Gooch & Housego (Ohio) LLC EM4, Inc. Gooch & Housego (Florida) LLC

10.2 Save as described in paragraph 10.3 of this Part 7, none of the Directors or the Proposed Directors have:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, 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) been a partner in any partnership which has been placed in compulsory liquidation, 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) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(f) been publicly criticised 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.

10.3 James McCullough was formerly a director of Quentra Networks, Inc., which filed for bankruptcy in 2000 within 12 months of him ceasing to be a director. Mr. McCullough was also a director of AusAm Biotechnologies Inc. when it filed for Chapter 11 bankruptcy in 2006 as part of a prepack acquisition.

11. Significant Shareholders

11.1 Insofar as is known to the Company, the Directors and Proposed Directors, as at the date of this document, the following persons are, and/or will be following the Fundraising and Admission, interested directly or indirectly, in three per cent. or more of the Common Shares:

	As at the date of this document[23]		*On Admission*	
Name	*Number of outstanding Common Shares*	*Percentage of share capital*	*Number of outstanding Common Shares*	*Percentage of share capital*
Simon Raab	4,148,293	29.3%	4,148,293	16.3%
Mount Sinai	0	0.0%	2,469,842	9.7%
Octopus Investments Ltd	0	0.0%	1,968,750	7.7%
Unicorn Asset Management	0	0.0%	1,750,000	6.9%
Syno Ventures Master Fund, L.P.	1,673,668	11.8%	1,673,668	6.6%
Frederick W. Gluck	1,530,596	10.8%	1,530,596	6.0%
Livzon Pharmaceutical Group, Inc.	1,347,653	9.5%	1,347,653	5.3%
Lombard Odier	0	0.0%	1,136,363	4.5%
Killik & Co.	0	0.0%	1,136,363	4.5%
Accord Data Holdings Limited	954,048	6.7%	954,048	3.7%
W. Wright Watling, trustee of the W. Wright Watling Trust UAD 8/26/96	449,666	3.2%	449,666	1.8%

11.2 No significant holder of Common Shares, as listed above in paragraph 11.1 of this Part 7, has voting rights different to other Shareholders.

11.3 Save as disclosed in paragraph 11.1 of this Part 7, none of the Directors or the Proposed Directors are aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company. To the best knowledge of the Company there are no arrangements in place on the date of this document which could at a date subsequent to Admission result in a change of control of the Company.

12. Directors' service agreements and letters of appointment

12.1 Executive Directors

Service Agreement of Paul Pagano

Paul Pagano has been appointed to the Board and is to be employed by the Company as Chief Executive Officer pursuant to the terms of a service agreement entered into with the Company dated 2 July 2021 (the **"CEO Service Agreement"**), which will commence one Business Day prior to Admission. Pursuant to the terms of the CEO Service Agreement, Paul Pagano shall receive a gross salary of $275,000 per annum (which is subject to annual review by the Remuneration Committee). Paul Pagano also:

(a) will be eligible to receive an annual cash discretionary bonus, with a target of 30% of Dr. Pagano's base salary, in the sole discretion of the Remuneration Committee based, in part, on individual performance factors that affect the Company's performance;

23 The numbers are presented on the basis that the Pre-Admission Reorganisation which is to be effected prior to Admission, as described in paragraph 4 of Part 7, has occurred.

(b) is entitled to participate on the same basis as similarly situated employees in the Company's benefit plans in effect from time to time during his employment; and

(c) is entitled to fifteen (15) business days of vacation per annum, which accrued days may be carried over from one year to the next, subject to an accrual cap of thirty (30) business days and which are paid out upon termination.

Paul Pagano will be employed at-will. If his employment is terminated without **"Cause"** (as defined in the CEO Service Agreement), by Paul Pagano with **"Good Reason"** (as defined in the CEO Service Agreement), or due to Paul Pagano's death or disability, Paul Pagano is entitled to be paid his salary and benefits in the usual way up to his termination date, and provided he complies with certain conditions (including execution of a waiver and release of claims), is also entitled to receive the following severance benefits:

(a) an amount equal to Paul Pagano's then current base salary for twelve (12) months;

(b) an amount equal to twelve (12) months of health premium payments under the Consolidated Omnibus Budget Reconciliation Act of 1985 based on Dr. Pagano's elections under the Company's health plans as of his termination date; and

(c) accelerated vesting of the portion of the time-based portion of any equity awards held by Paul Pagano which would have vested within nine (9) months following the termination date had Paul Pagano remained in employment for such period.

The severance benefits detailed above will not be payable if Paul Pagano's employment is terminated by the Company for "Cause" or by Paul Pagano without "Good Reason" (each term as defined in the CEO Service Agreement). In all cases of termination, Paul Pagano would be entitled to accrued but unpaid bonus in relation to any prior year's employment, together with a pro-rata bonus in respect of the portion of the then current year worked.

The CEO Service Agreement also includes provisions that govern matters related to confidentiality, intellectual property and post-termination covenants. Paul Pagano is subject to confidentiality obligations which remain in place following termination of employment, and to a non-solicitation of employees restrictive covenant for a period of twelve (12) months post-termination of his employment.

The CEO Service Agreement is governed by the laws of the State of California.

Service Agreement of David Anderson

As at the date of this document, David Anderson is engaged by Company as a consultant pursuant to the terms of a consultancy agreement dated 29 October 2020. Mr. Anderson has been appointed to the Board and is to be employed as Chief Financial Officer of the Company pursuant to the terms of a service agreement dated 2 July 2021 (the **"CFO Service Agreement"**), each of which appointments will commence one Business Day prior to Admission. The CFO Service Agreement is conditional on Mr. Anderson having the appropriate permission to work in the United Kingdom.

The CFO Service Agreement is terminable by either party on not less than six (6) months' written notice. Mr. Anderson is paid a basic annual salary of £170,888, subject to annual review by the Remuneration Committee (such review not to imply an increase). Mr. Anderson is entitled to participate in the Company's LTIP, occupational pension scheme and life assurance scheme. In addition, he is eligible for a discretionary bonus of up to 30% of his salary, private medical insurance, and directors' and officers' liability insurance. Mr. Anderson is entitled to twenty-five (25) paid days' holiday per annum (in addition to normal public holidays). Mr. Anderson is subject to restrictive covenants including non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment with the Company. The duration of the non-competition covenants shall be reduced by any time spent by Mr. Anderson on garden leave during his notice period.

The CFO Service Agreement is governed by English Law.

12.2 **Non-Executive Directors' Letters of Appointment**

There are four Non-Executive Directors including the chair. The principal terms of each letter of appointment (each, a **"Letter of Appointment"**) are set out below:

Name	*Title*	*Date of first appointment to the Board*
James McCullough	Non-Executive Director	11 March 2019
Roy Davis	Non-Executive Chair	Date of Admission
Sara Barrington	Non-Executive Director	Date of Admission
Andrew Boteler	Non-Executive Director	Date of Admission

Letter of Appointment of James McCullough

James McCullough (Non-Executive Director) has been appointed to the Board pursuant to the terms of an appointment letter dated 2 July 2021. James McCullough's appointment will commence on Admission and is for an initial period of three years and thereafter shall continue unless terminated by either James McCullough or the Company by giving three months' prior written notice. The annual fee payable to James McCullough is $33,000.

Letter of Appointment of Roy Davis

Roy Davis (Non-Executive Chair) has been appointed to the Board pursuant to the terms of an appointment letter dated 2 July 2021. Roy Davis' appointment will commence on Admission and is for an initial period of three years and thereafter shall continue unless terminated by either Roy Davis or the Company by giving three months' prior written notice. The annual fee payable to Roy Davis is £42,000.

Letter of Appointment of Sara Barrington

Sara Barrington (Non-Executive Director) has been appointed to the Board pursuant to the terms of an appointment letter dated 2 July 2021. Sara Barrington's appointment will commence on Admission and is for an initial period of three years and thereafter shall continue unless terminated by either Sara Barrington or the Company by giving three months' prior written notice. The annual fee payable to Sara Barrington is $33,000.

Letter of Appointment of Andrew Boteler

Andrew Boteler (Non-Executive Director) has been appointed to the Board pursuant to the terms of an appointment letter dated 2 July 2021. Andrew Boteler's appointment will commence on Admission and is for an initial period of three years and thereafter shall continue unless terminated by either Andrew Boteler or the Company by giving three months' prior written notice. The annual fee payable to Andrew Boteler is £33,000.

12.3 **Scientific Advisory Board contracts**

There are seven members on the Scientific Advisory Board. The principal terms of each contract appointing the members to the Scientific Advisory Board (each, a **"Scientific Advisory Board Contract"**) are set out below:

Scientific Advisory Board Contract of Steven M. Dubinett

Steven M. Dubinett was appointed to the Scientific Advisory Board on 1 January 2019 pursuant to the terms of an appointment letter dated 1 January 2019. Dr. Dubinett agrees to provide the following services to the Company as a member of the Scientific Advisory Board: (i) to be available from time to time to confer with the Directors, the Board and senior scientific and management team; (ii) to attend a meeting of Company representatives where requested by the Company (occasionally and not more than three times in each period of 12 consecutive calendar months); and (iii) to discuss certain matters with designated third parties approved by the Company (provided such issues are approved by the Company, in advance, prior to discussion). The Company may terminate Dr. Dubinett's service on the Scientific Advisory Board at any time, either with or without cause, upon written notice. Dr. Dubinett may resign from the Scientific Advisory Board at any time upon delivery of written notice to the Company. Pursuant to the terms of the appointment letter, Dr. Dubinett is compensated $2,500 for attending meetings of the

Scientific Advisory Board; $2,500 for attending local educational lectures (no overnight stays); and $4,000 for educational lectures at clinical conferences (involving overnight stays) by the Company.

Scientific Advisory Board Contract of Claudia Henschke

Claudia Henschke was appointed to the Scientific Advisory Board on 12 January 2021 pursuant to the terms of an appointment letter dated 12 January 2021. Dr. Henschke agrees to provide the following services to the Company as a member of the Scientific Advisory Board: (i) to be available from time to time to confer with the Directors, the Board and senior scientific and management team; (ii) to attend a meeting of Company representatives where requested by the Company (occasionally and not more than three times in each period of 12 consecutive calendar months); and (iii) to discuss certain matters with designated third parties approved by the Company (provided such issues are approved by the Company, in advance, prior to discussion). The Company may terminate Dr. Henschke's service on the Scientific Advisory Board at any time, either with or without cause, upon written notice. Dr. Henschke may resign from the Scientific Advisory Board at any time upon delivery of written notice to the Company. Pursuant to the terms of the appointment letter, Dr. Henschke does not receive any compensation from the Company for her service on the Scientific Advisory Board.

Scientific Advisory Board Contract of David Yankelevitz

David Yankelevitz was appointed to the Scientific Advisory Board on 21 May 2021 pursuant to the terms of a consultancy agreement dated 21 May 2021. Dr. Yankelevitz agrees to provide the following services to the Company as a member and chair of the Scientific Advisory Board (amongst others): (i) attend meetings of the Scientific Advisory Board; (ii) participate in a monthly advisory phone call; (iii) help identifying and advising on the hiring of a management team and new technical/scientific personnel and advisors as needed; and (iv) provide general advice based on his lung cancer expertise. The term of the agreement is one year, unless terminated or extended by the parties. The agreement can be terminated by either party, with or without cause, upon 30 days' prior written notice to the other. Pursuant to the terms of the appointment letter, Dr. Yankelevitz does not receive any compensation from the Company for his service on the Scientific Advisory Board.

Scientific Advisory Board Contract of Michael J. Donovan

Michael J. Donovan was first appointed to the Scientific Advisory Board on 1 January 2019 and was re-appointed on 15 May 2021 pursuant to the terms of an appointment letter dated 15 May 2021. Dr. Donovan is the Company's Chief Medical Officer. Dr. Donovan agrees to provide the following services to the Company as a member of the Scientific Advisory Board: (i) to be available for four hours a month to confer with the Directors, the Board and senior scientific and management team on certain issues; (ii) to attend a meeting of Company representatives where requested by the Company (occasionally and not more than three times in each period of 12 consecutive calendar months); and (iii) to discuss certain matters with designated third parties approved by the Company (provided such issues are approved by the Company, in advance, prior to discussion). The Company may terminate Dr. Donovan's service on the Scientific Advisory Board at any time, either with or without cause, upon written notice. Dr. Donovan's appointment is for an initial period of 24 months, but may be extended by mutual written agreement. Pursuant to the terms of the appointment letter, Dr. Donovan is paid a monthly retainer of $4,000 from the Company.

Scientific Advisory Board Contract of Ruth L. Katz

Ruth L. Katz was appointed to the Scientific Advisory Board on 1 December 2018 pursuant to the terms of an appointment letter dated 1 December 2018. Dr. Katz agrees to provide the following services to the Company as a member of the Scientific Advisory Board: (i) to be available from time to time to confer with the Directors, the Board and senior scientific and management team; (ii) to attend a meeting of Company representatives where requested by the Company (occasionally and not more than three times in each period of 12 consecutive calendar months); and (iii) to discuss certain matters with designated third parties approved by the Company (provided such issues are approved by the Company, in advance, prior to discussion). The Company may terminate Dr. Katz's service on the Scientific Advisory Board at any time, either

with or without cause, upon written notice. Dr. Katz may resign from the Scientific Advisory Board at any time upon delivery of written notice to the Company. Pursuant to the terms of the appointment letter, Dr. Katz is paid $400 per hour by the Company and compensated $2,500 for attending meetings of the Scientific Advisory Board; $2,500 for attending local educational lectures (no overnight stays); and $4,000 for educational lectures at clinical conferences (involving overnight stays) by the Company.

Scientific Advisory Board Contract of Max P. Rosen

Max P. Rosen was appointed to the Scientific Advisory Board on 1 January 2019 pursuant to the terms of an appointment letter dated 1 January 2019. Dr. Rosen agrees to provide the following services to the Company as a member of the Scientific Advisory Board: (i) to be available from time to time to confer with the Directors, the Board and senior scientific and management team; (ii) to attend a meeting of Company representatives where requested by the Company (occasionally and not more than three times in each period of 12 consecutive calendar months); and (iii) to discuss certain matters with designated third parties approved by the Company (provided such issues are approved by the Company, in advance, prior to discussion). The Company may terminate Dr. Rosen's service on the Scientific Advisory Board at any time, either with or without cause, upon written notice. Dr. Rosen may resign from the Scientific Advisory Board at any time upon delivery of written notice to the Company. Pursuant to the terms of the appointment letter, Dr. Rosen is compensated $2,500 for attending meetings of the Scientific Advisory Board; $2,500 for attending local educational lectures (no overnight stays); and $4,000 for educational lectures at clinical conferences (involving overnight stays) by the Company.

Scientific Advisory Board Contract of Joshua D. Kuban

Joshua D. Kuban was appointed to the Scientific Advisory Board on 5 January 2021 pursuant to the terms of an appointment letter dated 5 January 2021. Dr. Kuban agrees to provide the following services to the Company as a member of the Scientific Advisory Board: (i) to be available from time to time to confer with the Directors, the Board and senior scientific and management team; (ii) to attend a meeting of Company representatives where requested by the Company (occasionally and not more than three times in each period of 12 consecutive calendar months); and (iii) to discuss certain matters with designated third parties approved by the Company (provided such issues are approved by the Company, in advance, prior to discussion). Dr. Kuban has been appointed for a period of 24 months, which is subject to renewal. The Company may terminate Dr. Kuban's service on the Scientific Advisory Board at any time, either with or without cause, upon written notice. Dr. Kuban may resign from the Scientific Advisory Board at any time upon delivery of written notice to the Company. Pursuant to the terms of the appointment letter, Dr. Kuban is paid $400 per hour by the Company and compensated $2,500 for attending meetings of the Scientific Advisory Board; $2,500 for attending local educational lectures (no overnight stays); and $4,000 for educational lectures at clinical conferences (involving overnight stays) by the Company and such annual compensation to Dr. Kuban shall not exceed $25,000.

12.4 **General**

(a) Save as disclosed in this paragraph 12, the Company has not amended or entered into any service agreements with any Director within the last six months and no Director has a service agreement that has more than 12 months to run.

(b) Save as disclosed in paragraphs 12.1 and 12.2 above, there are no service contracts or agreements existing or proposed between any Director, or parties in which they are interested, and the Company.

(c) There are no proposals existing in connection with the Admission whereby any member of the administrative or management bodies of the Company or any other person and the Company which provide for benefits upon termination of employment or in connection with retirement from office.

(d) No amount has been set aside or accrued by the Company to provide pension, retirement or other benefits to the Directors.

(e) It is estimated that under the arrangements in force at the date of this document, the maximum aggregate remuneration and benefits in kind which will be paid for the services of the Directors for the financial period ending 31 December 2021 will be approximately £275,000.

13. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company during the two years immediately preceding the date of this document and contain provisions under which the Company has an obligation or entitlement which is material at the date of this document.

13.1 Placing Agreement between the Company, the Directors, the Proposed Directors and Investec

In connection with the Placing, the Company, the Directors, the Proposed Directors and Investec have entered into the Placing Agreement pursuant to which, conditional upon, among other things, the fulfilment by the Company of its obligations under the Placing Agreement; the Company having issued the New Common Shares; Investec not having exercised its right to terminate the Placing Agreement; and Admission occurring not later than 8:00 a.m. on 8 July 2021 or such later date as the Company and Investec may agree, but in any event not later than 8:00 a.m. on 22 July 2021, Investec has agreed to use its reasonable endeavours to procure placees for the New Common Shares at the Issue Price. The issue of the EIS/VCT Shares, which will take place on the Business Day prior to Admission, is not conditional upon Admission. The Company has agreed to pay Investec a commission payment in respect of the gross aggregate value at the Issue Price of the New Common Shares placed for the Company. The Company has agreed to pay all of the costs and expenses of and incidental to the Placing, together with any applicable VAT. The Company, the Directors and the Proposed Directors have given certain warranties to Investec as to the accuracy of the information in this document and as to other matters relating to the Company. The liability of the Directors and the Proposed Directors under these warranties is limited in time and amount, save in certain circumstances. The Company has given an indemnity to Investec against any losses or liabilities arising out of the proper performance by Investec of its duties under the Placing Agreement. Investec may terminate the Placing Agreement before Admission in certain circumstances, including for material breach of the warranties referred to above.

The Placing Agreement is governed by English law.

13.2 Subscription Agreements

Under the Subscription Agreements between the Company and each of the Subscribers to be entered into following the completion of the Pre-Admission Reorganisation and prior to Admission, the Subscribers will conditionally agree to subscribe for a total of 1,253,537 Subscription Shares at the Issue Price. The Subscription Agreements will be conditional on Admission having become effective. The Placing is not conditional upon the effectiveness of the Subscription.

Pursuant to the terms of the Subscription Agreements, the Subscribers will conditionally agree to subscribe for a total of 1,253,537 Subscription Shares at the Issue Price.[24] The Subscription Agreements will be conditional on Admission having become effective on or before 22 July 2021. In addition, Mount Sinai will agree not to dispose of any interest in its Subscription Shares or the Consideration Shares for a period of six months from the date of the Mount Sinai Subscription Agreement without the prior consent of the broker for the time being of the Company, except in certain limited circumstances, and for a further six months following the expiry of the initial lock-in period only to dispose of an interest in its Subscription Shares or Consideration Shares after taking into consideration the broker for the time being of the Company's reasonable representations with a view to maintaining an orderly market in the Common Shares. The Company will also grant Mount Sinai certain registration rights if at any time the Company lists its Common Shares on a national securities exchange (as defined in the US Securities Exchange Act of 1934, as amended). The Placing is not conditional upon the Subscription.

13.3 **Lock-in and Orderly Market Agreement between each of the Lock-In Shareholders, the Company and Investec**

The Lock-in and Orderly Market Agreement was entered into between each of the Lock-in Shareholders, the Company and Investec on 2 July 2021. Pursuant to the terms of the Lock-in and Orderly Market Agreement, the Lock-in Shareholders have agreed not to dispose of any interest in Common Shares for the period of 12 months following Admission, except in certain limited circumstances, and for a further period of 12 months following the expiry of the initial lock-in period, to only dispose of an interest in Common Shares following consultation with Investec and provided such disposal is effected through Investec and in such manner as they may reasonably require with a view to maintenance of an orderly market in the Common Shares.

The Lock-in and Orderly Market Agreement is governed by English law.

13.4 **Agreement with Investec to act as nominated adviser and broker on an ongoing basis**

Pursuant to a nominated adviser and broker agreement dated 2 July 2021 between Investec, the Directors, the Proposed Directors and the Company, Investec has agreed to act as the Company's nominated adviser and broker from Admission for the purpose of the AIM Rules for Companies. The agreement provides that Investec shall be paid an annual retainer fee for the provision of nominated adviser and broker services of £75,000, excluding VAT.

The appointment of Investec as nominated adviser and broker under the nominated adviser and broker agreement shall (subject to certain early termination provisions in the agreement) continue thereafter unless and until terminated by either the Company or Investec giving to the other not less than 30 days' notice expiring on or after the first anniversary of the date of the agreement.

The nominated adviser and broker agreement also contains indemnities and undertakings given by the Company.

The nominated adviser and broker agreement is governed by English law.

13.5 **Registrar Agreement**

On 29 June 2021, the Company entered into a registrar agreement under which the Registrars will provide services connected with the maintenance of the Company's register. The annual fee for creation and maintenance of the share register under the Registrar Agreement is £2 per holder of shares appearing on the register during the fee year, with a minimum charge per annum of £5,000. The initial term of the registrar agreement shall be for three years from the commencement date after which period the registrar agreement shall automatically renew for successive periods of 12 months. Either party may terminate the registrar agreement by giving the requisite notice. The registrar agreement contains certain indemnities given by the Company to the Registrars that are customary for an agreement of this nature.

The Registrar Agreement is governed by the laws of Guernsey.

13.6 **Depositary Agreement**

On 29 June 2021, in connection with the Placing, the Company and the Depositary entered into the Depositary Agreement, pursuant to which the Company appointed the Depositary to act as the depositary and custodian in respect of the Depositary Interests and to provide the services set out in the Depositary Agreement. The Company has agreed to pay the Depositary a one-off set-up fee of £5,000, and a management fee of £2 per Depository Interest holder per annum (subject to a minimum of £5,000 per annum) and to reimburse the Depositary for all reasonable out-of-pocket expenses. The Depositary's maximum liability under the Depositary Agreement is capped at an amount equal to the lesser of (i) £500,000; and (ii) five times the annual fee payable to the Depositary under the agreement. The parties are required under the Depositary Agreement to indemnify each other in certain circumstances. Neither party is liable to indemnify the other in respect of any loss arising from the fraud, negligence or wilful default of the other party or as a result of a breach by the other party of the Depositary Agreement. Upon completion of an initial period of three years, the appointment of the Depositary shall continue in force until terminated by either party giving the requisite period of notice.

24 The subscriptions will be made in US dollars using an exchange rate of 0.7154.

The Depositary Agreement is governed by English law.

13.7 **Deed Poll**

On 29 June 2021, the Depositary entered into the Deed Poll which contains, among other things, provisions to the following effect which are binding on holders of Depositary Interests:

(a) The Depositary will hold (itself or through the custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or the custodian pertaining to the Depositary Interests for the benefit of the holders of the Depositary Interests. The Depositary will re-allocate securities or distributions allocated to the custodian *pro rata* to the Common Shares held for the respective accounts of the holders of Depositary Interests but will not be required to account for fractional entitlements arising from such re-allocation.

(b) Holders of Depositary Interests warrant, *inter alia*, that the securities in the Company transferred or issued to the custodian on behalf of the Depositary for the account of the Depositary Interests holder are free and clear of all liens, charges, encumbrances or third-party interests and that such transfers or issues of securities to the custodian are not in contravention of the Bylaws, the Certificate of Incorporation, any contractual obligation or applicable law or regulation binding or affecting such holder.

(c) The Depositary and the custodian must pass on to holders of Depositary Interests, or exercise on their behalf, all rights and entitlements received by the Depositary or the custodian in respect of the underlying securities. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at general meetings and class meetings shall, subject to the Deed Poll, be passed on in the form in which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must pay the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.

(d) The Depositary will be entitled to cancel Depositary Interests and treat the holder as having requested a withdrawal of the underlying securities in certain circumstances including where a holder of Depositary Interests fails to furnish to the Depositary such certificates or representation or warranties as to material matters of fact, including the holder's identity, as the Depositary deems necessary or appropriate.

(e) The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interests holder or any other person for liabilities incurred in connection with the performance or non-performance of its obligations or duties under the Deed Poll or otherwise except as may result from their negligence or wilful default or fraud or that of any person for whom they are vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of the custodian or agent. Furthermore, the Depositary's liability to a holder of Depositary Interests will be limited to the lesser of: (a) the value of the shares and other deposited property properly attributable to the Depositary Interests to which the liability relates; and (b) that proportion of £10 million which corresponds to the proportion which the amount the Depositary would otherwise be liable to pay to the holder of the Depositary Interests bears to the aggregate of the amounts that the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission, or event which gave rise to such liability or, if there are no such other amounts, £10 million.

(f) The Depositary is entitled to charge Depositary Interest holders fees and expenses for the provision of their services under the Deed Poll.

(g) The holders of Depositary Interests are required to agree and acknowledge with the Depositary that it is their responsibility to ensure that any transfer of Depositary Interests by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to Euroclear any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction.

(h) Each holder of Depositary Interests is liable to indemnify the Depositary and the custodian (and their respective agents, officers and employees) against all liabilities arising from or incurred in connection with or arising from any act related to, the Deed Poll insofar as they relate to the Depositary Interests (and any property or rights held by the Depositary or custodian in connection with the Depositary Interests) held by that holder other than those resulting from the wilful default, negligence or fraud of the Depositary, or the custodian or any agent if the custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of the custodian or agent.

(i) The Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds therefrom, in order to discharge the indemnification obligations of Depositary Interest holders.

(j) The Depositary may terminate the Deed Poll by giving at least 30 days' notice. During such notice period holders shall be obliged to cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination the Depositary shall, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holders or, at its discretion substitute CREST depository interests for the Depositary Interests or sell all or part of such deposited property. The Depositary shall, as soon as reasonably practicable, deliver the net proceeds of any such sale (or if applicable any CREST depository interests substituted for the Depositary Interests), after deducting any monies due to it, together with any other cash held by it under the Deed Poll *pro rata* to holders of Depositary Interests in respect of their Depositary Interests.

(k) The Depositary or the custodian may require from any holder information as to the capacity in which Depositary Interests are or were owned and the identity of any other person with or previously having any interest in such Depositary Interests and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of Depositary Interests and such information as is required for the transfer of the relevant Common Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or the custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Bylaws or the Certificate of Incorporation require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of Depositary Interests are to comply with the Company's instructions with respect thereto.

The Deed Poll is governed by English law.

13.8 **Mount Sinai Licence Agreement**

On 18 June 2021, the Company entered into the Mount Sinai Licence Agreement, pursuant to which Mount Sinai granted an option to the Company to obtain a licence, on a non-exclusive basis, to use the Licensed Information. The Mount Sinai Licence Agreement will automatically become effective on Admission. Exercise of the option contained in the Mount Sinai Licence Agreement is conditional on: (i) Admission; (ii) clearance by Mount Sinai's information security team; and (iii) IRB, data security and data use approvals. Mount Sinai is under an obligation to use commercially reasonable efforts to obtain such clearances and approvals (other than Admission). Pursuant to the Mount Sinai Licence Agreement, Mount Sinai has granted the Company an option to obtain a licence, on a non-exclusive basis, to use the Licensed Information. Mount Sinai has reserved rights to use the Licensed Information for any purpose.

Pursuant to the Mount Sinai Licence Agreement, the Company will pay the non-refundable Option Fee. The payment of the Option Fee is conditional upon: (a) Admission; and (b) Mount Sinai subscribing for at least $2,000,000 USD of Common Shares pursuant to the Mount Sinai Subscription Agreement.

13.9 **Settlement Agreement between the Company, Andre de Fusco and iTruth**

On 9 December 2020, a settlement agreement was entered into between iTruth, Inc. ("**iTruth**") (as plaintiff and cross-defendant), Paul Tu, and Julia Dan (as cross-defendant) on the one hand, and the Company (as defendant and cross-complainant) and Andre de Fusco (as defendant) on the other hand.

The settlement agreement was entered into in connection with a claim which was filed on 18 April 2019 against the Company under which the plaintiff, iTruth, alleged that the Company failed to provide to it a 20% interest in the Livzon JV with Livzon Pharmaceutical (which has subsequently been disposed of by the Company) in addition to payment of a fee for services provided to establish the Livzon JV. Further details of the Livzon JV arrangements are set in out in paragraph 2.12 of Part 1 (*Information on LungLife, market opportunity and strategy*) of this document. The case was originally filed in Florida on 21 November 2016, but was dismissed on 21 September 2018 for lack of jurisdiction, and then re-filed in California.

Under the settlement agreement, which was entered into in November 2020 and is governed by the laws of the State of California, the Company agreed to pay to iTruth's counsel, for the benefit of iTruth, the sum of USD 525,000 (the "**Settlement Sum**") in complete satisfaction and settlement of the claims asserted by iTruth. The Company paid the Settlement Sum in two tranches on 18 December 2020 and 21 December 2020 respectively. A dismissal with prejudice of the entire action of the claim was entered by the court and the claim is fully closed.

14. Depositary Interest arrangement

The requirements of the AIM Rules for Companies provide that the Company must, upon Admission becoming effective, have a facility for the electronic settlement of the Common Shares. The shares of companies incorporated in England (and the shares of companies incorporated in certain other jurisdictions) which are traded on AIM are settled through CREST. However, with limited exceptions, only shares and other securities which are constituted under English law can be settled through the CREST system, regardless of the fact that they may be admitted to trading on AIM. As the Company is incorporated in the United States, its Common Shares are not eligible to be held directly through CREST and, accordingly, the Company has established, via the Depositary, a Depositary Interest arrangement.

The Depositary Interests representing the Common Shares will be issued to the individual Shareholders' CREST account on a one-for-one basis and with the Depositary providing the necessary custodial service. It is expected that, where Placees have asked to hold their Common Shares in uncertificated form, they will have their CREST accounts credited with Depositary Interests on the day of Admission. Investors who are able to and elect to hold their Common Shares as Depositary Interests will be bound by a Deed Poll, executed by the Depositary in favour of the investors from time to time, the terms of which are summarised below. The rights and obligations pertaining to the Depositary Interests will be governed by English law. Holders of Depositary Interests will have no rights in respect of the underlying Common Shares or the Depositary Interests against CREST, the operating company of the CREST system, or its subsidiaries. The Depositary Interests are themselves independent securities constituted under English law and can be traded and settled within the CREST system in the same way as any other CREST security. The Shareholders that are non-US Persons have the choice of whether to hold their Common Shares in certificated form or in uncertificated form in the form of Depositary Interests. Shareholders who are able to and elect to hold their Common Shares in uncertificated form through the Depositary Interest facility will be bound by a deed of trust.

The Company's share register, which will be kept by the Registrars in Guernsey, will show the Depositary or its nominated custodian as the holder of the Common Shares represented by Depositary Interests but the beneficial interest will remain with the Shareholders who will continue to receive all the rights attaching to the Common Shares as they would have if they had

themselves been entered on the Company's share register. Shareholders can withdraw their Common Shares back into certificated form at any time using standard CREST messages.

Where Placees have requested to receive their Common Shares in certificated form, share certificates will be despatched by first-class post within 10 Business Days of the date of Admission. No temporary documents of title will be issued. Pending the receipt of definitive share certificates in respect of the Common Shares (other than in respect of those Common Shares settled via Depositary Interests through CREST), transfers will be certified against the Company's share register.

The Common Shares have not been, and will not be, registered under the US Securities Act or qualified under any securities laws of any US state or other jurisdiction of the United States. The New Common Shares are being offered only to non-US Persons outside the United States in transactions exempt from the registration requirements of the US Securities Act in reliance on Category 3 of Regulation S or pursuant to another available exemption from, or transaction not subject to, the US Securities Act and applicable US state securities laws. The New Common Shares offered to non-US Persons in the Fundraising are subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S.

Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Fundraising and additional restrictions are imposed on resales of the Common Shares. The Common Shares are "restricted securities" as defined in Rule 144 under the US Securities Act.

Each subscriber for New Common Shares, by subscribing for such New Common Shares, agrees to reoffer or resell the New Common Shares only pursuant to registration under the US Securities Act or in accordance with the provisions of Regulation S or pursuant to another available exemption from registration and qualification under applicable state securities laws, and agrees not to engage in hedging transactions with regard to such securities unless in compliance with the US Securities Act. The above restrictions severely restrict purchasers of New Common Shares from reselling the Common Shares in the United States or to a US Person. These restrictions may remain in place or be reintroduced following the expiry of the Distribution Compliance Period in relation to the Common Shares, at the discretion of the Company for example in the event the Company issues additional Common Shares under the same ISIN as the New Common Shares.

Once the Common Shares are admitted to trading on AIM, Common Shares (represented by the Depositary Interests) held in the CREST system will be identified with the marker "REG S". The "REG S" marker also indicates that the Common Shares held in the CREST system will also bear a legend setting out certain transfer restrictions and other information, including that: (i) transfers of the Common Shares are prohibited except in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act or in a transaction exempt from, or not subject to the registration requirements of the US Securities Act and applicable state securities law; and (ii) hedging transactions involving the Common Shares may not be conducted unless in compliance with the US Securities Act and applicable state securities law. Accordingly, resale of the New Common Shares following the Fundraising will be subject to restrictions under US federal and state securities laws, including the US Securities Act.

Representations, warranties and certifications must be made through the CREST system by those selling or acquiring the Common Shares. If such representations, warranties and certifications cannot be made or are not made, settlement through CREST will be rejected. Furthermore, Common Shares held by **"Affiliates"** (as defined in Rule 405 of the US Securities Act) of the Company shall be held in certificated form and accordingly settlement shall not be permitted via CREST until such time as the relevant restrictions are no longer applicable.

Affiliates of the Company at the time of the Fundraising, or investors that become Affiliates at any time after the Fundraising, should seek independent US legal counsel prior to selling or transferring any Common Shares.

15. Effect of US domicile

The Company is a US corporation organised under the laws of the State of Delaware. There are a number of differences between the regulation of corporations incorporated under Delaware Corporation Law and that of a public limited company incorporated in England under the Companies Act. While the Directors consider that it is appropriate to retain the majority of the usual features of a US corporation, the Directors intend to take certain actions to conform to UK standard practice adopted by companies incorporated under the Companies Act and whose shares are admitted to AIM. Set out below is a description of those principal differences and, where appropriate, the actions the Board intends to take, which should be read in conjunction with paragraph 6 of this Part 7.

(a) *Share Allotment; Limitations on Borrowing*

Companies incorporated under the Companies Act must explicitly authorise directors to allot shares under Sections 550 or 551 of the Companies Act. It is usual for UK companies to place restrictions on the authority of directors to allot shares. In particular, it is a requirement under Section 551 of the Companies Act that such authority be limited to expire after a specified time period of no longer than five years, with Shareholder approval required for renewal. An issue of shares and other equity securities of a company incorporated in Delaware requires prior approval by the board of directors. However, in the case of the Company, the authority of the Board to issue equity securities is not unconditional; it is limited by the number of shares authorised for issue in the Certificate of Incorporation, which has authorised a total of 50,000,000 shares, all of which are Common Shares.

UK companies may impose limits on their borrowing powers by, for example, specifying that borrowed amounts may not exceed a multiple of the company's capital and reserves. The Company does not have limitations on its ability to borrow funds, as this type of limitation is extremely rare for US companies.

(b) *Pre-emptive rights*

Companies incorporated under the Companies Act are subject to pre-emption rights on new shares issued by the company pursuant to Section 561 of the Companies Act. These rights provide for existing shareholders to have a right of first refusal on the issue of new shares for cash.

The Delaware Corporation Law does not automatically provide for pre-emptive rights and the Company shall have no obligation to provide any pre-emptive rights to its Shareholders. However, the Certificate of Incorporation provides that, subject to the Delaware Corporation Law and so long as the Common Shares are admitted to trading on AIM or the London Stock Exchange and unless otherwise determined in a general meeting by Shareholders holding at least 75% of the voting power of the then outstanding share capital, then the Company shall not issue any New Securities unless it has first made an offer to each Shareholder (unless waived by such Shareholder) to sell to the Shareholders a *pro rata* share of such New Securities in accordance with the Pre-emptive Rights. The Pre-emptive Rights are subject to such exclusions or other arrangements as the Board may deem necessary or expedient. The Pre-emptive Rights shall not apply to certain issuances of New Securities set forth in the Certificate of Incorporation, including (among others) the authorisation and/or issuance for cash of New Securities, provided that the nominal amount of such shares or the shares into which such New Securities may be converted, during any 12-month period, does not exceed, in aggregate, 10% of the outstanding Common Shares as of the first day of such 12-month period.

Please see paragraph 6.6 of this Part 7 for a description of such pre-emptive rights and exclusions.

(c) *Takeovers*

Except to the extent voluntarily incorporated by the Company to be administered by the Board, the Company will not be subject to the UK Takeover Code, and certain provisions contained in the Certificate of Incorporation and Bylaws make a hostile takeover of the Company more difficult to achieve. These provisions are set out below.

The Company has included a provision in its Certificate of Incorporation requiring Shareholders who acquire certain percentages of shares of the Company to offer to purchase all of the outstanding share capital of the Company at a value not less than the highest price paid by such Shareholder for shares of that class during the previous 12 months. The provision is intended to give the Company and its Shareholders protections similar to those available under Rule 9 of the UK Takeover Code as if it applied to the Company, and is described in paragraph 6.16 of this Part 7.

Under Delaware law, the Board is charged with the management of the business and affairs of the Company. In managing the business and affairs of the Company, the Board is required to chart a course for the Company that is in the best interests of the Company and the Shareholders. To the extent the Board determines that a proposed merger transaction is undesirable, the Board has no duty to accept an offer or commence negotiations in respect of such proposed merger transaction. In addition, the Board may, consistent with its fiduciary duties, adopt and maintain defensive measures to protect against unsolicited takeover bids that the Board determines are not in the best interests of the Company and all of the Shareholders. Additionally, section 203 of the Delaware Corporation Law imposes restrictions on "business combinations" (such as mergers) between the Company and an "interested stockholder" (each as defined in section 203 of the Delaware Corporation Law). An "interested stockholder" is defined to include the holders of 15% or more of the outstanding voting stock of a company. Section 203 of the Delaware Corporation Law will not apply to the Company until it has a class of voting stock that is listed on a national securities exchange or held on record by more than 2,000 Shareholders. The US federal securities laws and applicable state securities laws can also regulate certain types of takeover activity. In particular, the Williams Act (which is part of the US Exchange Act) regulates tender offers and requires public disclosure, by means of a filing with the SEC, of acquisitions of a substantial block of equity securities in a publicly traded company. Many of the provisions of the Williams Act will not apply to the Company unless and until it has a class of shares registered under the US Exchange Act.

(d) *Limitation of Director liability*

While both the Companies Act and the Delaware Corporation Law allow for indemnification of directors, the scope of indemnification allowed under Delaware law is broader. Section 232 of the Companies Act generally prohibits UK companies from exempting directors from, or indemnifying them against, liabilities in instances where the directors are found to be negligent, in default, or in breach of duty or trust (subject to certain statutory relaxations, whereby directors may (if a company so chooses) be indemnified against third-party proceedings and the costs of defending actions brought against them by the company).

By comparison, the Certificate of Incorporation provides that, to the fullest extent permitted by law, no director of the Company shall be personally liable for monetary damages for breach of fiduciary duty as a director. If the Delaware Corporation Law is amended to authorise the further elimination or limitation of the liability of a director, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Delaware Corporation Law, as so amended. To the fullest extent permitted by applicable law, the Company is also authorised to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company (and any other persons to which the Delaware corporation Law permits the Company to provide indemnification) through the Bylaws, agreements with such agents or other persons, vote of stockholders or disinterested directors, or otherwise in excess of the indemnification and advancement otherwise permitted by the Delaware Corporation Law.

In addition, the Bylaws provide that the Company will indemnify and hold harmless its directors or officers, to the fullest extent permitted by the Delaware Corporation Law, who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a member of the Board or officer of the Company or is or was serving at the request of the Company as a member of the board of directors, officer or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans. Such indemnification is against all expenses, liability and loss (including attorneys' fees, judgments, fines, Employee Retirement Income Security Act excise taxes and penalties and amounts paid

or to be paid in settlement) reasonably incurred or suffered by such indemnitee in connection with the proceedings. However, the Company shall only indemnify any such indemnitee seeking indemnity in connection with a proceeding that was authorised by the Board or such indemnification is authorised by an agreement approved by the Board.

The Bylaws provide that the Company will pay expenses to its directors or officers in connection with any such proceeding for which indemnification is allowed; provided, however, that (a) if the Delaware Corporation then so requires, the payment of such expenses incurred by such an indemnitee in advance of the final disposition of such proceeding shall be made only upon delivery to the Company of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it should be determined ultimately by final judicial decision from which there is no appeal that such indemnitee is not entitled to be indemnified under the Bylaws or otherwise; and (b) the Company shall not be required to advance any expenses to a person against whom the Company directly brings a claim, in a proceeding, alleging that such person has breached such person's duty of loyalty to the Company, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

(e) *Shareholder notifications of interests*

As a company incorporated under the laws of the State of Delaware, the Company is not subject to the provisions of the Disclosure Guidance and Transparency Rules and, consequently, Shareholders would not ordinarily be subject to any requirement to disclose to the Company the level of their interests in Common Shares or any changes thereto in accordance with Rule 17 of the AIM Rules for Companies. However, in line with current best practice for companies incorporated outside the United Kingdom whose shares are admitted to trading on AIM, the Company has elected to incorporate certain provisions of the Disclosure Guidance and Transparency Rules and the Companies Act into the Certificate of Incorporation, further details of which are set out in paragraph 6.13 of this Part 7.

(f) *Additional corporate matters*

In addition, the following provisions of Delaware law applicable to the Company, and the following provisions in the Certificate of Incorporation and Bylaws, are standard for US corporations but may not be typical for UK companies:

(i) the holders of a majority of the shares issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for action at all meetings of the Shareholders; and

(ii) the quorum required for action at a meeting of the Board is a majority of the total number of authorised directors. A summary of the terms of the Certificate of Incorporation and Bylaws and certain other provisions of the Delaware Corporation Law are set out in paragraph 6 of this Part 7.

16. Squeeze-out rules relevant to the holders of Common Shares as set out in the Delaware Corporation Law

Section 267 of the Delaware Corporation Law outlines the procedures by which a controlling Shareholder or parent corporation that has obtained 90%, or more of the Company's Common Shares may consummate a short-form merger to squeeze out the remaining Shareholders. Generally, Section 267 allows for a short-form merger between a parent and a subsidiary, whereby a parent corporation that owns at least 90% of the outstanding Common Shares of each class of a subsidiary corporation's shares may merge the subsidiary corporation into itself, or, alternatively, may merge both itself and the subsidiary corporation into a third corporation. A short-form merger is effected through the approval of the parent company in accordance with its governing documents and by filing with the Secretary of State of Delaware a certificate of merger. A Shareholder would be entitled to certain appraisal rights under Section 262 of the Delaware Corporation Law (as discussed below) in connection with the squeeze-out merger if the merger consideration was considered by such Shareholder to be below "fair value". However, no resolution of the Board or the Shareholders of the Company would be required to effect the squeeze-out merger.

Under Section 262 of the Delaware Corporation Law, a holder of Common Shares of a corporation that is the target of a merger, sale or consolidation who does not wish to accept the consideration being offered may elect to have the corporation pay in cash to him or her the "fair value" of his or her Common Shares, plus accrued interest (excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable), provided that the Shareholder complies with the conditions set forth in Section 262 of the Delaware Corporation Law. If there is a dispute between the Shareholder and the corporation as to the fair value of the Common Shares, Section 262 of the Delaware Corporation Law provides that the fair value may be judicially determined.

17. Related party transactions

Save as described elsewhere in this document, there are no related party transactions (within the meaning of the requirements of the AIM Rules for Companies in relation to the contents of an admission document) which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company during the periods for which historical financial information appears in this document and in respect of the period commencing on 31 December 2020 to the date of this document.

18. No governmental, legal or arbitration proceedings

The Company is not or has not been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability and, so far as the Directors and Proposed Directors are aware, there are no such proceedings pending or threatened against the Company.

On 14 March 2018, Anthem/MIC Strategic Partners, L.P. (**"Anthem"**), a shareholder of the Company, filed a direct and derivative suit on behalf of the Company against Simon Raab, a former director of the Company, in the Los Angeles Superior Court. On 17 August 2018, Anthem filed a First Amended Complaint (**"FAC"**) against Simon Raab and Michael Pfau, the former company secretary of the Company. Anthem brought direct claims against Simon Raab for breach of fiduciary duty and a direct claim against Michael Pfau for aiding and abetting breach of fiduciary duty and, as a shareholder of the Company, brought claims against Simon Raab and Michael Pfau on behalf of the Company through a shareholder derivative lawsuit. Simon Raab and Michael Pfau denied all of the allegations and claims asserted in the FAC. No claims were brought against the Company by Anthem, although the Company was named in the lawsuit as a "nominal defendant" (a "nominal defendant" being a party with a technical connection to the matter with no potential liability to the claimant but necessary for the court to adjudicate all issues in the matter). The claims against Michael Pfau were settled between Michael Pfau and Anthem on 8 August 2020 and were approved by the relevant court on 12 March 2021. On 30 April 2021, a binding settlement agreement was executed by Simon Raab and Anthem, which is contingent upon an order from the court granting final approval of the settlement agreement at a hearing that is currently scheduled to take place on 20 July 2021 (the **"Anthem Settlement Agreement"**). The Directors and Proposed Directors have no reason to expect that such approval will not be given. The claims were made against Simon Raab in his capacity as a director of the Company, who had rights to be indemnified in connection with any claims under the constitutional documents of the Company and an indemnification agreement entered into between the Company and Simon Raab on 20 May 2015. Simon Raab was reimbursed for out-of-pocket expenses incurred by him arising from the litigation, being approximately $650,000 which was settled in full on 3 June 2021. Simon Raab has waived his rights to claim further against the Company for certain losses arising as a result of this litigation.

On 18 April 2019, a claim was filed against the Company under which the plaintiff, iTruth, alleged that the Company failed to provide to it a 20% interest in the Livzon JV with Livzon Pharmaceutical (which has subsequently been disposed of by the Company) in addition to payment of a fee for services provided to establish the Livzon JV. On 9 December 2020, a settlement agreement was entered into between iTruth (as plantiff and cross-defendant), Paul Tu and Julia Dan (as cross-defendant) on the one hand, and the Company (as defendant and cross-complainant) and Andre de Fusco (as defendant), on the other hand, details of which are set out in paragraph 13.9 of this Part 7 (*Additional Information*).

19. Significant change

Save as disclosed in this document, there has been no significant change in the trading or financial position of the Company since 31 December 2020, being the date to which the historical financial information of the Company set out in Part 3 (*Historical Financial Information*) of this document was prepared.

20. Working capital

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

21. IP

Set out below is a table with information relating to the patents that have been licensed to the Company, patent applications that have been submitted by the Company and registered trademarks owned by the Company, all of which have been licensed, applied for or registered in the United States. The Company does not own any registered patents or registered trademarks outside of the United States; however, the Company has submitted a trademark application in the United Kingdom for the word marks “LungLife AI” and “LungLB”, which is pending approval from the UK Intellectual Property Office.

Licensed patents and patent applications

Title	Applicant	Brief description of invention
DETECTION AND DIAGNOSIS OF SMOKING RELATED CANCERS	BOARD OF REGENTS, THE UNIVERSITY OF TEXAS SYSTEM	Method of using nucleic acid probes targeting chromosomes 3 and 10 to predict the development, recurrence and progression of cancer.
CIRCULATING TUMOR AND TUMOR STEM CELL DETECTION USING GENOMIC SPECIFIC PROBES	BOARD OF REGENTS, THE UNIVERSITY OF TEXAS SYSTEM	Method of isolating and detecting circulating tumour cells from blood using nucleic acid probes targeting chromosomes 3 and 10.
TOWARDS DESIGNING ACCURATE FLUORESCENCE IN-SITU HYBRIDIZATION PROBE DETECTION USING 3D U-NETS ON MICROSCOPIC BLOOD CELL IMAGES	LungLife AI	Method of using convolutional neural networks for accurate FISH probe detection.
METHODS FOR DETECTING LUNG CANCER	LungLife AI	Methods for CTC enrichment from blood.
METHODS FOR DETECTING LUNG CANCER	LungLife AI	Methods for CTC detection using novel nucleic acid probes.
METHODS FOR DETECTING LUNG CANCER	LungLife AI	Risk score for prediction of lung cancer using an algorithm comprised of CTC detected using nucleic acid probes and clinical factors.
SHEATH FLOW DEVICES AND METHODS	Cynvenio Biosystems (LungLife AI)	Device design and method of isolation for rare cells and circulating tumour cells from blood.
FLUID RESERVOIR	Cynvenio Biosystems (LungLife AI)	Design of a container used to deliver large volumes of liquid to microfluidic devices.
OPEN-ENDED CONICAL TUBE FOR RECOVERING CELLS FROM A MICROFLUIDIC CHIP	Cynvenio Biosystems (LungLife AI)	Design of an open-ended conical tube centrifugation device to recover material from a microfluidic chip.
STIMULUS-SENSITIVE MICROPARTICLES AND METHODS OF USE	Cynvenio Biosystems (LungLife AI)	Heat-liable microspheres containing nucleic acids for use as internal controls for samples being used for rare cell and genomic DNA isolation.

Registered trademarks

US REGISTERED TRADEMARKS	
Trademark	**US Registration Number**
LUNGLIFE AI	5919166
LIQUIDBIOPSY	4047759
LungLB	6038036
clearID	5066881
CYNVENIO biosystems	3730768

Save as disclosed in this document, the Company is not aware of any patents, licences, industrial or commercial or financial contracts or new manufacturing processes on which the Company is dependent, aside from:

- applications made for the trade marks "LungLife AI" and "LungLB" in the United Kingdom;
- patents and patent applications licensed from MD Anderson Cancer Center related to the LungLB® technology; and
- the registered domain name that the Company owns, which, as of the Latest Practicable Date, was: lunglifeai.com.

22. Environmental

There are no environmental issues that the Directors have determined may affect the Company's utilisation of tangible fixed assets.

23. Consents

23.1 Investec has given and not withdrawn its 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.

23.2 Crowe U.K. LLP, the reporting accountant and auditor to the Company, is a firm of chartered accountants regulated by the Institute of Chartered Accountants in England and Wales. Crowe U.K. LLP has given and not withdrawn its written consent to the inclusion in this document of its reports in relation to the historical financial information included in Part 3 (*Historical Financial Information*) of this document and accepts responsibility for the same pursuant to Schedule Two of the AIM Rules for Companies.

24. General

24.1 Save as disclosed below and elsewhere in this document, no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the 12 months preceding the date of application for admission to AIM received, directly or indirectly, from the Company or entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

The following firms provided legal services to the Company in relation to certain matters for which the Company incurred legal fees over £10,000 payable to each of these respective firms:

(i) Reicker Pfau, Pyle & McRoy LLP;

(ii) Greenberg Traurig LLP;

(iii) Cooley LLP;

(iv) Potter Anderson Corroon LLP; and

(v) Walton Law Group.

24.2 The percentage dilution as a result of the Fundraising is 40.5%.

24.3 The total costs, charges and expenses of the Fundraising and Admission are estimated to amount to approximately £1.8 million (excluding any amounts in respect of any applicable VAT).

24.4 The Company confirms that where information in this document has been sourced from a third party, the source of this information has been provided and information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

25. Rule 26 website

The address of the Company's website, at which the information required by Rule 26 of the AIM Rules for Companies can be found, is www.lunglifeai.com.

26. Availability of document

Copies of this document will be available for inspection during normal business hours on any day (except Saturdays, Sundays and UK public holidays) at the principal place of business of the Company, at the offices of Mayer Brown International LLP at 201 Bishopsgate, London EC2M 3AF, and on the Company's website at www.lunglifeai.com from the date of this document until the date which is one month after Admission.

2 July 2021

PART 8

TERMS AND CONDITIONS OF THE PLACING

PLACING TERMS

IMPORTANT INFORMATION FOR INVITED PLACEES ONLY REGARDING THE PLACING.

THE INFORMATION AND TERMS CONTAINED IN THIS DOCUMENT AND THIS PART 8 (THE "PLACING TERMS") ARE RESTRICTED AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE PLACING TERMS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS (A) IN THE UNITED KINGDOM WHO ARE "QUALIFIED INVESTORS" AS DEFINED IN ARTICLE 2(E) OF THE PROSPECTUS REGULATION (EU) 2017/1129 (AND ANY AMENDMENTS THERETO) (THE "PROSPECTUS REGULATION") WHICH FORMS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED (THE "UK PROSPECTUS REGULATION") ("UK QUALIFIED INVESTORS"), AND WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER") OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; (B) IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE "QUALIFIED INVESTORS" AS DEFINED IN ARTICLE 2(E) OF THE PROSPECTUS REGULATION ("EEA QUALIFIED INVESTORS"); OR (C) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

THIS DOCUMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS DOCUMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THIS DOCUMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE NEW COMMON SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS AND AT THE SOLE DISCRETION OF THE COMPANY, THE NEW COMMON SHARES ARE BEING OFFERED AND SOLD ONLY TO NON-US PERSONS OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATION S UNDER THE SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE NEW COMMON SHARES IS BEING MADE IN THE UNITED STATES, THE UNITED KINGDOM OR ELSEWHERE. 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 THIS DOCUMENT, WILL NOT BE ACCEPTED.

EACH PLACEE SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN NEW COMMON SHARES. THE DISTRIBUTION OF THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS, AND ANY PERSON INTO WHOSE POSSESSION THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligation to forward a copy of this document should seek appropriate advice before taking any action.

This document should be read in its entirety. In particular, you should read and understand the information provided in this Part 8.

By participating in the Placing, each person who chooses to participate in the Placing (a "Placee") will be deemed to have read and understood this document in its entirety, to be participating, making an offer and acquiring New Common Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Part 8.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1 it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any New Common Shares that are allocated to it for the purposes of its business;

2 in the case of a Relevant Person in a member state of the EEA (each, a "**Relevant State**") who acquires any New Common Shares pursuant to the Placing:

(a) it is an EEA Qualified Investor;

(b) in the case of any New Common Shares acquired by it as a financial intermediary, as that term is used in Article 2(d) of the Prospectus Regulation:

(i) the New Common 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 to, persons in any Relevant State other than EEA Qualified Investors or in circumstances in which the prior consent of Investec has been given to the offer or resale; or

(ii) where New Common Shares have been acquired by it on behalf of persons in any Relevant State other than EEA Qualified Investors, the offer of those New Common Shares to it is not treated under the Prospectus Regulation as having been made to such persons;

3 in the case of a Relevant Person in the United Kingdom who acquires any New Common Shares pursuant to the Placing:

(a) it is a UK Qualified Investor;

(b) in the case of any New Common Shares acquired by it as a financial intermediary, as that term is used in Article 2(d) of the UK Prospectus Regulation:

(i) the New Common 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 to, persons in any Relevant State other than UK Qualified Investors or in circumstances in which the prior consent of Investec has been given to the offer or resale; or

(ii) where New Common Shares have been acquired by it on behalf of persons in any Relevant State other than UK Qualified Investors, the offer of those New Common Shares to it is not treated under the UK Prospectus Regulation as having been made to such persons;

4 it is acquiring the New Common Shares for its own account or is acquiring the New Common Shares for an account with respect to which it exercises sole investment discretion and has the

authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this document;

5 it understands (or, if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Part 8;

6 except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 3 above) is outside the United States acquiring the New Common Shares in offshore transactions as defined in and in accordance with Regulation S under the Securities Act;

7 it acknowledges that the New Common 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 may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States;

8 acknowledges that, as more fully explained in Part 11 (*US Restrictions on the Transfer of Common Shares*) of this document, the New Common Shares offered by the Company to non-US Persons in the Placing are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S under the Securities Act; and

9 the Company and Investec will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

No prospectus

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the New Common Shares, and Placees' commitments will be made solely on the basis of the information contained in this document and any information publicly announced through a Regulatory Information Service (as defined in the AIM Rules) ("**RIS**") by or on behalf of the Company on or prior to Admission (the "**Publicly Available Information**") and subject to any further terms set forth in the form of confirmation to be sent to individual Placees.

Each Placee, by participating in the Placing, agrees that the content of this document is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of Investec, the Company or any other person, and none of Investec, the Company or any other person acting on such person's behalf nor any of their respective affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Investec makes no representation to any Placees regarding an investment in the New Common Shares.

Details of the Placing Agreement and the New Common Shares

Pursuant to the Placing Agreement with the Company and subject to the terms and conditions set out in the Placing Agreement, Investec, as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure Placees for the New Common Shares at the Issue Price.

The New Common Shares will, when issued, be subject to the Certificate of Incorporation and Bylaws and credited as fully paid and will rank *pari passu* in all respects with the Existing Common Shares in the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Common Shares after Admission.

Application for admission to trading

Application will be made to the London Stock Exchange for admission of the Common Shares (including the New Common Shares) to trading on AIM. It is expected that Admission will become effective at

8.00 a.m. on or around 8 July 2021 and that dealings in the Common Shares on AIM will commence at the time of Admission.

Participation in the Placing

This Part 8 gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any New Common Shares. Investec and the Company shall be entitled to effect the Placing by such alternative method as they may, in their sole discretion, determine.

Principal terms of the Placing

1 Investec is acting as nominated adviser, sole bookrunner and sole broker in connection with the Placing, as agent for and on behalf of the Company. Investec, which is authorised and regulated in the United Kingdom by the FCA, has been appointed as nominated adviser, sole bookrunner and sole broker to the Company in connection with the Placing and Admission only and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to its clients or for advising any other person on the contents of this document or otherwise in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document.

2 Participation in the Placing will only be available to persons who may lawfully be, and who are, invited by Investec to participate in the Placing. Investec and any of its respective affiliates (as defined below) are entitled to participate in the Placing as principal.

3 The final number of New Common Shares to be acquired at the Issue Price will be agreed and determined between Investec and the Company, and such details will be announced by the Company through a RIS pursuant to the placing results announcement.

4 Investec shall, in effecting the Placing, consult with the Company as to the identity, nature and location of the proposed Placees. Each Placee's allocation in the Placing shall be at the Company's discretion, having consulted with Investec. Placees commitments to subscribe for the New Common Shares will be made orally to Investec on a recorded telephone line or in writing (which can include email) and a form of confirmation documenting such commitment will be dispatched by Investec by email as soon as possible thereafter. That oral confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of Investec and the Company, under which it agrees to acquire the number of New Common Shares allocated to the Placee at the Issue Price and otherwise on the terms and subject to the conditions set out in this Part 8 and in accordance with the Certificate of Incorporation and Bylaws. Except with Investec's written consent, such commitment will not be capable of variation or revocation at the time at which it is submitted. The terms of this Part 8 will also be deemed incorporated in the form of confirmation.

5 Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Investec (as agent for the Company), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Issue Price and the number of New Common Shares such Placee has agreed to acquire and the Company has agreed to issue to that Placee.

6 Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all New Common Shares (other than the EIS/VCT Shares) to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement". Settlement for all of the EIS/VCT Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".

7 All obligations of Investec under the Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing".

8 By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee after confirmation (oral or otherwise) by Investec.

9 To the fullest extent permissible by law and applicable FCA rules, none of: (a) Investec; (b) any person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Investec (for these purposes "controlling person" means any person who controls any other person; "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of a person whether through the ownership of securities, by contract or agency or otherwise; and the term "person" is deemed to include a partnership) (an "**affiliate**" of Investec); (c) the Company; (d) the Company's directors, officers, employees, agent or affiliates; or (e) any person acting on Investec's or the Company's behalf, shall have any liability (whether in contract, tort or otherwise and including, to the extent permissible by law, any fiduciary duties) to any Placee or to any other person whether acting on behalf of a Placee or otherwise, whether or not a recipient of this document. In particular, none of Investec, its respective affiliates, the Company or any of the Company's directors, officers, employees, agents or affiliates nor any person acting on their respective behalf shall have any liability (whether in contract, tort or otherwise and including, to the extent permissible by law, any fiduciary duties) in respect of Investec's or its affiliates' conduct of the Placing or of such alternative method of effecting the Placing as Investec and the Company may agree.

Registration and settlement

If Placees are allocated any New Common Shares in the Placing they will be sent a form of confirmation, electronic trade confirmation or contract note by Investec, as soon as it is able, which will confirm the number of New Common Shares allocated to them, the Issue Price and the aggregate amount owed by them to Investec.

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 Investec in accordance with either the standing CREST or certificated settlement instructions that they have in place with Investec.

Settlement of transactions in the New Common Shares following Admission will take place within the CREST system (by means of Depositary Interests representing the underlying Common Shares), subject to certain exceptions. Settlement through CREST (by crediting the appropriate CREST accounts of Placees) is expected to take place in respect of the New Common Shares (other than the EIS/VCT Shares) on 8 July 2021 and Admission is expected to occur no later than 8.00 a.m. on 8 July 2021 unless otherwise notified by Investec.

It is expected that the EIS/VCT Shares will be issued unconditionally to potential subscribers in the form of Depositary Interests and settlement through CREST (by crediting the appropriate CREST accounts of Placees) is expected to take place in respect of the EIS/VCT Shares on 7 July 2021 (or such later date as the Company and Investec may agree in writing, being no later than 22 July 2021), being one Business Day prior to the issue of the balance of the New Common Shares Admission. The issue of the EIS/VCT Shares is not conditional upon the issue of the balance of the New Common Shares and Admission. However, it is conditional, *inter alia*, on:

(i) the performance by the Company of its obligations under the Placing Agreement in so far as the same fall to be performed prior to completion of the EIS/VCT Placing;

(ii) the Placing Agreement having been entered into and it having not been terminated prior to the issue of the EIS/VCT Shares; and

(iii) the satisfaction or, where appropriate, the waiver of all other conditions set out in the Placing Agreement relating to the issue of the EIS/VCT Shares.

Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the New Common Shares to CREST or the use of CREST in relation to the Placing, the Company and Investec may agree that the New Common Shares should be issued in certificated form. Investec reserves the right to require settlement for the New Common Shares, and to deliver the New Common Shares to Placees, by such other means as they deem 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 Investec.

Each Placee agrees that, if it does not comply with these obligations, Investec (as agent for and on behalf of the Company) may sell, charge by way of security (to any funder of Investec) or otherwise deal with any or all of their New Common Shares on their behalf and retain from the proceeds, for Investec's own account and benefit (as agent for and on behalf of the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due and any costs and expenses properly incurred by Investec a result of the Placee's failure to comply with its obligations. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) or other stamp, securities, transfer, registration, execution, duty or tax imposed in any jurisdiction (together with any interest, fines or penalties) that may arise upon the sale of such Placee's New Common Shares on their behalf. Legal and/or beneficial title in and to any New Common Shares shall not pass to the relevant Placee until such time as it has fully complied with its obligations hereunder.

If New Common Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional form of confirmation, electronic trade confirmation or contract note is copied and delivered immediately to the relevant person within that organisation. Insofar as New Common Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such New Common Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Neither Investec nor the Company shall be liable if there are any circumstances in which any other stamp duty or stamp duty reserve tax (and/or any interest, fines or penalties relating thereto) is payable in respect of the allocation, issue or delivery of the New Common Shares (or, for the avoidance of doubt, if any stamp duty or stamp duty reserve tax is payable in connection with any subsequent transfer of or agreement to transfer New Common Shares). Placees will not be entitled to receive any fee or commission in connection with the Placing.

Conditions of the Placing

Other than in respect of the EIS/VCT Shares, the Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. The issue of the EIS/VCT Shares is conditional upon (a) to (h) below only and is therefore not conditional on Admission.

The obligations of Investec under the Placing Agreement are, and the Placing is, conditional upon, *inter alia*:

(a) the delivery by the Company to Investec of certain documents required under the Placing Agreement;

(b) the Placing Shares having been issued in accordance with the terms of the Placing Agreement;

(c) the Company and the Directors and Proposed Directors having complied in all material respects with their obligations under the Placing Agreement to the extent that they fall to be performed prior to Admission (or, in the case of the EIS/VCT Shares, prior to the EIS/VCT Placing);

(d) there not occurring prior to Admission, in the opinion of Investec (acting in good faith and after consultation, to the extent it is reasonably practicable, with the Company), a Material Adverse Change (as such term is defined in the Placing Agreement) in the context of the Placing;

(e) there being no breach of a Warranty (as such term is defined in the Placing Agreement);

(f) there being no outstanding indemnity Claim under clause 9 of the Placing Agreement;

(g) agreement by the Company and Investec of the final number of New Common Shares to be issued at the Issue Price pursuant to the Placing and the allocation of such New Common Shares to Placees;

(h) Investec not having exercised its right to terminate the Placing Agreement; and

(i) Admission occurring by not later than 8.00 a.m. on 8 July 2021 (or such later date as the Company and Investec may agree in writing, in any event being not later than 22 July 2021),

(all conditions to the obligations of Investec included in the Placing Agreement being together, the "**conditions**").

If any of the conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods or such later time and/or date as Investec may determine, or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Placing" below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by Investec, in its absolute discretion, by notice in writing to the Company, and Investec may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this document.

Investec may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither Investec, the Company nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Investec.

Termination of the Placing

Investec may terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, *inter alia*:

1 it comes to the attention of Investec that any statement contained in the Placing documents has become or been discovered to be untrue, incorrect or misleading, which Investec reasonably considers to be material;

2 it comes to the attention of Investec that the Company has failed, in any material respect, to comply with any of its obligations under the Placing Agreement;

3 it comes to the attention of Investec that a matter has arisen before Admission to give rise to an indemnity claim under the Placing Agreement, which Investec reasonably considers to be material;

4 there has been, in the opinion of Investec (acting in good faith), a breach, or an alleged breach, of any of the warranties in the Placing Agreement;

5 in the opinion of Investec (acting in good faith), an event has occurred or matter arisen which, if it had occurred or arisen prior to the date of the Placing Agreement would have rendered any of the warranties in the Placing Agreement untrue, inaccurate or misleading, which is in the opinion of Investec (acting in good faith) material in the context of the Placing; or

6 there has occurred a *force majeure* event, or a material disruption in certain market conditions has occurred, which, in the judgment of Investec (acting in good faith and, so far as is reasonably practicable given the circumstances and/or nature of the relevant occurrence, after consultation with the Company), will make it impracticable or inadvisable to proceed with the Placing or Admission.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this document shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company and Investec that the exercise by the Company or Investec of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or Investec and that neither the Company nor Investec need make any reference to such Placee and that none of Investec, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the Placing" section above and will not be capable of rescission or termination by it after the issue by Investec of a form of confirmation confirming each Placee's allocation and commitment in the Placing.

EIS Relief and VCT Relief

The Company has applied for, and has received, advance assurance from HMRC to the effect that, subject to receipt of a satisfactory compliance statement from the Company, the EIS Shares are capable of satisfying the requirements for EIS Relief.

The status of the EIS/VCT Shares as a qualifying holding for VCT purposes will be conditional (amongst other things) on the qualifying conditions being satisfied throughout the period of ownership. The status of the EIS/VCT Shares as qualifying for EIS Relief will be conditional (amongst other things) on the qualifying conditions being satisfied, both by the Company and (as regards those conditions to be met by the investor) the investor throughout a period of at least three years from the date of issue. There can be no assurance that the Company will conduct its activities in a way that will secure or retain qualifying status for VCT and/or EIS purposes (and indeed circumstances may arise where the directors of the Company believe that the interests of the Company are not served by seeking to retain such status). Further, the conditions for VCT Relief and EIS Relief are complex and relevant investors are recommended to seek their own professional advice before investing.

The EIS/VCT Placing is not conditional upon Admission or on the issue of any other New Common Shares.

Representations, warranties and further terms

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) irrevocably represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where Investec expressly agree in writing to the contrary):

1 it has read and understood this document in its entirety and that its acquisition of the New Common Shares is subject to and based upon all of the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements, undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the New Common Shares or otherwise, other than the information contained in this document and the Publicly Available Information;

2 it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Regulation or the UK Prospectus Regulation; and (b) has been or will be prepared in connection with the Placing;

3 the Common Shares are admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;

4 it has made its own assessment of the New Common Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing, and none of Investec, the Company, nor any of their respective affiliates, agents, directors, officers or employees, or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the New Common Shares or the Company or any other person other than the information in this document, or the Publicly Available Information; nor has it requested Investec, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;

5 none of Investec, the Company, nor any person acting on behalf of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;

6 (a) the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for the New Common Shares is contained in the Publicly Available Information and this document, such information being all that it deems necessary to make an investment decision in respect of the New Common Shares and it has made its own assessment of the Company, the New Common Shares and the terms of the Placing based on Publicly Available Information and the information contained in this document; (b) none of Investec, the Company, nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the New Common Shares or the accuracy, completeness or adequacy of the Publicly Available Information and the information contained in this document; (c) it has conducted its own investigation of the Company, the Placing and the New Common Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and (d) has not relied on any investigation that Investec or any person acting on its behalf may have conducted with respect to the Company, the Placing or the New Common Shares;

7 the content of this document and the Publicly Available Information have been prepared by and are exclusively the responsibility of the Company and that neither Investec nor any persons acting on its behalf is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this document or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this document, the Publicly Available Information or otherwise. Nothing in this Part 8 shall exclude any liability of any person for fraudulent misrepresentation;

8 the New Common 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 New Common Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, Australia, Canada, the Republic of South Africa, New Zealand or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced, delivered or transferred, directly or indirectly, within the United States, the Republic of Ireland, Australia, Canada, the Republic of South Africa or Japan or in any country or jurisdiction where any such action for that purpose is required;

9 it and/or each person on whose behalf it is participating:

(a) is entitled to acquire New Common Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions which apply to it;

(b) has fully observed such laws and regulations;

(c) has capacity and authority and is entitled to enter into and perform its obligations to commit to its participation in the Placing and as an acquirer of New Common Shares and will honour such obligations; and

(d) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Part 8) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto 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 New Common Shares;

10 it is not, and any person who it is acting on its behalf is not, and at the time the New Common Shares are acquired will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, and it acknowledges and agrees that the New Common Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;

11 the New Common Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the New Common Shares;

12 it and the beneficial owner of the New Common Shares are, and, at the time the New Common Shares are acquired will be, non-US Persons outside the United States and acquiring the New Common Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act;

13 it (and any account for which it is purchasing) is not acquiring the New Common Shares with a view to any offer, sale or distribution thereof within the meaning of the Securities Act;

14 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;

15 none of Investec, its respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of Investec and Investec has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder, including any rights to waive or vary any conditions or exercise any termination right;

16 it has the funds available to pay for the New Common Shares for which it has agreed to acquire and acknowledges and agrees that it will make payment to Investec for the New Common 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, failing which the relevant New Common Shares may be placed with others on such terms as Investec may, in its absolute discretion, determine without liability to the Placee, and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such New Common Shares and may be required to bear any stamp duty, stamp duty reserve tax or other similar taxes (together with any interest or penalties due pursuant to the terms set out or referred to in this document) that may arise upon the sale of such Placee's New Common Shares on its behalf;

17 no action has been or will be taken by any of the Company, Investec or any person acting on their behalf that would, or is intended to, permit a public offer of the New Common Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;

18 the person who it specifies for registration as holder of the New Common Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither Investec nor the Company will be responsible for any liability to stamp duty, stamp duty reserve tax or other similar taxes resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to acquire New Common Shares pursuant to the Placing and agrees to pay the Company and Investec in respect of the same (including any interest or penalties) on the basis that the New Common Shares will be credited to a CREST stock account of Investec or transferred to a CREST stock account of Investec who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;

19 it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and Investec for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);

20 the allocation, issue and delivery to it, or the person specified by it for registration as holder, of New Common 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 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, issue or delivery of New Common Shares would give rise to such a liability;

21 it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any New Common Shares that are allocated to it for the purposes of its business only;

22 it will not make an offer to the public of the New Common Shares and it has not offered or sold and will not offer or sell any New Common Shares to persons in the United Kingdom or elsewhere in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances that have not resulted and that will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any other member state of the EEA within the meaning of the Prospectus Regulation;

23 if in the United Kingdom, it is a person of a kind described in: (a) Article 19(5) (Investment Professionals) and/or 49(2) (High net worth companies etc.) of the Order; and (b) a UK Qualified Investor. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any New Common Shares that are allocated to it for the purposes of its business only;

24 if in a member state of the EEA, it is an EEA Qualified Investor and, to the extent applicable, any funds on behalf of which it is acquiring the New Common Shares that are located in a member state of the EEA are each an EEA Qualified Investor;

25 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 the FSMA) relating to the New Common Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;

26 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 New Common Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);

27 if it is a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation (including any relevant implementing measure in any member state) and the UK Prospectus Regulation (as applicable), the New Common Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA or the United Kingdom other than EEA Qualified Investors or UK Qualified Investors, or in circumstances in which the express prior written consent of Investec has been given to the offer or resale;

28 it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;

29 none of Investec nor any of its respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this document or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed information or any representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this document or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;

30 none of Investec, the Company, nor any of their respective affiliates, agents, directors, officers or employees, or any person acting on behalf of Investec, the Company, or their respective affiliates, agents, directors, officers or employees is 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 representations, warranties, acknowledgements, agreements, undertakings or indemnities contained in the Placing Agreement nor the exercise or performance of Investec's rights and obligations thereunder, including any rights to waive or vary any conditions or exercise any termination right;

31 Investec may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the New Common Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise, and, except as required by applicable law or regulation, Investec will not make any public disclosure in relation to such transactions;

32 Investec and each of its affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase New Common Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the New Common 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 New Common Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by Investec and/or any of its respective affiliates, acting as an investor for its or their own account(s). Neither Investec 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;

33 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 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;

34 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, MAR and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;

35 in order to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, Investec (for itself and as agent on behalf of the Company) or the Registrars may, in their absolute discretion, require verification of its identity. Pending the provision to Investec's or the Registrars, as applicable, of evidence of identity, definitive certificates in respect of the New Common Shares may be retained at Investec's absolute discretion or, where appropriate, delivery of the New Common Shares to it in uncertificated form may be delayed at Investec's or the Registrars', as the case may be, absolute discretion. If, within a reasonable time after a request for verification of identity, Investec (for itself and as agent on behalf of the Company) or the Registrars have not received evidence satisfactory to them, Investec and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of issue

will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;

36 its commitment to acquire New Common Shares on the terms set out in this document and in the form of confirmation or contract note 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 Investec's conduct of the Placing;

37 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 New Common 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;

38 it irrevocably appoints any duly authorised officer of Investec as its agent for the purpose of executing and delivering to the Company and/or the Registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the New Common Shares for which it agrees to subscribe or purchase upon the terms of this document;

39 the Company, Investec 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 Investec, on their own behalf and on behalf of the Company, and are irrevocable;

40 if it is acquiring the New Common Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;

41 neither it nor, as the case may be, its clients expect Investec to have any duties or responsibilities to such persons that are similar or comparable to the duties of "best execution" and "suitability" imposed by the FCA's Conduct of Business Source Book, and that Investec is not acting for it or its clients, and will not be responsible for providing the protections afforded to customers of Investec or for providing advice in respect of the transactions described herein;

42 it is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is purchasing New Common Shares for investment only and not with a view to resale or distribution;

43 it will (or will procure that its nominee will), if applicable, make notification to the Company of the interest in its Common Shares in accordance with the Disclosure Guidance and Transparency Rules published by the FCA;

44 it represents and warrants that, to the extent it has received any inside information (for the purposes of MAR) and section 56 of the Criminal Justice Act 1993) in relation to the Company or any related company subject to MAR and the securities of the Company or any such related company, it has not:

(a) dealt (or attempted to deal) in the securities of the Company or any related company;

(b) encouraged, recommended or induced another person to deal in the securities of such company; or

(c) unlawfully disclosed inside information in respect of the Company or any related company to any person, prior to the information being made publicly available;

45 it undertakes to Investec at the time of making its commitment to acquire New Common Shares that it will confirm in writing to Investec in the form of confirmation sent by Investec to Placees the number of New Common Shares it intends to acquire and in respect of which VCT Relief or EIS Relief will be sought (or that will otherwise comprise Relevant Funding) and those New

Common Shares in respect of which such relief will not be sought (or that will otherwise not comprise Relevant Funding);

46 as far as it is aware, it is not acting in concert (within the meaning given in the UK Takeover Code) with any other person in relation to the Company;

47 it is responsible for obtaining any legal, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company or Investec to provide any legal, tax or other advice to it;

48 it will not distribute any document relating to the New Common Shares and it will be acquiring the New Common Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only;

49 it is acquiring the New Common Shares for its own account or is acquiring the New Common Shares for an account with respect to which it exercises sole investment discretion and has the authority to make, and does make, the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this document;

50 time is of the essence as regards its obligations under this Part 8;

51 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 Investec;

52 the New Common Shares will be issued subject to the terms and conditions of this Part 8; and

53 these terms and conditions in this Part 8 and all documents into which this Part 8 is incorporated by reference or otherwise validly form a part, and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire 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 New Common Shares (together with any interest chargeable thereon) may be taken by the Company or Investec 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.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, Investec, and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Part 8 or incurred by Investec, the Company, or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this document, and further agrees that the provisions of this Part 8 shall survive after the completion of the Placing.

The agreement to issue New Common Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their issue to Placees, or such persons as they nominate as their agents, directly by the Company. Such agreement assumes that the New Common Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the New Common Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the New Common Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and neither the Company nor Investec shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and each Placee should notify Investec accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any New Common Shares or the agreement by them to acquire

any New Common Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, issue or delivery of New Common Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to forthwith pay such taxes and duties, including any interest and penalties (if applicable), and to indemnify on an after-tax basis and to hold harmless the Company and Investec in the event that either the Company and/or Investec has incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Part 8 are given to Investec for itself and on behalf of the Company and are irrevocable.

Each Placee and any person acting on behalf of the Placee acknowledges that Investec does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that Investec may (in its absolute discretion) satisfy its obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the New Common Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with Investec, any money held in an account with Investec on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules. As a consequence, this money will not be segregated from Investec's money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this document are to London time, unless otherwise stated. All times and dates in this document may be subject to amendment. No statement in this document is intended to be a profit forecast, and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up, and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The New Common Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this document.

PART 9

DEFINITIONS

"Admission"	the admission of the Common Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies;
"AIM"	the market of that name operated by the London Stock Exchange;
"AIM Rules for Companies"	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) and those other rules of the London Stock Exchange which govern the admission of securities to trading on, and the regulation of AIM;
"Audit Committee"	the audit committee of the Board constituted in accordance with the Bylaws;
"Board"	the board of Directors from time to time;
"Business Day"	any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
"Bylaws"	the amended and restated bylaws of the Company to be effective at Admission;
"Cash Incentive Awards"	has the meaning given to it in paragraph 8.3 of Part 7 (*Additional Information*) of this document;
"CE Mark"	a Conformitè Europëenne mark, being the EU's mandatory conformity marking for regulating goods sold within the EEA;
"CE Marking"	a declaration from a manufacturer that their product meets the requirements for a CE Mark;
"Certificate of Incorporation"	the amended and restated certificate of incorporation of the Company to be effective at Admission;
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form (i.e., not in CREST);
"Change in Control"	has the meaning given to it in the LTIP and summarised in paragraph 8.9 of Part 7 (*Additional Information*) of this document;
"COBS"	FCA Handbook Conduct of Business Sourcebook;
"Common Shares"	shares of common stock of the Company with par value of $0.0001 per share;
"Companies Act"	Companies Act 2006;
"Company" or "LungLife"	LungLife AI, Inc., a company incorporated in the State of Delaware, United States and having its registered office at 850 New Burton Road, Suite 201, Dover, Delaware 19904;
"Consideration Shares"	1,656,888 New Common Shares to be issued to Mount Sinai at the Issue Price pursuant to the Mount Sinai Licence Agreement as described in paragraph 13.8 of Part 7 (*Additional Information*) of this document;

"Convertible Notes"	the convertible notes described in paragraph 3.4 of Part 7 (*Additional Information*) of this document;
"CREST"	the relevant system (as defined in the CREST Regulations) which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear as the Operator (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 no. 3755) and any applicable rules made under those regulations;
"Deed Poll"	the deed poll dated 29 June 2021 entered into by the Depositary in favour of the holders of Depositary Interests;
"Delaware Corporation Law"	General Corporation Law of the State of Delaware;
"Depositary"	Link Market Services Trustees Limited of 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL;
"Depositary Agreement"	the depositary agreement dated 29 June 2021 between the Company and the Depositary for the provision of depositary services and custody services;
"Depositary Interest"	dematerialised depositary interests representing underlying Common Shares that can be settled electronically through and held in CREST, as issued by the Depositary or its nominees who hold the underlying securities on trust;
"Directors"	prior to Admission, the directors of the Company whose names are set out on page 11 of this document, and following Admission, the directors of the Company from time to time, as required by the context;
"Distribution Compliance Period"	the period during which the New Common Shares are subject to the conditions listed under Section 903(b)(3) of Regulation S, ending on the first anniversary of Admission, or such longer period as may be required under applicable law or as determined by the Company;
"EEA"	European Economic Area;
"EEA Qualified Investors"	"qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Regulation;
"EHR"	electronic health records;
"EIS"	Enterprise Investment Scheme;
"EIS Legislation"	Part 5 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein;
"EIS Relief"	relief from UK tax under the EIS Legislation;
"EIS Shares"	the shares intended to qualify for EIS Relief;
"EIS/VCT Placing"	the conditional placing of the EIS/VCT Shares by the Broker pursuant to the Placing Agreement;
"EIS/VCT Shares"	the 4,597,923 New Common Shares to be issued at the Issue Price under the first tranche of the Placing to those Placees comprising certain VCTs and other investors seeking to qualify for VCT Relief or EIS Relief;
"EU"	the European Union;

"EU Medical Device Regulation" or "MDR"	EU Medical Device Regulation (Regulation EU, 2017/745);
"Euroclear"	Euroclear UK & Ireland Limited;
"Existing Common Shares"	14,164,811 Common Shares outstanding at the date of this document;
"FCA"	the Financial Conduct Authority or any successor thereof, the single statutory regulator under FSMA;
"FDA"	the US Food and Drug Administration;
"FFDCA"	Federal Food, Drug, and Cosmetic Act;
"Finance Act"	Finance Act 1986;
"FSMA"	the Financial Services and Markets Act 2000;
"FTC"	US Federal Trade Commission;
"Full Value Awards"	has the meaning given to it in paragraph 8.3 of Part 7 (*Additional Information*) of this document;
"Fundraising"	the Placing and the Subscription;
"HHS"	US Department of Health and Human Services;
"HIPAA"	US Health Insurance Portability and Accountability Act of 1996;
"HMRC"	Her Majesty's Revenue & Customs;
"Investec" or "Nominated Adviser" or "Broker"	Investec Bank plc, incorporated and registered in England and Wales with company number 00489604, acting as the Company's nominated adviser and, together with its associates, as the Company's broker;
"IP"	intellectual property;
"IRB"	Institutional Review Board;
"ISIN"	International Securities Identification Number;
"Issue Price"	176p per New Common Share;
"IVD Directive"	In-Vitro Diagnostic Medical Device Directive 98/79/EC;
"IVDR"	EU In-Vitro Diagnostic Regulation (Regulation EU, 2017/746);
"Latest Practicable Date"	1 July 2021;
"LEI"	Legal Entity Identifier;
"Licensed Information"	has the meaning given to it in paragraph 2.4 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;
"Lock-in and Orderly Market Agreement"	the lock-in and orderly market agreement described in paragraph 17 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;
"Lock-in Shareholders"	Simon Raab (on behalf of himself and the Common Shares held by the Raab Family Trust); Syno Ventures Master Fund, L.P.; Frederick W. Gluck (on behalf of himself and Common Shares held by the Frederick W. Gluck 1997 Family Trust); Linda Gluck (on behalf of herself and Common Shares held by Richlin Partners, LLC); Livzon Pharmaceutical Group, Inc., Accord Data

	Holdings Limited and W. Wright Watling, Trustee of the W. Wright Watling Trust UAD 8/26/96;
"London Stock Exchange"	London Stock Exchange plc;
"LTIP"	the Company's 2021 Omnibus Long-Term Incentive Plan;
"MAR"	the retained UK law version of MAR pursuant to the Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310);
"MD Anderson Cancer Center"	The University of Texas MD Anderson Cancer Center;
"Medical Device Directive" or "MDD"	Medical Device Directive 93/42/EEC;
"MiFID II"	EU Markets in Financial Instruments Directive 2014/65/EU, as amended;
"MiFID II Requirements"	MiFID II product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures;
"Mount Sinai"	the Icahn School of Medicine at Mount Sinai;
"Mount Sinai CTA"	the clinical trials agreement entered into between the Company and Mount Sinai described in paragraph 2.4 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;
"Mount Sinai Licence Agreement"	the agreement entered into between the Company and Mount Sinai described in paragraph 2.4 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;
"Mount Sinai MOU"	the memorandum of understanding entered into between the Company and Mount Sinai described in paragraph 2.4 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;
"Mount Sinai SRA"	the sponsored research agreement entered into between the Company and Mount Sinai described in paragraph 2.4 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;
"Mount Sinai Subscription Agreement"	the conditional agreement to be entered into between the Company and Mount Sinai relating to the Subscription;
"New Common Shares"	the Common Shares to be issued in connection with the Fundraising (comprising the Placing Shares and the Subscription Shares);
"Nomination Committee"	the nomination committee of the Board constituted in accordance with the Bylaws;
"NYS"	New York State;
"Order"	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
"Official List"	Official List of the FCA;
"Option Fee"	has the meaning given to it in paragraph 2.4 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;

"Options"	awards to eligible persons in the form of options to acquire Common Shares under the LTIP;
"Placees"	the subscribers for New Common Shares at the Issue Price pursuant to the Placing;
"Placing"	the conditional placing of the New Common Shares pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 2 July 2021 between Investec, the Company, the Directors and the Proposed Directors relating to the Placing;
"Placing Shares"	8,405,554 New Common Shares to be issued in connection with the Placing;
"Pre-Admission Reorganisation"	the share capital reorganisation of the Company to take effect prior to Admission, details of which are set out in paragraph 4 of Part 7 (*Additional Information*) of this document;
"Preferred Shares"	the Series A Preferred Shares and the Series B Preferred Shares;
"Prior Incentive Plans"	the 2010 Stock Incentive Plan and the 2020 Stock Incentive Plan adopted by the Company and described in paragraph 8.14 of Part 7 (*Additional Information*) of this document;
"Proposed Directors"	the proposed directors of the Company whose names appear on page 11 of this document;
"Prospectus Regulation"	Prospectus Regulation (Regulation EU 2017/1129) and amendments thereto;
"Prospectus Regulation Rules"	the rules published by the FCA made in accordance with the Prospectus Regulation Rules (Amendment) Instrument 2020 (FCA 2020/73);
"QCA Code"	the QCA Corporate Governance Code published by the Quoted Companies Alliance as in effect from time to time;
"Qualified Investors"	EEA Qualified Investors and UK Qualified Investors;
"Registrars"	Link Market Services (Guernsey) Limited of Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey, GY2 4LH;
"Regulation S"	Regulation S under the US Securities Act;
"Regulations"	UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and/or any amendment, modification, and/or re-enactment of the same;
"Relevant Funding"	(a) any aid, investment, grant or loan which was received by the recipient pursuant to a measure approved by the European Commission as compatible with Article 107 of the Treaty on the Functioning of the European Union in accordance with the principles laid down in the Community Guidelines on Risk Capital Investments in Small and Medium-sized Enterprises (as those guidelines may be amended or replaced from time to time); and (b) any funding received pursuant to an investment, loan or grant from any investor who (i) has claimed, or is intending to claim, VCT Relief, or (ii) has claimed, or is intending to claim, EIS Relief;

"Relevant Persons"	Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within article 19(5) of the Order, (ii) are persons who are high net worth entities falling within article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom it may otherwise lawfully be communicated;
"Remuneration Committee"	the remuneration committee of the Board constituted in accordance with the Bylaws;
"Restricted Jurisdiction"	each and any of the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa and any other jurisdiction where the extension or the availability of the Placing would breach any applicable law;
"Reverse Stock Split"	the reverse stock split described in paragraph 7 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;
"RIS"	Regulatory Information Service, an incoming information society service that disseminates regulated information in accordance with the applicable minimum standards;
"SanMed"	SanMed Biotech Ltd;
"SanMed Designated Region"	China, Hong Kong, Taiwan, and Macau;
"Scientific Advisory Board"	as comprised in paragraph 6 of Part 1 (*Information on LungLife, Market Opportunity and Strategy*) of this document;
"SEC"	US Securities and Exchange Commission;
"SEDOL"	Stock Exchange Daily Official List, a list of security identifiers used in the United Kingdom and Ireland for clearing purposes;
"Senior Management"	the Company's senior management team from time to time, which as at the date of the document comprises and will on Admission comprise Michael J Donovan, Lara Baden and Rebecca Reed;
"Series A Preferred Shares"	Series A shares of preferred stock of the Company with par value of $0.0001 per share;
"Series A-1 Convertible Notes"	Series A-1 convertible secured promissory notes issued by the Company in the aggregate principal amount of $855,474;
"Series A-2 Convertible Notes"	Senior Series A-2 convertible secured promissory notes issued by the Company in the aggregate principal amount of $10,397,813;
"Series B Preferred Shares"	Series B shares of preferred stock of the Company with par value of $0.0001 per share;
"Share Dealing Code"	the code to be adopted by the Company from Admission which governs the restrictions imposed on persons discharging managerial responsibility and persons closely associated with them in relation to dealings in the Company's securities;
"Shareholders"	holders of Common Shares;
"Subscribers"	a subscriber for Subscription Shares pursuant to the Subscription;

"Subscription"	the conditional subscription for the Subscription Shares by the Subscribers at the Issue Price pursuant to the Subscription Agreements;
"Subscription Agreements"	the conditional agreements to be entered into between the Company and the Subscribers relating to the Subscription;
"Subscription Shares"	1,253,537 New Common Shares to be issued at the Issue Price pursuant to the Subscription;
"TIDM"	Tradable Instrument Display Mnemonic, a short, unique code used to identify UK-listed shares;
"UK" or "United Kingdom"	United Kingdom of Great Britain and Northern Ireland;
"UK Product Governance Rules"	UK product governance requirements contained within the FCA Handbook Product Intervention and Product Governance Sourcebook;
"UK Prospectus Regulation"	Prospectus Regulation, which forms part of retained EU law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018;
"UK Takeover Code"	City Code on Takeovers and Mergers;
"UK Qualified Investors"	"qualified investors" within the meaning of Article 2(1)(e) of the UK Prospectus Regulation;
"US" or "United States"	United States of America, its territories and possession, any state in the United States, the District of Colombia and all other areas subject to its jurisdiction;
"US Exchange Act"	the Securities Exchange Act of 1934, as amended;
"US Person"	a US person for the purposes of Regulation S under the US Securities Act;
"US Securities Act"	the United States Securities Act of 1933, as amended;
"VAT"	value added tax;
"VCT"	venture capital trust;
"VCT Legislation"	Part 6 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein;
"VCT Relief"	relief from UK tax under the VCT Legislation;
"Warrant Exercise Price"	the warrant exercise price described in paragraph 3.5 of Part 7 (*Additional Information*) of this document; and
"Warrants"	the warrants described in paragraph 3.5 of Part 7 (*Additional Information*) of this document.

PART 10

GLOSSARY

"510(k)"	a type of FDA submission process for medical devices and IVDs;
"AI"	artificial intelligence;
"BDP"	Breakthrough Devices Program;
"BIDMC"	Beth Israel Deaconess Medical Center;
"Breakthrough Designation"	a designation granted by the FDA for certain Breakthrough Devices;
"Breakthrough Device"	has the meaning given to it in section 515B of FFDCA;
"CDPH"	California Department of Public Health;
"cfDNA"	cell free DNA;
"CLEP"	Clinical Laboratory Evaluation Program;
"CLIA"	US Clinical Laboratory Improvement Amendments of 1988, federal regulations applicable to all US facilities or sites that test human specimens for health assessment or to diagnose, prevent or treat disease;
"CMS"	Centres for Medicare & Medicaid Services, a federal agency in the US;
"CRO"	clinical research organisation;
"CT"	computed tomography;
"CTC"	circulating tumour cells;
"ctDNA"	"circulating tumour" DNA;
"CTSI"	UCLA Clinical and Translational Science Institute;
"DeNovo"	a type of FDA submission process for medical devices and IVDs;
"FISH"	fluorescence *in situ* hybridisation;
"FNA"	fine needle aspiration;
"IVD"	*in-vitro* diagnostics;
"LCD"	local coverage determination;
"LDCT"	low-dose CT;
"LDT"	laboratory developed test, a type of *in-vitro* diagnostic test that is designed, manufactured and used within a single laboratory;
"MAC"	Medicare Administrative Contractors;
"MCIT"	Medicare Coverage of Innovative Technology;
"Medicaid"	a national health insurance programme of the US federal government administered by the CMS that assists with healthcare costs of Americans with limited income and/or resources;

"Medicare"	a national health insurance programme of the US federal government administered by the CMS that provides health care insurance for Americans aged 65 and older who have contributed to the fund via the payroll tax during the course of their working lives;
"MHRA"	Medicines and Healthcare products Regulatory Agency;
"MMAs"	mobile medical applications;
"MolDx System"	Molecular Diagnostic Services system;
"NCI"	National Cancer Institute in the US;
"PCT"	Patent Cooperation Treaty;
"Phoenix VA"	Veterans Affairs Hospital in Phoenix in the US;
"SaMD"	software as a medical device;
"SPORE"	Specialised Project of Research Excellence;
"TNBC"	triple negative breast cancer;
"UCLA"	University of California Los Angeles; and
"UMAS"	UMass Medical School and UMass Memorial Medical Center.

PART 11

US RESTRICTIONS ON THE TRANSFER OF COMMON SHARES

Terms used in the following description that are defined in Regulation S of the US Securities Act are used as defined therein.

The Common Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States. As more fully explained in this Part 11, the Common Shares offered by the Company to non-US Persons in the Placing are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S.

Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Placing and additional restrictions are imposed on resales of the Common Shares. A purchaser of Common Shares may not offer, sell, pledge or otherwise transfer Common Shares, directly or indirectly, in or into the United States or to, or for the account or benefit of, any US Person, except pursuant to a transaction meeting the requirements of Rules 901 to 905 (including the Preliminary Notes) of Regulation S, pursuant to an effective registration statement under the US Securities Act or pursuant to an exemption from the registration requirements of the US Securities Act. Hedging transactions in the Common Shares may not be conducted, directly or indirectly, unless in compliance with the US Securities Act and applicable US state securities laws. Once the Common Shares are admitted to trading on AIM, Common Shares (as represented by the Depositary Interests) held in the CREST system will be identified with the marker "REG S" and will be segregated into a separate trading system within CREST. The Common Shares held in the CREST system will also bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **"US SECURITIES ACT"**), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT (**"REGULATION S"**)). THE SHARES ARE BEING OFFERED ONLY TO NON-US PERSONS OUTSIDE THE UNITED STATES IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT IN RELIANCE ON REGULATION S. THE SHARES ARE "RESTRICTED SECURITIES" AS DEFINED UNDER RULE 144 (A)(3) PROMULGATED UNDER THE SECURITIES ACT. THE SHARES MAY NOT BE TAKEN UP, OFFERED, SOLD, RESOLD, DELIVERED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY WITHIN, INTO OR FROM THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S) EXCEPT: (A)(I) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S, (II) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT. RESALES OR REOFFERS OF SHARES MADE OFFSHORE IN RELIANCE ON REGULATION S MAY NOT BE SOLD TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON (AS DEFINED IN REGULATION S) DURING THE ONE-YEAR DISTRIBUTION COMPLIANCE PERIOD UNDER REGULATION S. HEDGING TRANSACTIONS INVOLVING THESE SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT.

BY ACCEPTING THESE SHARES, THE HOLDER REPRESENTS AND WARRANTS THAT IT (A) IS NOT A US PERSON (AS DEFINED IN REGULATION S) AND (B) IS NOT HOLDING THE SHARES FOR THE ACCOUNT OR BENEFIT OF ANY US PERSON."

Certificated Common Shares will bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **"US SECURITIES ACT"**) OR ANY SECURITIES ACTS OF ANY STATE OF THE UNITED STATES (THE **"STATE ACTS"**), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULES 901 THROUGH 905 (INCLUDING THE PRELIMINARY NOTES) OF

REGULATION S UNDER THE US SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE US SECURITIES LAWS AND IN THE CASE OF (3) AN OPINION OF COUNSEL SHALL BE DELIVERED TO THE COMPANY (AND UPON WHICH THE COMPANY MAY RELY) REGARDING THE AVAILABILITY OF SUCH EXEMPTION. HEDGING TRANSACTIONS INVOLVING THE COMMON STOCK OF THE COMPANY MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT. AS PROVIDED IN THE BYLAWS OF THE COMPANY, THE COMPANY IS REQUIRED BY UNITED STATES SECURITIES LAWS TO REFUSE TO REGISTER ANY TRANSFER OF SHARES NOT MADE IN ACCORDANCE WITH THE ABOVE RESTRICTIONS."

Prior to the end of the one-year Distribution Compliance Period, the holder of Common Shares acknowledges, represents and agrees that:

1. Any offer or sale of the Common Shares held through CREST must be made to non-US Persons in "offshore transactions" as defined in and pursuant to Regulation S;

2. No directed selling efforts (as defined in Regulation S) may be made in the United States by, for purposes of Rule 903 of Regulation S, the Company, a Distributor (as defined in Regulation S), any of their respective Affiliates, or any person acting on behalf of any of the foregoing, or, for the purposes of Rule 904 of Regulation S, the seller, an Affiliate, or any person acting on their behalf;

3. Offering restrictions (as set out under section 903(b)(3)) must be implemented;

4. Any offer or sale of certificated Common Shares must be made to non-US Persons in "offshore transactions" as defined in and pursuant to Regulation S, pursuant to an effective registration statement under the US Securities Act or otherwise in transactions exempt from registration under the US Securities Act;

5. The Company may refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration;

6. Any offer or sale, if made prior to the expiration of a one-year Distribution Compliance Period, must be made pursuant to the following conditions:

    (a) The purchaser of the Common Shares (other than a Distributor) must certify that it is not a US Person and is not acquiring the Common Shares for the account or benefit of any US Person or is a US Person who purchased Common Shares in a transaction that did not require registration under the US Securities Act;

    (b) The purchaser of the Common Shares must agree to resell such Common Shares only in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration; and must agree not to engage in hedging transactions with regard to such Common Shares unless in compliance with the US Securities Act;

    (c) The Common Shares must contain the appropriate legend, set out above;

    (d) The Company is required to refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration; and

    (e) Each Distributor selling Common Shares to a Distributor, a dealer (as defined in Section 2(a)(12) of the US Securities Act), or a person receiving a selling concession, fee or other remuneration, prior to the expiration of the one-year Distribution Compliance Period, must send a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales that apply to a Distributor;

7. In the case of an offer or sale of Common Shares prior to the expiration of the one-year Distribution Compliance Period by a dealer (as defined in Section 2(a)(12) of the US Securities

Act), or a person receiving a selling concession, fee or other remuneration in respect of the Common Shares offered or sold:

(a) Neither the seller nor any person acting on its behalf may know that the offeree or buyer of the Common Shares is a US Person; and

(b) If the seller or any person acting on the seller's behalf knows that the purchaser is a dealer (as defined in Section 2(a)(12) of the US Securities Act) or is a person receiving a selling concession, fee or other remuneration in respect of the Common Shares sold, the seller or a person acting on the seller's behalf must send to the purchaser a confirmation or other notice stating that the Common Shares may be offered and sold during the one-year Distribution Compliance Period only in accordance with the provisions of Regulation S; pursuant to registration of the securities under the US Securities Act; or pursuant to an available exemption from the registration requirements of the US Securities Act; and

8. In the case of an offer or sale of Common Shares by an officer or director of the issuer or a Distributor, who is an affiliate of the issuer or Distributor solely by virtue of holding such position, no selling concession, fee or other remuneration may be paid in connection with such offer or sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

Common Shares acquired from the Company, a Distributor, or any of their respective affiliates in a transaction subject to the conditions of Rule 901 or Rule 903 are deemed to be "restricted securities" as defined in Rule 144 under the US Securities Act. Resales of any of such restricted securities by the offshore purchaser must be made in accordance with Regulation S, the registration requirements of the US Securities Act or an exemption therefrom. Any "restricted securities", as defined in Rule 144, will continue to be deemed to be restricted securities, notwithstanding that they were acquired in a resale transaction made pursuant to Rule 901 or 904. Prior to the end of the Distribution Compliance Period and prior to any transfer of such Common Shares, each purchaser of Common Shares acquired through CREST and in reliance on Regulation S will be required, to represent and agree as follows, that:

(a) the purchaser is not a US Person and is not acting for the account or benefit of a US Person and is not located in the United States at the time the investment decision is made with respect to the Common Shares;

(b) the purchaser understands that the Common Shares have not been registered under the US Securities Act and may not be offered, sold, pledged or otherwise transferred by such purchaser except: (i) in an offshore transaction to non-US Persons and otherwise meeting the requirements of Rule 901 through Rule 905 (including Preliminary Notes) of Regulation S; (ii) pursuant to an effective registration statement under the US Securities Act; or (iii) pursuant to an exemption from the registration requirements of the US Securities Act, and in each case, in accordance with all applicable securities laws of the states of the United States and any other applicable jurisdictions;

(c) the purchaser understands and agrees that, if in the future it decides to resell, pledge or otherwise transfer any Common Shares or any beneficial interests in any Common Shares prior to the date which is one year after the later of: (i) the date when the Common Shares are first offered to persons (other than distributors) pursuant to Regulation S or pursuant to another exemption from, or transaction not subject tom registration under the US Securities Act; and (ii) Admission, it will do so only outside the United States in an offshore transaction to non-US Persons and otherwise in compliance with Rule 901 to Rule 905 (including the Preliminary Notes) under the US Securities Act, pursuant to an effective registration statement under the US Securities Act or pursuant to an exemption from the registration requirements of the US Securities Act and in each of such cases in accordance with any applicable securities law of any state of the United States;

(d) the Company is required to refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration;

(e) hedging transactions involving the Common Shares may not be conducted, directly or indirectly, unless in compliance with the US Securities Act;

(f) the purchaser agrees to, and each subsequent holder is required to, notify any purchaser of the Common Shares from it of the resale restrictions referred to above, if then applicable;

(g) the purchaser acknowledges that, prior to any proposed transfer of Common Shares other than pursuant to an effective registration statement, the transferee of Common Shares will be required to provide certifications and other documentation relating to the non-US Person status of such transferee and that such transferee was not located in the United States at the time the investment decision was made with respect to the Common Shares;

(h) the purchaser acknowledges that the Company, Investec and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties and agrees that if any such acknowledgement, representation or warranty deemed to have been made by virtue of its purchase of Common Shares is no longer accurate, it shall promptly notify the Company and Investec; and

(i) the purchaser acknowledges that the Common Shares will bear a restrictive legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **"US SECURITIES ACT"**) OR ANY SECURITIES ACTS OF ANY STATE OF THE UNITED STATES (THE **"STATE ACTS"**), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULES 901 THROUGH 905 (INCLUDING THE PRELIMINARY NOTES) OF REGULATION S UNDER THE US SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE US SECURITIES LAWS AND IN THE CASE OF (3) AN OPINION OF COUNSEL SHALL BE DELIVERED TO THE COMPANY (AND UPON WHICH THE COMPANY MAY RELY) REGARDING THE AVAILABILITY OF SUCH EXEMPTION. HEDGING TRANSACTIONS INVOLVING THE COMMON STOCK OF THE COMPANY MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT. AS PROVIDED IN THE BYLAWS OF THE COMPANY, THE COMPANY IS REQUIRED BY UNITED STATES SECURITIES LAWS TO REFUSE TO REGISTER ANY TRANSFER OF SHARES NOT MADE IN ACCORDANCE WITH THE ABOVE RESTRICTIONS."

Subject to various conditions including, among others, the availability of current information regarding the Company, applicable holding periods and volume and manner of sale restrictions, Rule 144 may be available for US resales of Common Shares by affiliates of the Company. Rule 144 is an exemption that allows the resale of restricted securities if a number of conditions are met, including, without limitation, a holding period, the availability of adequate current information about the Company and compliance with trading volume restrictions. Because the Company is not a reporting company (i.e. it does not have a class of equity securities registered under the US Exchange Act and does not file regular reports with the SEC) and does not intend to become a reporting company, the Common Shares may not be eligible for sale under Rule 144 for the foreseeable future. The Company may impose or modify transfer restrictions and require additional certifications and/or related documentation to evidence compliance with applicable securities laws and regulations. Common Shares held by "Affiliates" (as defined in Rule 405 of the US Securities Act) of the Company shall be held in certificated form and accordingly settlement shall not be permitted via CREST until such time as the relevant restrictions are no longer applicable. Affiliates of the Company at the time of the Placing, or investors that become Affiliates at any time after the Placing, should seek independent US legal counsel prior to selling or transferring any Common Shares. A liquid trading market for the Common Shares does not currently exist in the United States, and the Company does not expect such a market to develop soon.

PRIOR TO PURCHASING ANY COMMON SHARES OR CONDUCTING ANY TRANSACTIONS IN ANY COMMON SHARES, INVESTORS ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS REGARDING THE ABOVE RESTRICTIONS ON TRANSFER AND OTHER RESTRICTIONS REFERRED TO IN THIS DOCUMENT.

In this document, a **"US Person"** has the meaning set forth in Regulation S and includes:

- any natural person resident in the United States;
- any partnership or corporation organised or incorporated under the laws of the United States;
- any estate of which any executor or administrator is a US Person;
- any trust of which any trustee is a US Person;
- any agency or branch of a foreign entity located in the United States;
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- any partnership or corporation if it is organised or incorporated under the laws of any foreign jurisdiction and formed by a US Person principally for the purpose of investing in securities not registered under the US Securities Act, unless it is organised or incorporated and owned, by accredited investors (as defined in Rule 501(a) under the US Securities Act) who are not natural persons, estates or trusts.

The following are not **"US Persons"**:

- any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States;
- any estate of which any professional fiduciary acting as executor or administrator is a US Person if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and the estate is governed by foreign law;
- any trust of which any professional fiduciary acting as trustee is a US Person, if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
- an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- any agency or branch of a US Person located outside the United States if the agency or branch operates for valid business reasons; and the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and
- the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans.