

**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 should consult a person authorised under the Financial Services and Markets Act 2000 (FSMA) who specialises in advising on the acquisition of shares and other securities.**

This Document comprises an Admission Document drawn up in compliance with the requirements of the Aquis Stock Exchange Access Rulebook and is being issued in connection with the proposed admission of Clarify Pharma plc to the Access segment of the Aquis Stock Exchange Growth Market. This Document does not constitute a prospectus, and the Company is not making, an offer to the public within the meaning of sections 85 and 102B of FSMA. This Document is not an approved prospectus for the purposes of, and as defined in, section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and its contents have not been approved by the Financial Conduct Authority (FCA) or any other authority which could be a competent authority for the purposes of the Prospectus Regulation. Further, the contents of this Document have not been approved by an authorised person for the purposes of section 21 of FSMA. This Document will not be filed with, or approved by, the FCA or any other government or regulatory authority in the UK.

The Company and the Directors of the Company, whose names are set out on page 11 of this Document, have taken all reasonable care to ensure that the facts stated in this Document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Document, whether of fact or of opinion. The Directors accept full responsibility accordingly, collectively and individually for the information contained in this Document including the Company's compliance with the Aquis Stock Exchange Access Rulebook. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and there is no other material information the omission of which is likely to affect the import of such information.

The share capital of the Company is not presently listed or dealt in on any stock exchange. Application has been made for the issued ordinary share capital of the Company to be traded on the Access segment of the Aquis Stock Exchange Growth Market. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on the Access segment of the Aquis Stock Exchange Growth Market on 11 June 2021.



# CLARIFY

## CLARIFY PHARMA PLC

*(incorporated in England and Wales with company number 12294271)*

### **Placing, Subscription and Admission to trading on the Access segment of the Aquis Exchange Growth Market**

*Aquis Stock Exchange Corporate Adviser and  
Joint Broker*

*Joint Broker*



**First Sentinel Corporate Finance Limited**



**Tennyson Securities**

The AQSE Growth Market, which is operated by the Aquis Stock Exchange Limited (Aquis Stock Exchange), a recognised investment exchange under Part XVIII of the Financial Services and Markets Act 2000 (FSMA), is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies.

It is not classified as a regulated market under Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, and AQSE Growth Market securities are not admitted to the official list of the UK Listing Authority. Investment in an unlisted company is speculative and tends to involve a higher degree of risk than an investment in a listed company. The value of investments can go down as well as up and investors may not get back the full amount originally invested. An investment should therefore only be considered by those persons who are prepared to sustain a loss on their investment. A prospective investor should be aware of the risks of investing in AQSE Growth Market securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

Clarify Pharma plc is required by the Aquis Stock Exchange to appoint an AQSE Corporate Adviser to apply on its behalf for admission to the Access segment of the AQSE Growth Market and must retain a AQSE Corporate Adviser at all times. The requirements for an AQSE Corporate Adviser are set out in the Corporate Adviser Handbook, and the AQSE Corporate Adviser is required to make a declaration to the Aquis Stock Exchange in the form prescribed by Appendix B to the AQSE Corporate Adviser Handbook.

**This admission document has not been approved or reviewed by the Aquis Stock Exchange or the Financial Conduct Authority.**

First Sentinel Corporate Finance Limited (FSCF), which is authorised and regulated by the Financial Conduct Authority, is the Company's Aquis Exchange Corporate Adviser for the purposes of Admission. FSCF has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Document, or for the omission of any material

information, for which the Directors are solely responsible. FSCF is acting for the Company and no one else in relation to the arrangements proposed in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person on the content of this Document.

FSCF is also acting as the Company's Aquis Stock Exchange joint broker in connection with the proposed Admission. Tennyson Securities (a trading name of Shard Capital Partners LLP (**Tennyson**)) is authorised and regulated in the United Kingdom by the FCA and are also acting as the Company's joint brokers for the Company. FSCF's, Tennyson's responsibilities as the Company's joint broker are owed solely to the Company and not to any Director, or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this Document without limiting the statutory rights of any person to whom this Document is issued. No representation or warranty, express or implied, is made by FSCF or Tennyson as to, and no liability whatsoever is accepted by FSCF or Tennyson for, the accuracy of any information or opinions contained in this Document or for the omission of any material information from this Document for which the Company and the Directors are solely responsible. Neither FSCF, nor Tennyson will be offering advice to recipients of this Document in respect of any acquisition of Ordinary Shares.

Copies of this Document will be available on the Company's website, [clarifypharma.com](http://clarifypharma.com) from Admission.

The whole text of this Document should be read. An investment in the Company involves a high degree of risk and may not be suitable for all recipients of this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

## IMPORTANT INFORMATION

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. Statements made in this Document are based on the law and practice currently in force in the UK and are subject to change. This document should be read in its entirety. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

The delivery of this Document or any subscriptions or purchases made hereunder and at any time subsequent to the date of this Document shall not, under any circumstances, create an impression 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.

**PROSPECTIVE INVESTORS SHOULD READ THE WHOLE TEXT OF THIS DOCUMENT AND SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS ARE ADVISED TO READ, IN PARTICULAR, THE INFORMATION ON THE COMPANY SET OUT IN PART 1 AND THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.**

### Notice to prospective investors in the United Kingdom

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

## OVERSEAS SHAREHOLDERS

This Document does not constitute an offer to sell, or a solicitation to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not for distribution in or into the United States, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States, Canada, Australia, the Republic of South Africa or Japan or to any national, citizen or resident of the United States, Canada, Australia, the Republic of South Africa or Japan.

The distribution of this Document in certain jurisdictions may be restricted by law. 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, the United States of America, Canada, Australia, the Republic of South Africa or Japan. No action has been taken by the Company or FSCF that would permit a public offer of Ordinary 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 laws of any such jurisdiction.

Holding Ordinary Shares may have implications for overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

**UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT BE COMMUNICATED, TRANSMITTED OR OTHERWISE SHARED WITH PERSONS DOMICILED, RESIDENT OR BASED IN THE UNITED STATES OF AMERICA ITS TERRITORIES OR POSSESSIONS OR WHO MAY OTHERWISE BE CONSIDERED AS UNITED STATES PERSONS, INCLUDING REPRESENTATIVES OF UNITED STATES COMPANIES OR NON-UNITED STATES SUBSIDIARIES OF UNITED STATES COMPANIES UNLESS THEY HAVE RECEIVED INDEPENDENT LEGAL ADVICE FROM THEIR OWN ADVISERS THAT THEY ARE ENTITLED TO RECEIVE THIS DOCUMENT.**

## FORWARD-LOOKING STATEMENTS

This Document includes "forward-looking statements" which include all statements other than statements of historical facts including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "plan", "project", "believes", "estimates", "aims", "intends", "can", "may", "expects", "forecasts", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Among the important factors that could cause the Company's actual results, performance or achievements to differ materially from those in forward looking statements include factors in the section entitled "Risk Factors" and elsewhere in this Document. These forward-looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions in relation to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this Document may not occur. Prospective investors should be aware that these statements are estimates, reflecting only the judgement of the Company's management and prospective investors should not therefore rely on any forward-looking statements.

By accepting this Document you agree to be bound by the above conditions and limitations.

#### **THIRD PARTY INFORMATION**

To the extent that information has been sourced from a third party, this information has been accurately reproduced and, so far as the Directors and the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

#### **INFORMATION ON THE COMPANY'S WEBSITE**

The information on the Company's website does not form part of the admission document unless that information is incorporated by reference into the admission document.

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## DEFINITIONS

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

<b>“Admission”</b>	admission of the Enlarged Share Capital of the Company to trading on the Access segment of the Aquis Stock Exchange Growth Market becoming effective in accordance with the Aquis Stock Exchange Access Rulebook;
<b>“AIF”</b>	an alternative investment fund within the meaning of AIFMD;
<b>“AIFM</b>	an Alternative Investment Fund Manager;
<b>“AIFM Regulations”</b>	the Alternative Investment Fund Managers Regulations 2013 of the United Kingdom (SI 2013/1773);
<b>“AIFMD”</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (which is part of English law by virtue of the European Union (Withdrawal) Act 2018, as amended);
<b>“Aquis Exchange”</b>	Aquis Exchange PLC, a recognised investment exchange under section 290 of FSMA;
<b>“Aquis Stock Exchange Growth Market”</b>	the market for unlisted securities operated by Aquis Exchange;
<b>“Aquis Stock Exchange Access Rulebook”</b>	Aquis Stock Exchange Growth Market Rules for Issuers, which set out the admission requirements and continuing obligations of companies seeking admission to, and whose shares are admitted to trading on, the Access segment of the Aquis Stock Exchange Growth Market;
<b>“Board of Advisors”</b>	Tom Kineshanko, Gordy Bal, and Navdeep Dhaliwal;
<b>“Broker”</b>	any broker appointed by the Company from time to time;
<b>“Broker Warrants”</b>	the transferable warrants to be issued to certain brokers engaged by the Company in relation to the Placing, which are exercisable at the Issue Price at any time until the day preceding the fifth anniversary of the date of Admission;
<b>“Business Day”</b>	a day (other than a Saturday or a Sunday) on which banks are open for business in London;
<b>“CAD”</b>	the lawful currency of the Canada;
<b>“CDSA”</b>	the Canadian statute, the Controlled Drugs and Substances Act;
<b>“certificated” or “in certificated form”</b>	in relation to a share, warrant or other security, a share, warrant or other security, title to which is recorded in the relevant register of the share,

	warrant or other security concerned as being held in certificated form (that is, not in CREST);
<b>“Chairman”</b>	Jonathan Franklin Bixby, or the Chairman of the Board from time to time, as the context requires;
<b>“City Code”</b>	the City Code on Takeovers and Mergers;
<b>“Company” or “Issuer” or “Clarify”</b>	Clarify Pharma plc, a company incorporated in England and Wales under the Companies Act on 1 November 2019, with number 12294271;
<b>“Companies Act”</b>	the Companies Act 2006 (as amended from time-to-time);
<b>“Connected Persons”</b>	a Director or any member of a Director’s immediate family;
<b>“CREST” or “CREST System”</b>	the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments;
<b>“CREST Manual”</b>	the compendium of documents entitled “CREST Manual” issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules, the CSS Operations Manual and the CREST Glossary of Terms;
<b>“CREST Regulations”</b>	The Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
<b>“CREST Requirements”</b>	the rules and requirements of Euroclear as may be applicable to issuers from time to time, including those specified in the CREST Manual;
<b>“CRESTCo”</b>	CRESTCo Limited, the operator (as defined in the CREST Regulations) of CREST;
<b>“Dealer’s License”</b>	a controlled drugs and substances dealer’s licence that may be granted by Health Canada in relation to controlled substances including in relation to the possession, production, packaging, sale, transportation, laboratory analysis, research and development, conducting clinical studies, distribution, and import/export of controlled substances;
<b>“Directors” or “Board” or “Board of Directors”</b>	the directors of the Company, whose names appear on page 11, or the board of directors from time to time of the Company, as the context requires, and “Director” is to be construed accordingly;
<b>“Directorships”</b>	positions the Directors hold or have previously held, in addition to the Company, at other organisations, as members of the administrative, management or supervisory bodies of those organisations at any time in the five years prior to the date of this Document;
<b>“Directors’ Lock-In Agreement”</b>	the lock-in and orderly market agreement between the Locked-In Directors the Company and FSCF as further described in paragraph 9.12 of Part IV of this Document;

<b>“Document” or “this Document”</b>	this document;
<b>“EBITDA”</b>	operating profit/(loss) before interest, taxation, depreciation, amortisation and impairment loss;
<b>“EEA”</b>	the European Economic Area;
<b>“EEA States”</b>	the member states of the European Union and the European Economic Area, each an “EEA State”;
<b>“Enlarged Share Capital”</b>	297,195,000 Shares, being the Existing Shares and the New Shares;
<b>“EU”</b>	the European Union;
<b>“EU Market Abuse Regulation”</b>	Regulation (EU) No 596 2014 of the European Parliament and of the Council of 16 May 2014 on market abuse;
<b>“Euro”</b>	the lawful currency of the European Union;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Exchange Act”</b>	the US Securities Exchange Act of 1934, as amended;
<b>“Existing Shares”</b>	the existing Shares in issue prior to the Fundraising and as at the date of this Document;
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“Food and Drugs Regulations”</b>	regulations issued in Canada pursuant to the Food and Drugs Act of Canada in order to establish standards for the safety and nutritional quality of all foods sold in Canada;
<b>“FSCF” or “First Sentinel”</b>	First Sentinel Corporate Finance Limited, Aquis Stock Exchange Corporate Adviser and Broker to the Company, which is authorised and regulated by the FCA;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended from time-to-time);
<b>“Fundraise” or “Fundraising”</b>	together the Placing Shares and the Subscription Shares;
<b>“Fundraise Warrants”</b>	the non-transferable warrants to be issued to Placees and Subscribers, which are exercisable at the Issue Price at any time until the day preceding the date that is 18 months after the date of Admission;
<b>“general meeting”</b>	a meeting of the Shareholders of the Company;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union;



<b>“Independent Directors”</b>	those Directors of the Board from time to time considered by the Board to be independent for the purposes of the QCA Code (or any other appropriate corporate governance regime complied with by the Company from time to time);
<b>“Insolvency Act”</b>	the Insolvency Act 1986 (as amended from time to time);
<b>“Investee Company”</b>	any company in which the Company has made an Investment;
<b>“Investing Policy”</b>	the Company’s published investing policy as set out in section 6 of Part I of this Document;
<b>“Investment”</b>	any acquisition by the Company or by any subsidiary of the Company (which may be in the form of a merger, capital share exchange, asset acquisition, share subscription, share purchase, scheme of arrangement, reorganisation or similar business combination) of an interest in a company or business which complies with the Investing Policy (and, in the context of the Investment, references to a company without reference to a business and references to a business without reference to a company shall in both cases be construed to mean both a company or a business);
<b>“Investment Management Agreement” or “IMA”</b>	the conditional investment management agreement dated 5 May 2021 entered into between the Company (1) and TFI (2) as amended by a supplemental letter dated 10 June 2021, further details of which are set out in paragraph 9.5 of Part VI of this Document;
<b>“Investment Objective”</b>	the Company’s published investment objective as set out in section 5 of Part I of this Document;
<b>“Investor”</b>	a Placee or a Subscriber;
<b>“IP”</b>	intellectual property;
<b>“Issue Price”</b>	£0.025 per New Share;
<b>“Locked-In Directors”</b>	the Directors and Timothy Le Druillenec, a former director of the Company;
<b>“Locked-In Significant Shareholders”</b>	the Significant Shareholders;
<b>“Locked-In Seed Shareholders”</b>	Ampersand Ventures Ltd, Paniolo Ventures Inc., Pallasite Ventures Inc, Caprice Management Pte Ltd, Kuro Ventures Pte Ltd and DFJ Capital;
<b>“Marallo”</b>	Marallo Holdings Inc., a company incorporated in the province of British Columbia in Canada, owned and controlled by Michael Edwards and his wife Julie Hamilton;

<b>“Net Proceeds”</b>	the funds received on closing of the Fundraising less any expenses paid or payable in connection with Admission;
<b>“New Shares”</b>	new Shares issued pursuant to the terms of the Fundraising on the terms and subject to the conditions in this Document;
<b>“Official List”</b>	the official list maintained by the UK Listing Authority;
<b>“Placing”</b>	the proposed placing of 72,420,000 New Shares at the Issue Price and the associated issue of 36,210,000 Fundraise Warrants and on the terms and subject to the conditions set out in this Document;
<b>“Placee”</b>	a person who confirms his agreement to the Company to subscribe for New Shares under the Placing;
<b>“Placing Letters”</b>	the placing letters from the Company, with FSCF’s assistance, to potential Investors inviting irrevocable conditional applications for subscription for New Shares pursuant to the Placing;
<b>“POCA”</b>	the Proceeds of Crime Act 2002 (as amended from time-to-time);
<b>“Pounds Sterling” or “£”</b>	British pounds sterling, the lawful currency of the UK;
<b>“Products”</b>	products (including pharmaceuticals, medical devices, diagnostics, therapies and technologies) which are based on a psychedelic compound or facilitate their use;
<b>“Prospectus Regulation”</b>	prospectus regulation (EU) 2017/1129 and includes any relevant implementing measures in each EEA State that has implemented the regulation;
<b>“Prospectus Regulation Rules” or “PRR”</b>	the prospectus regulation rules of the FCA made pursuant to Part VI of FSMA, as amended from time to time;
<b>“QCA Code”</b>	the Corporate Governance Code for Small and Mid-size Quoted Companies published by the QCA in 2018;
<b>“Registrar”</b>	Computershare Investor Services PLC or any other registrar appointed by the Company from time to time;
<b>“Registrar Agreement”</b>	the registrar agreement between the Company and the Registrar, details of which are set out in Part IV of this Document;
<b>“Regulations”</b>	the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2003, or applicable legislation in any other jurisdiction in connection with money laundering and/or terrorist financing;
<b>“Regulatory Information Service”</b>	a regulatory information service authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies;

<b>“Relationship Agreement”</b>	the relationship agreement between the Significant Shareholders, the Company, and FSCF as further described in paragraph 9.15 of Part IV of this Document;
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended;
<b>“Section 56 Exemption”</b>	means the exemption under Section 56 of the CDSA;
<b>“Seed Shareholders’ Lock-In Agreements”</b>	the lock-in agreement between the Locked-In Seed Shareholders, the Company and FSCF as further described in paragraph 9.14 of Part IV of this Document;
<b>“Shares” or “Ordinary Shares”</b>	the ordinary shares each of £0.001 par value in the capital of the Company including, if the context requires, the New Shares;
<b>“Shareholders”</b>	the holders of the Shares and/or New Shares, as the context requires;
<b>“Significant Shareholders”</b>	means Marallo and Olivia Edwards;
<b>“Significant Shareholders’ Lock-In Agreements”</b>	the lock-in agreement between the Locked-In Significant Shareholders, the Company and FSCF as further described in paragraph 9.13 of Part IV of this Document;
<b>“Sterling”</b>	the lawful currency of the United Kingdom;
<b>“Subscriber”</b>	a person who confirms his agreement to the Company to subscribe for New Shares under the Subscription;
<b>“Subscription”</b>	the direct subscription by sophisticated and high net worth investors 6,000,000 New Shares at the Issue Price and the associated issue of 3,000,000 Fundraise Warrants and on the terms and subject to the conditions set out in this Document;
<b>“Tennyson”</b>	Tennyson Securities, a trading name of Shard Capital Partners LLP;
<b>“TFI”</b>	The Fund Incubator Limited, a company incorporated in Scotland with registered number SC218683;
<b>“UK Listing Authority”</b>	the FCA in its capacity as the competent authority for listing in the UK pursuant to Part V of FSMA;
<b>“UK Market Abuse Regulation”</b>	the UK version of the EU Market Abuse Regulation (which is part of English law by virtue of the European Union (Withdrawal) Act 2018, as amended).
<b>“uncertificated” or “uncertified form”</b>	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;

<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	has the meaning given to the term “United States” in Regulation S;
<b>“US Dollar”</b>	the lawful currency of the United States;
<b>“VAT”</b>	(i) within the EU, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC), and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition;
<b>“Warrants”</b>	a right to subscribe for Shares granted by the Company on terms of a warrant; and
<b>“Working Capital Period”</b>	the 12 month period from the date of this Document.

References to a “**company**” in this Document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

## TECHNICAL GLOSSARY

The following technical terms are used throughout this Document unless the context requires otherwise:

<b>agonist</b>	a chemical that bonds to a receptor.
<b>DMT</b>	Dimethyltryptamine, a psychedelic drug.
<b>Health Canada</b>	the department of the Government of Canada responsible for national health policy.
<b>IRB</b>	Institutional Review Board, which is a committee established in the United States to review and approve applications for research projects involving human subjects – its primary purpose of the IRB is to protect the rights and welfare of the human subject.
<b>MHRA</b>	Medicines and Healthcare Products Regulatory Agency, an executive agency of the Department of Health and Social Care in the United Kingdom.
<b>neuro-pharmaceutical</b>	a drug used to treat neuropsychiatric, neuropsychological, or nervous-system disorders (as depression, obesity, schizophrenia, or Alzheimer's disease).
<b>neurological</b>	relating to affecting the nervous system.
<b>neuropsychiatric</b>	relating to a branch of medicine concerned with both neurology and psychiatry.
<b>neuropsychological</b>	relating to a science concerned with the integration of psychological observations on behaviour and the mind with neurological observations on the brain and nervous system.
<b>psilocybin</b>	a psychedelic chemical naturally found in certain varieties of mushrooms.
<b>PTSD</b>	post-traumatic stress disorder.
<b>psychedelics or psychedelic substances</b>	class of psychoactive substances that produce changes in perception, mood and cognitive processes.
<b>receptor</b>	chemical structures, composed of protein, that receive and transmit signals that may be integrated into biological systems.
<b>R&amp;D</b>	research and development.
<b>SAP</b>	the Health Canada's Special Access Program which allows healthcare professionals to request restricted or otherwise unavailable drugs for patients who have tried existing treatments and found them to be unsuccessful.
<b>serotonin</b>	a chemical nerve cells produce which sends signals between nerve cells – it has many functions, but is generally considered to be a natural mood stabiliser.

**serotonin receptor agonism**

an agonist of one or more serotonin receptors.

**serotonin receptor**

a receptor that modulates the release of serotonin by the body.

## SHARE CAPITAL AND ADMISSION STATISTICS

Shares in issue at the date of this Document	218,775,000
Total number of New Shares	78,420,000
Number of Warrants outstanding immediately following Admission	80,987,950
Enlarged Share Capital	297,195,000
Percentage of Enlarged Share Capital represented by New Shares	26.39%
Issue Price	£0.025
Gross proceeds of the Fundraising	£1,960,500
Net Proceeds of the Fundraising	£1,684,650
Aquis Stock Exchange Growth Market symbol (TIDM)	PSYC
Expected market capitalisation of the Company on Admission	£7,429,875
ISIN	GB00BMCD8M81
SEDOL	BMCD8M8
LEI	984500B744CA787B4C14

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	10 June 2021
Admission to trading on the Access segment of the Aquis Stock Exchange Growth Market becoming effective and commencement of dealings in the Enlarged Share Capital	8.00 a.m. on 11 June 2021
CREST members' accounts credited in (where applicable)	11 June 2021
Despatch of definitive share certificates for Shares (where applicable)	Within 10 Business Days of Admission

All references to time in this Document are to London, UK time unless otherwise stated and each of the times and dates are indicative only and may be subject to change.

## **DIRECTORS, AGENTS AND ADVISERS**

### **Directors**

Jonathan Franklin Bixby (*Executive Chairman*)  
Nicholas James Lyth (*Finance Director*)  
Michael Scott Edwards (*Non-Executive Director*)  
Patrick McBride (*Independent Non-Executive Director*)  
Jonathan Hives (*Independent Non-Executive Director*)

### **Company Secretary**

Nicholas James Lyth  
9th Floor, 16, Great Queen Street  
London WC2B 5DG

### **Registered Office**

9th Floor, 16 Great Queen Street  
London WC2B 5DG

### **Website**

[www.clarifypharma.com](http://www.clarifypharma.com)

### **Legal advisers to the Company**

Fladgate LLP  
16 Great Queen Street  
London WC2B 5DG

### **Aquis Corporate Adviser to the company and Joint Broker**

First Sentinel Corporate Finance Limited  
72 Charlotte Street  
London W1T 4QQ

### **Joint Broker**

Tennyson Securities  
(a trading name of Shard Capital Partners LLP)  
20 Fenchurch Street  
London  
EC3M 3BY

### **Auditors to the Company and Reporting Accountants**

haysmacintyre LLP  
10 Queen Street Place  
London EC4R 1AG

### **Registrars**

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS13 8AE



## **PART I**

### **INFORMATION ON THE COMPANY AND STRATEGY**

#### **1. Introduction**

Clarify is a newly established company incorporated on 1 November 2019. The Company has not carried out any commercial activity since its incorporation.

The Board will seek to develop a business concentrating on high potential and fast growing biotech and life science companies that perform research or produce neuro-pharmaceutical drug development platforms that advance medicines based on all psychedelic substances through rigorous science and clinical trials.

The Company will leverage the Board's expertise, and experience in multiple sectors, as well as their networks in the psychedelic medicine to drive value creation and to establish the business (as at the date of this document the Company does not have any active business activities). The Board has a proven capability in transaction origination and strategic business plan execution to achieve significant growth. Further information on the Board is set out in paragraph 11 of this Part I of this Document.

Application has been made for the Ordinary Shares to be admitted to trading on the Access Segment of the Aquis Stock Exchange Growth Market. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on 11 June 2021.

#### **2. Overview of Management Experience & Advisory Board**

The Board is chaired by Jonathan Bixby, who has over 20 years of experience in the early stage technology sector, as both a member of the management of and investor in private companies (Blue Mesa Health, KOHO, Darkvision and Alavida) and as a founder of a number of public companies (Leaf Mobile, Argo Blockchain PLC, Cellular Goods PLC, Guild eSports PLC, Pioneer Media Holdings, NFT Investments). Jonathan has facilitated five companies' transition to being publicly traded (directly or indirectly), has overseen a number of successful exits and has extensive experience chairing UK public company boards. He has been actively engaged in a number of M&A and IPO transactions and has built over US\$2bn in market capitalisation in early stage companies over the last five years. Jonathan Bixby is supported by Nicholas Lyth, the Company's Finance Director.

##### **2.1 Directors**

The Company's Non-Executive Directors are Michael Edwards, Jonathan Hives, and Patrick McBride. Jonathan Hives and Patrick McBride are the Independent Non-Executive Directors.

Michael Edwards has a 20 year history of starting and investing in technology companies. He has invested in more than 40 technology start-ups, many of which focus on the development and commercialization of IP as a key value driver for the business.

Jonathan Hives is an active member of the Chartered Insurance Institute, where he holds the Diploma in Financial Planning. He is also qualified as an Investment Adviser in the United States and with his professional background will offer robust independent oversight to the operation of the board.

Patrick McBride was a co-founder of Eight Capital and is well known for building Canada's psychedelic public capital markets. He has raised capital or advised MindMed, Numinus, PsyBio, Cybin Corp, Harvest Health, Willow Biosciences and Charlotte's Web Holdings, amongst others.

##### **2.2 Board of Advisors**

The Company has constituted a Board of Advisors with significant experience in the psychedelic sector:

- Tom Kineshanko is the co-founder and President of Filament Ventures, one of Canada's leaders in Psychedelic Medicines. Filament has created a large psychedelic IP portfolio and currently listing on a Canadian public exchange. Tom is a well known expert and investor in the psychedelics market and has invested in Cybin, Mindmed, Numinus, Neonmind and Optimi.
- Navdeep Dhaliwal is the founder and CEO of NLX Capital Corp a positive impact merchant banking and venture capital firm focused on psychedelics, cannabis, climate and crypto. Navdeep has invested in

and/or advised numerous psychedelic start-ups including Cybin (CYBN), FieldTrip and Gigamesh. Navdeep was the CEO of Supreme Cannabis (TSX: FIRE) and grew the company to over a \$1B CAD valuation.

- Gordy Bal is an experienced life sciences investor (Bulletproof and Oura Ring) and advisor to companies in the health and wellness space. Gordy has been investing in psychedelics and mental health solutions through his Conscious Capital Venture Fund and has built a significant network in the space including the senior leadership team at the Multidisciplinary Association for Psychedelic Studies (**MAPS**). With direct experience in psychedelic research, wearable technology, patient education, and growth marketing, he brings a considerable degree of expertise in this sector. Before turning his focus to Conscious Capital, Gordy spent over a decade building technologies in digital advertising that have transacted over a billion dollars online. In 2015, he founded an organization called CTR, which invests in disruptive technologies, entrepreneurs, and media. Gordy has dedicated a major part of his efforts to bringing the power of plant derived substances to market.

### **3. The psychedelics market**

The Board defines psychedelic inspired medicines to be a new class of drugs based on medicines and therapies derived from psychedelics. Psychedelics are a class of substances whose primary effect is to trigger non-ordinary stages of consciousness via serotonin receptor agonism. This effect can cause specific psychological, visual and auditory changes and often a substantially altered state of consciousness.

Many of the currently known psychedelics are classified as having no accepted medical use. However, in both Europe and the US, medicines regulators have eased restrictions on using certain psychedelic substances.

For example, in 2018 the United States Food and Drug Administration (**FDA**) granted breakthrough therapy designation for psilocybin-assisted therapy for treatment-resistant major depressive disorder. In 2019, the FDA also granted breakthrough therapy designation for psilocybin therapy treating major depressive disorder more generally.

“Breakthrough therapy” is an FDA designation that expedites drug development. The FDA's "breakthrough therapy" designation is not intended to imply that a drug is actually a "breakthrough" or that there is high-quality evidence of treatment efficacy for a particular condition. Instead, it allows the FDA to grant priority review to drug candidates if preliminary clinical trials indicate that the therapy may offer substantial treatment advantages over existing options for patients with serious or life-threatening diseases. The FDA has other mechanisms for expediting the review and approval process for promising drugs, including fast track designation, accelerated approval, and priority review.

The potential benefits of psychedelic drugs have also been recognised in the UK. In December 2020 the UK's Medicines and Healthcare Products Regulatory Agency (**MHRA**) approved a clinical trial of the use of the psychedelic drug DMT to treat depression. The trial (which is run by an English company in collaboration with Imperial College London) will initially give the drug to healthy individuals, but it is expected to be followed by a second trial in patients with depression, where DMT will be given alongside psychotherapy. The trial was approved by the MHRA. However, because DMT is a controlled substance, the trial now needs permission from the Home Office before it can begin.

### **4. Market Opportunity**

Psychedelic plants have been used for over 1,000 years until the use of those substances were made illegal by governments in the 60s and 70s. However, most of these substances were banned in the US by the 1970 Controlled Substances Act. Similarly, in the UK, psychedelic drugs (MDMA, LSD, DMT, Psilocybin) were classified as a Schedule 1 drug in the Misuse of Drugs Act 1971 which means that the potentially valuable medicines in psychedelic plants remain largely unexplored.

There are over 100 species of psilocybin mushrooms and over 10 known psychedelic plants.<sup>1</sup> It is expected that the global psychedelics industry will be worth over US\$100 billion<sup>2</sup> and so will represent a healthier, better alternative to the sum of approximately US\$225 billion per annum spent on the treatment of mental health and substance use disorders in North America.<sup>3</sup> It is estimated that:

- over 264 million people globally suffer from depression,<sup>4</sup> with the annual global expenditure on treating depression exceeding US\$71 billion;<sup>5</sup>
- over 275 million people globally suffer from anxiety<sup>6</sup>, with the annual global expenditure on treating anxiety and depression exceeding US\$1 trillion<sup>7</sup>; and
- over 21 million people in the United States suffer from addiction<sup>8</sup>, with the annual global market exceeding US\$26.4 billion<sup>9</sup>.

It is also estimated that: nearly US\$40 billion of pharmaceutical revenue comes from natural sources by 2022<sup>10</sup>; 40% of the drugs behind the pharmacist's counter in the Western world are derived from plants<sup>11</sup>; and 42% of all drugs from 1981 to 2019 came from natural origins<sup>12</sup>. An example of a success plant based drug is Taxol®, which is a best-selling cancer drug, which at its peak had annual revenues of US\$1.6 billion. Taxol® was derived from the bark of a yew tree.<sup>13</sup>

As the field of psychedelic science continues to grow, the Board considers that psychedelic-assisted psychotherapy will continue to gain acceptance in the medical community with numerous recent studies highlighting the contributions of psychotherapy treatments<sup>14</sup> and accredited research organisations demonstrating its clinical effectiveness.<sup>15</sup> In particular, the Company believes that over time, the psychedelic (and consumer perceptions thereof) will likely undergo a paradigm shift that is analogous to the change experienced by the cannabis industry, which resulted in the emergence of the global, multibillion-dollar industry.

The Board also considers that there is a sizable potential market for psychedelic and nutraceutical products with prospects for a strong, psychedelic and nutraceutical industry to emerge globally.

Although the market for psychedelic products is presently limited on a global basis due to legislation, in some jurisdictions it has reached an early stage of development. The Board considers that the recent wave of deregulation and legalisation of recreational cannabis across the globe will provide jurisdictions with the impetus to shift their focus to psychedelics, and, in time, give way to the emergence of numerous and sizable opportunities

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<sup>1</sup> <https://www.livescience.com/psilocybin.html>  
<http://www.dl.begellhouse.com/journals/708ae68d64b17c52,2cbf07a603004731,3c3817f62136c0bb.html#>

<sup>2</sup> PSYCH the psychedelics as medicine report second edition

<sup>3</sup> Projections of National Expenditures for Treatment of Mental & Substance Use Disorders (SAMHSA)

<sup>4</sup> <https://www.who.int/news-room/fact-sheets/detail/depression>

<sup>5</sup> <https://www.apa.org/monitor/2017/03/numbers>

<sup>6</sup> <https://www.weforum.org/agenda/2019/01/this-is-the-worlds-biggest-mental-health-problem/>

<sup>7</sup> <https://www.who.int/news/item/13-04-2016-investing-in-treatment-for-depression-and-anxiety-leads-to-fourfold-return>

<sup>8</sup> <https://www.addictioncenter.com/addiction/addiction-statistics/>

<sup>9</sup> <https://www.bccresearch.com/market-research/pharmaceuticals/opioid-drugs-global-markets.html>

<sup>10</sup> <https://www.statista.com/statistics/939882/global-botanical-and-plant-derived-drugs-market-value/>

<sup>11</sup> <https://www.fs.fed.us/wildflowers/ethnobotany/medicinal/index.shtml>

<sup>12</sup> <https://pubs.acs.org/doi/10.1021/acs.jnatprod.9b01285>

<sup>13</sup> [https://dtp.cancer.gov/timeline/flash/success\\_stories/S2\\_Taxol.htm](https://dtp.cancer.gov/timeline/flash/success_stories/S2_Taxol.htm)

<sup>14</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6650145/>

<sup>15</sup> <https://hopkinspsychedelic.org/achievements> <https://psychedelictoday.com/2020/02/11/jon-s-nyus-double-blind-trial-of-psilocybin-assisted-treatment-of-alcohol-dependence/>

for market participants, including the Company. The nutraceutical industry is a sizeable global market in excess of US\$382 billion.<sup>16</sup>

The Company remains optimistic about the future of psychedelics, in general. Psychedelics are progressively emerging as potential alternative candidates for conventional therapies for individuals suffering from elusive maladies like PTSD, addiction, Alzheimer's, and depression. For example, in August 2020, as a result of the efforts of TheraPsil, a non-profit coalition that advocates for a legal access, through the Special Access Programme (SAP), to psilocybin therapy for palliative care of Canadians. Four Canadians with incurable cancer were approved by the Canadian federal Minister of Health, to use psilocybin therapy in the treatment of their end-of-life.<sup>17</sup>

## **5. Investment Objective**

The Company's objective is to generate capital growth over the long term through a portfolio of businesses concentrating on fast growing biotech and life science companies that research or produce neuro-pharmaceutical drug development platforms advancing medicines based on psychedelic substances through rigorous science and clinical trials.

The Board expects to be able to substantially develop its business within 12 months from Admission.

The Board is building out an R&D pipeline of companies which are discovering, developing or deploying safe and evidence-based psychedelic inspired medicines and experiential therapies that alleviate mental health problems and enhance wellbeing. Through those drug development platforms, Clarify will invest in companies which seek to prove the safety and efficacy of psychedelic-based substances as disruptive technologies and solutions for a continuum of mental illnesses and high unmet medical need.

Clarify will assemble a portfolio of compelling drug development pipeline of psychedelic inspired medicines and experiential therapies for human clinical trials under the supervision and strict adherence to the guidelines of the United Kingdom's MHRA, Canada's Health Canada and similar regulatory authorities in other jurisdictions where Clarify or its Investee Companies operate.

## **6. Investing Policy**

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

### **6.1 Sector focus**

As mentioned above, the Company intends to focus on opportunities in the psychedelic medicine sector.

### **6.2 Place of incorporation of Investee Companies**

The Company will consider each potential investment in an Investee Company on its merits, irrespective of where that potential Investee Company is incorporated. However, the Board anticipates that, initially, most Investee Companies will be incorporated in Canada or the United Kingdom or other growing markets.

That is because:

- the Directors believe that there are more companies in the psychedelics sector operating in those jurisdictions than in other jurisdictions;
- the Directors believe that the regulatory environment in those jurisdictions is more stringent than in the other jurisdictions (which should help ensure that the Investee Companies carry out their business in an ethical manner); and
- those jurisdictions are ones in which the Directors have the most experience in investing.

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<sup>16</sup> <https://www.grandviewresearch.com/industry-analysis/nutraceuticals-market>

<sup>17</sup> <https://www.ctvnews.ca/health/four-terminally-ill-canadians-get-special-exemption-to-use-psychedelic-therapy-1.5051357>

### **6.3 Investments**

In most cases the proposed Investments to be made by the Company will be in companies, in which case the Company will therefore have only an indirect interest in a Product. Investee Companies may either be quoted or unquoted.

Where appropriate, the Company may decide to structure its investment and have a direct interest in a Product. Such a direct interest in a Product may be by acquiring a Product or being granted a licence in a Product (including a licence to market, sell or distribute a Product).

### **6.4 Types of investment and control of investments**

If the Company is acquiring an interest in a company it will typically acquire an interest of less than 50%. The Company will generally not seek to take control of an Investee Company, although it may seek to appoint a director to the board of an Investee Company. The Company will generally be an active investor in any Investee Company.

The Company will either subscribe for new shares or acquire existing shares in an Investee Company. The Board will consider issuing additional Shares as acquisition consideration to sellers of shares in Investee Companies or as subscription consideration to an Investee Company. In such an instance, the Board would expect to manage the dilutive effect of any such issue of additional Shares carefully and it is unlikely that the Board would consider such a course of action in circumstances where any exiting seller(s) might obtain any degree of control of the Company.

### **6.5 Investment size**

It is envisaged that the Investments will have an enterprise value of £25,000 - £1 million, which, if necessary, will be funded through further equity issues to appropriate and prudent levels.

### **6.6 Nature of returns**

It is anticipated that returns to Shareholders will be delivered through a combination of an appreciation in the Company's share price and, at an appropriate time, through the adoption of a progressive dividend policy which will be linked to the strategy objective of a strong focus on cash flow generation.

### **6.7 Borrowing**

The Company will not borrow in order to finance (in whole or in part) the making of an Investment.

### **6.8 Cash balances**

Pending investment, reinvestment or distribution of cash receipts or repayments of any outstanding indebtedness, cash received by the Company will be invested in cash, cash equivalents, near-cash instruments, money market instruments and money market funds and cash funds. The Company may also hold derivative or other financial instruments designed for efficient portfolio management or to hedge interest, inflation, power price or currency rate risks. The Company and any other member of its group may also lend cash which it holds as part of its cash management policy.

### **6.9 Changes to the Investing Policy**

The Investing Policy may be amended from time to time by the Board. Changes in the Investing Policy will be announced to Shareholders.

### **6.10 Reporting on net asset value**

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

## **7. Investment process**

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

## **7.1 Deal flow**

Potential opportunities will initially be sourced through the Directors' contacts.

## **7.2 Compliance with regulation and law**

The Directors are mindful of the fact that the psychedelics sector is a relatively new sector and so the regulatory environment relating to the sector is likely to be the subject of rapid change. The Directors will keep the regulatory environment for the psychedelics sector under review and will carry out due diligence before making an Investment in order to take reasonable care to ensure that the Investee Company is compliant with all applicable law and regulations and that the making of the Investment by the Company will not be in breach of POCA or any other applicable law or regulation.

## **7.3 Independent due diligence**

Prior to making an Investment, the Company will undertake an appropriate due diligence exercise. This due diligence process will include a review of all relevant concerns regarding the Investee Company. The process will be tailored to the individual situation and the relevant opportunity and it is not currently possible to ascertain with any degree of certainty the length of time and costs associated with such a process. However, the due diligence process would normally be expected as a minimum to include, among other things:

- meetings with incumbent management and employees;
- visits to sites and facilities;
- a review by a relevant scientific expert as to the nature, ability and robustness of the Investee Company's intellectual property;
- a legal review of an Investee Company's IP, patents, licence agreements or other commercial documents;
- a legal review to ensure that the activities of the Investee Company are lawful both in its jurisdiction of operation and in the UK;
- a review of all key documents and arrangements of the Investee Company in order to address corporate, contractual and regulatory issues as well as broader legal information such as litigation, material contracts and relevant transactions; and
- a financial due diligence review including financial controls and reporting procedures.

## **7.4 Capital markets view**

Consideration will be given to investors' expectations.

## **7.5 Scientific review**

There will be a scientific due diligence process that focuses on reviewing the medical benefits and risks of an Investee Company's product or potential Product.

## **7.6 Board of Advisors and Board approval**

All Investments will be reviewed by the Board of Advisors and must be approved by the Board.

## **7.7 How the Company holds its Investments**

The Company may invest in any type of financial instrument, including equity and non-equity shares, trust units, debt securities, shareholder loans, subscription and conversion rights and options in relation to such shares and securities and interests in partnerships and limited partnerships and other forms of collective investment schemes. Investments in funds, companies and other entities may be made either directly or indirectly, through one or more holding, special purpose or investment vehicles, and in which one or more co-investors, may also have an interests.

## **8. Regulatory Environment**

The operations and research and development activities of Investee Companies will be subject to various laws and regulations in the countries in which they conduct or plan to conduct business. The Company will only invest

in Investee Companies operating with such substances if the relevant laws and regulations governing them are complied with.

The regulatory approval process for drugs and treatments is generally lengthy and expensive, with no guarantee of a positive result. Failure to comply with applicable regulatory authorities or other requirements may result in civil or criminal penalties, recall or seizure of products, injunctive relief including partial or total suspension of production, or withdrawal of a product from the market.

Whilst Clarify's Investee Companies will be focused on programs using psychedelic inspired compounds, Clarify will not (and will carry out due diligence to take reasonable care to ensure that its Investee Companies do not) have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it or they operate.

The Company will be an investor in neuro-pharmaceutical drug development companies and does not advocate for the legalisation of any psychedelic substances and does not (and will carry out due diligence to ensure that its Investee Companies do not) deal with psychedelic substances except within approved laboratory clinical trial settings conducted within approved regulatory frameworks.

The Company will take all reasonable steps to ensure that the Products of Investee Companies will not be commercialised prior to applicable regulatory approval, which will only be granted if clinical evidence of safety and efficacy for the intended uses is successfully developed. Furthermore, because the Company will only make Investments in companies which deal with psychedelic substances within approved laboratory clinical trial settings within approved regulatory frameworks, in the Directors' view, there are minimal risks associated with third-party service providers that relate to the treatment of psychedelic substances under applicable laws. The Directors also consider that the Company has minimised other risks associated with third-party service providers through standard contractual obligations.

#### 8.1 United Kingdom Regulation

In the UK, there are two main "layers" of regulation with which products containing controlled substances must comply. These are i) controlled drugs legislation, which applies to all products irrespective of the type of product, and ii) the regulatory framework applicable to a specific category of products, in this case, pharmaceuticals and food/food supplements.

The main UK controlled drugs legislation is the Misuse of Drugs Act 1971 (**MDA**) and the Misuse of Drugs Regulations 2001 (**MDR**), each as amended. The MDA sets out the penalties for unlawful production, possession and supply of controlled drugs based on three classes of risk in accordance with their relative harm (A, B and C). The MDR sets out the permitted uses of controlled drugs based on which Schedule (1 to 5) they fall within. Most psychedelic substances are controlled as Class A drugs under the MDA and as Schedule 1 drugs under the MDR which are deemed to be the most dangerous, and so carry the harshest punishments for unlawful manufacture, production, possession and supply. Schedule 1 drugs can only be lawfully manufactured, produced, possessed and supplied under a Home Office licence.

#### 8.2 Canadian Regulation

In Canada, oversight of healthcare is divided between the federal and provincial governments. The federal government is responsible for regulating, among other things, the approval, import, sale, and marketing of drugs such as psilocybin and other psychedelic substances, whether natural or novel. The provincial/territorial level of government has authority over the delivery of health care services, including regulating health facilities, administering health insurance plans such as the Ontario Health Insurance Plan, distributing prescription drugs within the province, and regulating health professionals such as doctors, psychologists, psychotherapists and nurse practitioners. Regulation is generally overseen by various colleges formed for that purpose, such as the College of Physicians and Surgeons of Ontario.

Certain psychoactive compounds, such as psilocybin, are considered controlled substances under Schedule III of the CDSA. In order to conduct any scientific research, including pre-clinical and clinical trials, using psychoactive compounds listed as controlled substances under the CDSA, an exemption under Section 56 of the CDSA (**Section 56 Exemption**) is required. This exemption allows the holder to possess and use the controlled substance without

being subject to the restrictions set out in the CDSA. The Company has not applied for a Section 56 Exemption from Health Canada.

The possession, sale or distribution of controlled substances is prohibited unless specifically permitted by the government. A party may seek government approval for a Section 56 Exemption to allow for the possession, transport or production of a controlled substance for medical or scientific purposes. Products that contain a controlled substance such as psilocybin cannot be made, transported or sold without proper authorisation from the government. A party can apply for Dealer's License under the Food and Drug Regulations (Part J). In order to qualify as a licensed dealer, a party must meet all regulatory requirements mandated by the regulations including having compliant facilities, compliant materials and staff that meet the qualifications under the regulations of a senior person in charge and a qualified person in charge. Assuming compliance with all relevant laws (Controlled Drugs and Substances Act, Food and Drugs Regulations) and subject to any restrictions placed on the license by Health Canada, an entity with a Dealer's License may produce, assemble, sell, provide, transport, send, deliver, import or export a restricted drug (as listed in Part J in the Food and Drugs Regulations – which includes psilocybin and psilocin).

#### **9. Use of proceeds**

The Company has raised net proceeds of approximately £1,684,650 pursuant to the Placing and the Subscription, which are intended to be used to provide funds needed by the Company to identify and carry out due diligence on potential acquisitions and Investments and to provide working capital for the Company's initial operations in line with its acquisition and investment strategy.

#### **10. Reasons for Admission to the Access segment of the Aquis Stock Exchange Growth Market**

The Directors believe that Admission will assist in positioning the Company for its next stage of development. In addition, the Directors believe that Admission will:

- provide the Company with further access to capital to grow the Company;
- allow the Company to issue equity as consideration for future acquisitions;
- add to the Company's credibility, particularly in negotiating and completing future transactions;
- assist in promoting the Company's brand; and
- attract and retain high calibre staff and commitment by enabling the introduction of an employee share option scheme in due course.

#### **11. The Board of Directors**

The Board comprises two executive Directors and two Non-Executive Directors. The Directors are ultimately responsible for managing the Company's business in accordance with its Articles and assessing the appropriateness of its Investing Policy and strategy. The Directors also have overall responsibility for the Company's activities, including its Investment activities, and reviewing the performance of the Company's Investments. Initially the Board will comprise Jonathan Bixby, as Executive Chairman, Nicholas Lyth as Finance Director, and each of Michael Edwards, Jonathan Hives and Patrick McBride as Non-Executive Directors, details of each of whom are set out below.

Upon completion of the first Investment, the composition of the Board will be reviewed to ensure it remains appropriate for the Company, such that the constitution of the Board will reflect the profile of the Company and prevailing corporate governance standards and, in particular, with a view to ensuring that there are independent directors (using the definition set out in the QCA Code).

The Directors believe the Board is comprised of a knowledgeable and experienced group of professionals with relevant experience and capability to deliver the Company's strategy.

The Directors are as follows:

#### **Directors**

Profiles of the Directors of the Company on Admission are set out below:



***Jonathan Bixby, aged 43 – Executive Chairman***

Jonathan Bixby has significant experience in the health care, gaming and fintech sectors, and in particular was a founder and major investor in Argo Blockchain (ARB), Guild Esports (GILD) and Cellular Goods (CBX) – all listed on the London Stock Exchange. He is also the Executive Chairman of NFT Investments (NFT) admitted to trading AQUIS and he is on the board of Leaf Mobile (LEAF). Prior to this Jonathan was a founder, board member and investor in Koho Financial and Blue Mesa Health (Sold to Virgin Pulse). Previous to this, Jonathan was the CEO of Strangeloop Networks, a networking company which focused on providing hardware appliances in data centres to speed up web based properties. Strangeloop was sold to Radware (RDWR) in 2013. Jonathan was a founder and Chair of the Board of Ironpoint Technology which provided technology based content management services. Ironpoint was sold to Active Network (ACTV) in 2006.

Jonathan is a well known investor and advisor to numerous other health care, networking and software companies including Alavida, TSO Logic, Rubikloud, Neurio and Layerboom.

***Nicholas James Lyth, aged 55 – Finance Director***

Nicholas Lyth is a UK based, experienced board director and qualified accountant with over five years' experience advising a number of quoted companies including AIM listed companies Univision Engineering Ltd, Altona Energy plc and Taihua plc. Prior to his recent public company experience, Mr. Lyth was Group Finance and Purchasing Director of Belle Group, a manufacturer of engineering equipment operating across Europe, the US and Asia. He was also Head of Finance at Fothergill Group, a UK manufacturer of technical industrial fabrics, between 1996 and 2003. In his early career, Nick was a management accountant at Courtaulds plc and Rotunda plc.

***Michael Edwards, aged 53 – Non-Executive Director***

Mike Edwards has started and invested in technology companies for over 20 years. Mike invests in smart people with big ideas, and thrives on helping other entrepreneurs turn a napkin sketch into a prosperous business. He has invested in more than 40 technology start-ups including Punch'd, which was sold to Google, Summify, which was acquired by Twitter, Wander, which was acquired by Yahoo and PasswordBox, which was acquired by Intel. Mike has co-founded several companies including AreaConnect, which was sold to Marchex and Wylie Interactive, which was acquired by Zynga.

Mike is actively involved in growing and supporting the cryptocurrency start-up community and connecting local entrepreneurs with the right investors, mentors and influencers in Silicon Valley, New York, Europe and Asia. Mike co-founded Growlab, a seed stage accelerator focussing on consumer facing digital product, which later merged with Extreme Startups to create Canada's Highline accelerator, and co-founded and is a board member of Creative Labs, a venture capital backed start-up foundry that builds consumer technology companies by leveraging the Creative Artist Agency's access to talent and audience.

Mike was the co-founder and president of Argo Blockchain plc, a company established to provide cryptocurrency mining services and which was admitted to the Official List (by way of a Standard Listing) and to trading on the London Stock Exchange's Main Market for listed securities in August 2018 with a market capitalisation of £48m] Argo had a market capitalisation of £1bn in February 2021. Argo was the first cryptocurrency company to be admitted to the Main Market.

Mike was also the co-founder of: Guild Esports plc, the first esports business to be admitted to trading on the Main Market; and Cellular Goods plc, the first producer of biosynthetic cannabinoids to join the London Stock Exchange.

***Jonathan Hives, aged 36 – Independent Non-Executive Director***

Jonathan's passion for financial services dates back to his University days, where he studied B.A. (Hons) Finance and Investment Management. At the age of 23 he left the UK to begin his journey in International Financial Planning, and having lived and worked in three continents, he has first-hand experience when it comes to cross-border financial planning. Over the last 12 years he has built up invaluable experience by advising high net worth individuals and family estates, practising all areas of wealth and succession planning. Jonathan prides himself on the service he provides, which is highly personalised, proactive and bespoke to his client's objectives. He is an active member of the Chartered Insurance Institute, where he holds the Diploma in Financial Planning. In addition,

he holds Certificates in i) Discretionary Investment Management, ii) Financial Services and iii) Life and Pensions. He is also qualified as an Investment Adviser in the United States (Series 65) from his time working in New York.

***Pat McBride, aged 47 – Non-Executive Director***

Patrick McBride was a co-founder of Eight Capital and is well known for building Canada's psychedelic public capital markets. He has raised capital or advised MindMed, Numinus, PsyBio, Cybin Corp, Harvest Health, Willow Biosciences and Charlotte's Web Holdings amongst others.

**12. The Board of Advisors**

The Board of Advisors initially comprises three experienced psychedelic market experts. The Board of Advisors will advise the management team and Board of Directors on Investment decisions and market dynamics. The Board of Advisors will initially comprise of Tom Kineshanko, Navdeep Dhaliwal and Gordy Bal.

The Directors believe the Board of Advisors is comprised of a knowledgeable and experienced group of professionals with relevant experience and capability to deliver the Company's strategy.

The Advisors are as follows:

***Tom Kineshanko***

Tom Kineshanko is the co-founder and President of Filament Ventures one of Canada's leaders in Psychedelic Medicines. Filament has created a large psychedelic IP portfolio and currently listing on a Canadian public exchange. Tom is a well known expert and investor in the psychedelics market and has invested in Cybin, Mindmed, Numinus, Neonmind and Optimi.

***Navdeep Dhaliwal***

Navdeep Dhaliwal is the founder and CEO of NLX Capital Corp a leader in psychedelic and cannabis venture capital. Navdeep has funded and advised numerous psychedelic startups including Cybin (CYBN), FieldTrip and Gigamesh. Navdeep was the CEO of Supreme Cannabis (TSX: FIRE) and grew the company to over a \$1B CAD valuation.

***Gordy Bal***

Gordy Bal is an experienced life sciences investor (Bulletproof and Oura Ring) and advisor to companies in the health and wellness space. Gordy has been investing in psychedelics and mental health solutions through his Conscious Capital Venture Fund and has built a significant network in the space including the senior leadership team at MAPS. With direct experience in psychedelic research, wearable technology, patient education, and growth marketing, he brings a considerable degree of expertise in this sector. Before turning his focus to Conscious Capital, Gordy spent over a decade building technologies in digital advertising that have transacted over a billion dollars online. In 2015, he founded an organization called CTR, which invests in disruptive technologies, entrepreneurs, and media. Gordy has dedicated a major part of his efforts to bringing the power of plant derived substances to market.

Details of the agreements with the Boards of Advisors are set out in paragraphs 9.9, 9.10 and 9.11 of Part IV of this Document.

**13. Corporate Governance**

The Directors recognise the importance of sound corporate governance and, following Admission, have undertaken to take account of the requirements of the QCA Code to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources.

The Board, which will meet not less than once per month, will ensure that procedures, resources and controls are in place to ensure that AQSE Growth Market Access Rulebook compliance by the Company is operating effectively at all times and that the directors are communicating effectively with the Company's AQSE Corporate Adviser regarding the Company's ongoing compliance with the AQSE Growth Market Access Rulebook and in relation to all announcements and notifications and potential transactions.

In addition, the Board has set up a Board of Advisors which will meet whenever the Board proposes to make an Investment. The Board of Advisors will agree recommendations in relation to each proposed Investment and submit them to the Board.

In order to implement its business strategy, as at the date of this Document, the Company has adopted the corporate governance structure set out below:

#### **13.1 Audit Committee**

The Board has established an Audit Committee with formally delegated duties and responsibilities. The Audit Committee is chaired by Jonathan Hives and its other members are Michael Edwards and Nicholas Lyth. The Audit Committee will meet at least two times a year and will be responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies, as well as keeping under review the categorisation, monitoring and overall effectiveness of the Company's risk assessment and internal control processes.

#### **13.2 Remuneration Committee**

The remuneration committee, which comprises Jonathan Hives and Jonathan Bixby, is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company. The Remuneration Committee is chaired by Jonathan Hives.

#### **13.3 Aquis Rule Compliance Committee**

The Aquis Rule Compliance Committee, which will comprise Jonathan Hives, Jonathan Bixby and Nicholas Lyth, will meet not less than four times a year. The Aquis Rule Compliance Committee is chaired by Nicholas Lyth.

The Company does not have a nomination committee as the Board does not consider it appropriate to establish such a committee at this stage of the Company's development. Decisions which would usually be taken by the nomination committee will be taken by the Board as a whole.

#### **13.4 Share Dealing Code**

The Company has adopted the Share Dealing Code for dealings in its securities by Directors and certain employees which is appropriate for a company whose shares are traded on the Access segment of the Aquis Stock Exchange Growth Market. This will constitute the Company's share dealing policy for the purpose of compliance with the UK Market Abuse Regulation and the relevant part of the Aquis Stock Exchange Access Rulebook.

It should be noted that MAR and the insider dealing legislation set out in the UK Criminal Justice Act 1993 will apply to the Company and dealings in Ordinary Shares.

### **14. Regulatory position of the Company**

The Company has made an application to the FCA to be registered as a "small registered UK AIFM" pursuant to regulation 10(2) of the AIFM Regulations on the basis that it will, on the grant of such registration, be, a small internally-managed AIF.

The Company has agreed with TFI that TFI will act as the AIFM of the Company until such time as the Company is granted registration by the FCA as "small registered UK AIFM". TFI has seconded Jonathan Bixby and Nicholas Lyth to assist TFI in providing its services under the Investment Management Agreement.

Details of the agreements with TFI are set out in paragraph 9.5 of Part IV of this Document.

### **15. Takeover Code**

The Company is a public company incorporated in England and Wales and its Ordinary Shares will be admitted to trading on the Access segment of Aquis Stock Exchange. Accordingly, the Takeover Code applies to the Company and operates principally to ensure that the Shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The

Takeover Code also provides an orderly framework within which takeovers are conducted and the Takeover Panel has now been placed on a statutory footing.

Under the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered when, except with the consent of the Takeover Panel, any person (together with persons acting in concert with him) who is interested in shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other interest in shares which increases the percentage of shares carrying voting rights in which he is interested.

#### **15.1 Squeeze-out**

Under the Companies Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire 90 per cent. of the shares to which such offer related it could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the member the Access segment of whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

#### **15.2 Sell-out**

The Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the Offers could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offerors entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

#### **16. Taxation**

Information regarding UK taxation in relation to the Ordinary Shares is set out in paragraph 12 of Part IV of this Document. These details are, however, intended only as a general guide to the current tax position under UK taxation law, which may be subject to change in the future. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

#### **17. Dividend policy**

The Company is primarily seeking to achieve capital growth for its Shareholders. It is the Board's intention during the current phase of the Company's development to retain future distributable profits from the business, to the extent any are generated. The Company does not anticipate declaring any dividends in the foreseeable future. The declaration and payment by the Company of any dividends and the amount of them will be in accordance with, and to the extent permitted by, all applicable laws and will depend on the results of the Company's and Investee Companies' operations, financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.

## **18. Foreign Securities Regulations**

Potential investors should note that the Shares have not been and will not be registered under the US Securities Act or the applicable securities laws and regulations of any state of the United States and may not be offered or sold within the United States, Canada, Australia, Japan and South Africa except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. An investor who is in the US or otherwise a US person (as defined in Regulation "S" under the US Securities Act), must confirm that he falls within a relevant exemption and that he will not offer or sell Ordinary Shares within the United States except in accordance with applicable exemptions.

## **19. Proceeds of Crime Act 2002**

Under the POCA, an individual commits a potential offence if they (a) conceal, convert or transfer criminal property, (b) enter into or become involved in an arrangement to launder and/or (c) use, acquire or possess criminal property, in the UK. However, under the Proceeds of Crime Act 2002 (Money Laundering: Exceptions to Overseas Conduct Defence) Order 2006, an activity outside the UK that is lawful in the jurisdiction in which it took place would usually be criminal under UK legislation no longer constitutes an offence, but only if that offence would be punishable with imprisonment for a maximum term less than 12 months if it occurred in the UK. An activity outside the UK that is lawful in the jurisdiction in which it took place remains an offence if that offence would be punishable with imprisonment for a maximum term of 12 months or more if it occurred in the UK.

Given that the Company will ensure its activities are lawful in the jurisdiction in which they take place, the Directors believe that the potential receipt of dividends from companies in which the Company may have invested in are conducting the lawful production of and research into psychedelic substances shall not amount to an offence under the POCA in the UK in the opinion of the Directors. Therefore, the Directors believe that any receipt by the Company of dividends from its investments shall not amount to an offence under the POCA in the UK.

## **20. Lock-In Agreements and Orderly Market Arrangements**

The Locked-in Significant Shareholders and the Locked-in Directors, whose Shares represent together 23.89% of the Enlarged Share Capital, have undertaken not to dispose of any interest in the Ordinary Shares which they may have on Admission (or subsequently acquire) for the period of one year following Admission, save for in certain limited circumstances. The Locked-in Shareholders and the Locked-in Directors have further agreed that for an additional 6-month period, following the first anniversary of Admission they shall only dispose of any interest in Ordinary Shares through FSCF in accordance with certain orderly market principles.

In addition, the Locked-in Seed Shareholders, whose Shares represent together 9.76% of the Enlarged Share Capital, have undertaken not to dispose of any interest in the Ordinary Shares which they may have on Admission (or subsequently acquire) for the period of six months following Admission, save for in certain limited circumstances.

Details of these lock-in and orderly market arrangements are set out in paragraphs 9.12, 9.13 and 9.14 of Part IV of this Document.

## **21. Details of the Fundraising**

The Placees and Subscribers have all agreed to subscribe for the New Shares at an Issue Price of 2.5 pence per New Share. The Placing comprises in aggregate 72,420,000 New Shares and the Subscription comprises in aggregate 6,000,000 New Shares, so the Fundraising comprises in aggregate 78,420,000 New Shares and will therefore raise approximately £1,960,500 (before expenses). The Placees and Subscribers will each also be issued one Fundraise Warrant for every two New Shares subscribed for by them.

The Company has also previously raised approximately £1,187,750 (before expenses) subscribed directly by sophisticated and high net worth investors.

The New Shares will represent approximately 26.39 %, of the Enlarged Issued Ordinary Share Capital following Admission. The irrevocable commitments to subscribe for the New Shares are subject only to Admission by 11 June 2021 (or such later date as the Company may notify Investors), but in any event not later than 30 June 2021, and may not be withdrawn other than on a failure of the Company to achieve Admission by the prescribed long-

stop date, If Admission does not proceed, neither the Placing or the Subscription will proceed and all monies received by the Company will be returned to the relevant applicants. The New Shares will rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared, paid or made after the date of issue, and will be placed free of any expenses and stamp duty. In the case of investors receiving New Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited with effect from 11 June 2021. In the case of investors receiving New Shares in certificated form, it is expected that certificates will be despatched by post, within 10 days of the date of Admission.

## **22. Admission, Settlement, Trading and Crest**

Application has been made to the Aquis Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on the Aquis Stock Exchange Growth Market. It is expected that Admission will become effective and dealings in the Enlarged Ordinary Share Capital will commence at 8.00 a.m. on 11 June 2021. No application has been or will be made for any warrants or options to be admitted to trading.

The Articles of Association are consistent with the transfer of Ordinary Shares in dematerialised form in CREST under the CREST Regulations. Application has been made for the Ordinary Shares to be admitted to CREST on Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish.

CREST is a voluntary system and Shareholders who wish to receive and retain certificates in respect of their Ordinary Shares will be able to do so.

## **23. Warrants**

The Company has issued warrants, and on Admission will grant 39,210,000 Fundraise Warrants to, together with 10,000,000 warrants to Patrick McBride and 5,000,000 warrants to Dark Peak Services Limited (a company owned and controlled by Nick Lyth). The Warrants equate to 21.42% of the enlarged share capital (on a fully diluted basis). Further details about the warrants in issue at Admission are contained in paragraph 3.5 of Part IV of this Document. On Admission there will be 80,987,950 warrants in issue. The warrants are constituted by a warrant instrument, further details of which are contained in paragraph 9.8 of Part IV of this Document.

Save as set out above, as at the date of this document, the Company does not have in issue any other options or other securities convertible into Ordinary Shares.

## **24. Relationship Agreement**

The Company, along with FSCF, have entered into the Relationship Agreement providing for regulation of certain matters in respect of the relationship between the Company and the Significant Shareholders, which will, following Admission, have an interest of approximately 23.22% of the Enlarged Share Capital. Further details of this agreement are set out in paragraph 9.15 of Part IV of this Document.

## **25. Further Information and Risk Factors**

You should read the whole of this Document which provides additional information on the Company and not rely on summaries or individual parts only. Your attention is drawn to the further information in this Document and particularly to the risk factors set out in Part II of this Document. Potential investors should carefully consider the risks described in Part II before making a decision to invest or acquire shares in the Company.

## **PART II RISK FACTORS**

*In addition to all other information set out in this Document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities prior to making any investment.*

*If any of the following risks were to materialise, the Company's business, financial conditions, results or future operations could be materially adversely affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost.*

*The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.*

### **1. General business risks and risks related to the Company's financial condition and operations**

#### **1.1 The Company is a newly formed entity with no operating history**

The Company is newly-formed, having been incorporated on 1 November 2019. It has no operating results and lacks an established operating history and therefore, investors have no basis on which to evaluate the Company's ability to achieve its objective of operating a business. The Company's substantive operations will only commence operations following completion of, Admission.

The Company is a start-up business entering a new market. The Directors believe that they have the experience and connections to ensure that the business is able to compete with established rivals and take advantages market opportunities they have identified. However, the Company will compete with established competitors who may have more resources and a more recognisable brand presence in the market.

#### **1.2 Risk factors related to dilution**

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. On 10 March 2021, the Directors were given authority to issue and allot up to 805,000,000 Shares without Shareholders benefitting from pre-emption rights. The Directors have discretion to determine the price and the terms of further issuances. Additional Shares may also be issued by the Company upon the exercise of outstanding warrants. Moreover, the Directors may negotiate to purchase shares in an Investee Company paying the consideration in Shares.

#### **1.3 The actual performance of the Company following Admission may differ materially from the expectations of the Directors and Shareholders**

Revenues and operating results are difficult to forecast due to the uncertainty of the fast-changing regulatory environment in which the Company shall operate, which could materially impact the activities it is able to conduct in certain territories.

#### **1.4 Any due diligence by the Company in connection with an investment may not reveal all relevant considerations or liabilities of the target investment, which could have a material adverse effect on the Company's financial condition or results of operations**

The Company intends to conduct such due diligence as it deems reasonably practicable and appropriate based on the facts and circumstances applicable to any potential investment. The objective of the due diligence process will be to identify material issues which might affect the decision to proceed with any one particular investment.

There can be no assurance that the due diligence undertaken with respect to a potential investment will reveal all relevant facts that may be necessary to evaluate the adequacy such investment. Furthermore, the information provided during due diligence may be incomplete, inadequate or inaccurate. As part of the due diligence process, the Company will also make subjective judgments regarding the results of operations, financial condition and prospects of a potential opportunity. If the due diligence investigation fails to correctly identify material issues and

liabilities that may be present in a target investment, or if the Company considers such material risks to be commercially acceptable relative to the opportunity, and the Company proceeds with an investment, the Company may subsequently incur substantial impairment charges or other losses.

**1.5 Dividend payments on the Ordinary Shares are not guaranteed and the Company does not intend to pay dividends in the foreseeable future**

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law. Payments of such dividends will be dependent on performance of the Company's business. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any. The Company does not expect to pay dividends in the foreseeable future.

**1.6 Additional requirements for capital**

Substantial additional financing may be required if the Company is to successfully develop its Investing Policy. No assurances can be given that the Company will be able to raise the additional capital that it may require for the implementation of its Investing Policy. Any additional equity financing may be dilutive to Shareholders and debt financing, if available or suitable for the Company's objectives, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

**1.7 Regulatory compliance**

Achievement of the Company's business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. The Company may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing our operations or of our Investee Companies to cease or be curtailed, and may include corrective measures requiring capital expenditures, or remedial actions. The Company or its Investee Companies may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

**1.8 Regulatory changes**

Any changes in applicable laws and regulations could have an adverse effect on the Company's operations. The psychedelic drug industry is a fairly new industry and the Company cannot predict the impact of the ever-evolving compliance regime in respect of this industry. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for future Products, or the extent of testing and documentation that may, from time to time, be required by governmental authorities. The impact of compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, its business and Products, and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Company.

The success of the Company's business is dependent on its activities being permissible under applicable laws and any reform of controlled substances laws or other laws may have a material impact on the Company's business and success. There is no assurance that activities of the Company will continue to be legally permissible. A contravention of any applicable laws or regulations in the jurisdictions in which the Company or an Investee Company operates could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil or criminal proceedings in the jurisdictions in which the relevant company operates.

**2. Risks relating to the personnel**

**2.1 The Company's relationship with the Directors**

The Company is largely dependent on the performance of its management team and its continuing ability to attract, develop, motivate and retain highly qualified and skilled personnel. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any key personnel



(through illness, death or loss to a competitor), or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on its business plan and strategy, and it may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of its key personnel. Loss of key personnel could therefore have a material adverse effect on the prospects of the Company.

### **3. Risks relating to target Investee Companies and opportunities**

#### **3.1 Target companies may be dependent on licences**

The Company will look to target companies or projects which specialise in either the research and development of psychedelic-based products or the production of such. Investments involved in research and development or the production phase may be dependent on the grant of certain licences (subject to the jurisdiction in which the investments are undertaken) to enable them to operate.

Such licenses will be subject to on-going compliance and reporting obligations. In addition such investments are dependent on the relevant regulatory bodies as there is no guarantee that they will renew or extend a license, or renew or extend on the same terms as the previous one. Failure to comply, renew or maintain any license would have a material adverse effect on the target company's business, financial condition and operating results which in turn will materially adversely affect the Company's return on its investment.

#### **3.2 Success of products is dependent on public taste**

The Company's revenues are substantially dependent on the success of its Investee Companies' products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and over which the Company has little, if any, control. Consumer trends change based on several possible factors, including nutritional values, a change in consumer preferences or general economic conditions.

#### **3.3 Consumer perception of Psychedelics**

The Company and its Investee Companies will be highly dependent upon consumer perception of psychedelics and psychedelic based products. The public may associate its Products with illegal or prohibited substances. The Company's revenues may be negatively impacted due to the fact the market does not fully accept psychedelics mushrooms as part of a safe treatment, medicine or therapy.

Products containing controlled substances may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of and increased expenses for our future Investee Companies. Opponents of these products may seek restrictions on marketing and withdrawal of any regulatory approvals. In addition, these opponents may seek to generate negative publicity in an effort to persuade the medical community to reject these products. Adverse publicity from psychedelic substance misuse may adversely affect the commercial success or market penetration achievable by our future Investees Companies. Anti-psychedelic protests have historically occurred and may occur in the future and generate media coverage. Political pressures and adverse publicity could lead to delays in, and increased expenses for, and limit or restrict the introduction and marketing of, our drug candidates. If any of our Investee Companies' Products are approved for commercial sale, their success will be highly dependent upon consumer perceptions of their safety and quality. They may face limited adoption if third-party therapy sites, therapists, and patients are unwilling to try such novel treatments. There has been a history of negative media coverage regarding psychedelic substances, including psilocybin, which may affect the public's perception of our drug candidates. In addition, certain psychedelic substances elicit intense psychological experiences, and this could deter patients from choosing this course of treatment. We could be adversely affected if we were subject to negative publicity or if any of our Investee Companies' drug candidates or any similar drugs distributed by other companies prove to be, or are asserted to be, harmful to patients. Because of our dependence upon consumer perception, any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of any similar drugs distributed by other companies could have a material adverse impact on our business, prospects, financial condition and results of operations. Future adverse events in research into neuropsychiatric disorders, or the pharmaceutical industry more generally, could also result in greater governmental regulation, stricter labelling requirements and potential regulatory delays in the testing or approvals of our Investee Company's drug candidates. Any increased scrutiny could delay or increase the costs of obtaining regulatory approval for our drug candidates.

### **3.4 Location specific licences**

Licences (including those in the UK) are specific to certain locations and facilities and require a new application be made if the operation of an Investee Company is relocated. Adverse changes or developments affecting these facilities, including but not limited to, a breach of security, failure of heating and cooling systems or electrical delivery systems could have a material adverse effect on the business, financial condition and operating results of an Investee Company and therefore a material adverse effect on the Company's return on its Investment.

Any breach of security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by relevant regulatory bodies could also have an impact on the target company's ability to continue operating under certain license(s) or the prospect of renewing the same.

### **3.5 Investee Companies reliance on management and key personnel**

Future success of Investee Companies will depend on their continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Loss of any senior management or key employees could materially adversely affect an Investee Company's ability to execute its business plan and strategy, and it may not be able to find an adequate replacement on a timely basis, or at all.

### **3.6 Customer acquisition and retention**

An Investee Company's success may depend on its ability to attract and retain patients or consumers. There are many factors which could impact this, including but not limited to the Investee Company's ability to continually produce desirable and effective product, the successful implementation of a patient-acquisition plan and the continued growth in the aggregate number of patients selecting psychedelic-based medicines or therapies as a treatment option, and other companies producing or supplying similar products. An Investee Company's failure to acquire and retain patients would have a material adverse effect on the business, financial condition and operating results of a target company and therefore a material adverse effect on the Company's return on investment.

### **3.7 Research and development and product obsolescence**

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products will characterise an Investee Company's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render a target company's products obsolete, less competitive or less marketable.

The process of product development is complex and requires significant continuing costs, development efforts and third party commitments. An Investee Company's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of an Investee Company, and therefore have a material adverse effect on the Company's return on investment.

An Investee Company may be unable to anticipate changes in its potential customer requirements that could make its existing technology obsolete. An Investee Company's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. An Investee Company may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its business to evolving customer or medical requirements or preferences or emerging industry standards.

### **3.8 Product liability claims**

Investee Companies may be required to pay for losses or injuries purportedly or actually caused by their products. In the event that an Investee Company's Products are found to cause any injury or damage, the Investee Company could be subject to substantial liability. This liability may exceed the funds available by the Investee Company and result in the failure of its business.

### **3.9 Intellectual property protection**

The laws and positions of intellectual property offices administering such laws regarding intellectual property rights relating to psychedelic substances, and related products are constantly evolving, and there is uncertainty regarding

which countries will permit the filing, prosecution, issuance, registration and enforcement of intellectual property rights relating to psilocybin. The Company's ability to obtain registered trademark protection for psychedelic substances may be limited in certain countries. Accordingly, Investee Companies' ability to obtain intellectual property rights or enforce intellectual property rights against third-party uses of similar trademarks may be limited.

#### **4. Risks relating to the ordinary shares and to trading on the AQSE Growth Market**

##### **4.1 Ordinary Shares may not be a suitable investment**

The Ordinary Shares may not be a suitable investment for all the recipients of this Document. Before making a final decision, investors are advised to consult an appropriate independent investment adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. The value of the Ordinary Shares and the income received from them can go down as well as up and investors may get back less than their original investment.

##### **4.2 There may be limited public trading market for the Ordinary Shares and price of the Ordinary Shares may be volatile**

The AQSE Growth Market is an exchange designed principally for growth companies, and as such, tends to experience lower levels of trading liquidity than larger companies quoted on the Official List or some other stock exchanges. Following Admission, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. The price of Ordinary Shares may therefore be subject to large fluctuations on small volumes of shares traded. As a result, an investment in shares traded on AQSE carries a higher risk than those listed on the Official List. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Company and its operations. These factors include, without limitation, (a) the performance of the overall stock market, (b) large purchases or sales of Ordinary Shares by other investors, (c) financial and operational results of the Company (d) changes in analysts' recommendations and any failure by the Company to meet the expectations of the research analysts, (e) changes in legislation or regulations and changes in general economic, political or regulatory conditions, and (e) other factors which are outside of the control of the Company. Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of Ordinary Shares following Admission and/or termination of the Lock-in Agreements (the terms of which are summarised in paragraph 9.12, 9.13 and 9.14 of Part IV of this Document), or the perception that such sales could occur, could materially adversely affect the market price of the Ordinary Shares. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value, or the underlying value of the Company's net assets and the price of the Ordinary Shares may decline below the price paid by investors. Shareholders may be unable to realise their Ordinary Shares at the quoted market price or at all.

##### **4.3 Ordinary Shares eligible for future sale may have an effect on the market price**

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

##### **4.4 Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable**

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor, together with the number of New Ordinary Shares to be issued may contribute to both infrequent trading in the Ordinary Shares on the Aquis Exchange and to volatile Ordinary Share price movements. Investors should not

expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Issue Price.

#### **4.5 Market risks**

Notwithstanding the fact that an application has been made for the Ordinary Shares to be traded on AQSE Growth Market, this should not be taken as implying that there will be a “liquid” market in the Ordinary Shares. In addition, continued admission to the AQSE Growth Market is entirely at the discretion of Aquis Exchange.

Any changes to the regulatory environment, in particular the AQSE Growth Market Access Rulebook could, for example, affect the ability of the Company to maintain a trading facility on the AQSE Growth Market.

No application has been made for the Ordinary Shares to be admitted to the Official List or to be listed on any other exchange.

### **5. Risks relating to taxation**

#### **5.1 Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company**

Any change in the Company’s tax status or in taxation legislation could affect the Company’s ability to provide returns to Shareholders. Statements in this Document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which are subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors. Investors should consider carefully whether an investment in the Company is suitable for them in light of the potential risk factors, their personal circumstances and the financial resources available to them and should obtain their own professional advice where they consider necessary.

### **6. Other risks**

#### **6.1 Coronavirus health emergency**

The Company’s and Investee Companies’ business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On 30 January 2020, the World Health Organisation declared the outbreak a global health emergency, on 11 March 2020, the World Health Organisation declared the outbreak a pandemic. Following this, and in response to the significant transmission risks posed by Covid-19, governments in the United Kingdom, Europe and the United States, as well as other major economies, have enacted significant restrictions on the movement of people and the activities they can carry out. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and Asia. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. The Company is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic.

#### **6.2 Forward-looking statements**

This Document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “projects”, “assumes”, “expects”, “intends”, “may”, “will”, “would” or “should”, or in each case, their negative or other variations or comparable terminology. These forward- looking statements include all matters that are not historical facts. They appear in a number of places throughout this Document and include statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth strategies and the industries in which the Company operates. By their nature, forward-

looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, the market position of the Company, its earnings, financial position, cash flows, return on capital, anticipated investments and capital expenditures, the changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this Document. Forward-looking statements contained in this Document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

### **6.3 Operational risks**

Operational risks, which are inherent in all business activities, include those which mainly result from a potential breakdown in the Company's control of its human, physical and operating resources. The potential financial or reputational loss arising from failures in internal controls, flaws or malfunctions in computer systems of the Company, all fall within this category.

### **6.4 Compliance costs**

As it is a publicly quoted company, the Company will be subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Company may incur significant costs associated with its public company reporting requirements, including costs associated with applicable AQSE Growth Market corporate governance requirements. The Company expects to incur significant legal and financial compliance costs as a result of these rules and regulations. If the Company does not comply with all applicable legal and regulatory requirements, this could result in regulatory investigations which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Company's listing might be cancelled if the Company fails to comply with its continuing obligations under the AQSE Growth Market Access Rulebook.

**The investment opportunity offered in this Document may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult a professional adviser authorised under FSMA, who specialises in investments of this nature, before making their decision to invest.**

## PART III

### HISTORICAL AUDITED FINANCIAL INFORMATION ON THE COMPANY

#### ACCOUNTANTS' REPORT ON THE COMPANY



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The Directors  
Clarify Pharma Plc  
9th Floor  
16 Great Queen Street  
London  
WC2B 5DG

The Directors  
First Sentinel Corporate Finance Limited  
72 Charlotte St.  
London  
W1T 4QQ

10 June 2021

Dear Sirs

#### **Clarify Pharma Plc**

We report on the historical financial information of Clarify Pharma Plc for the financial period of 1 November 2019 to 30 November 2020 (the “financial information”) set out in Part III of this Admission Document. This financial information has been prepared for inclusion in the Admission Document dated 10 June 2021 of Clarify Pharma Plc (the “Admission Document”) relating to the proposed admission to AQSE Growth Market and on the basis of the accounting policies set out in note 1. This report is given for the purpose of complying with paragraph 6.3 of Table A of Appendix 1 to the AQSE Growth Market Access published by Aquis Exchange Limited and for no other purpose..

## Responsibilities

The Directors and proposed directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Save for any responsibility arising under paragraph 6.3 of Table A of Appendix 1 to the AQSE Growth Market Access to any person as and to the extent there provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person 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 6.3 of Table A of Appendix 1 to the AQSE Growth Market Access, consenting to its inclusion in the Admission Document.

## Basis of opinion

We conducted our work in accordance with the Standards for 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 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 misstatements whether caused by fraud or other irregularity or error.

## Opinion

In our opinion the financial information gives, for the purposes of the Admission Document dated 10 June 2021, a true and fair view of the state of affairs of the company as at 30 November 2020 and of its results, cash flows and changes in shareholders' equity for the period then ended in accordance with the basis of preparation set out in note 2 and in accordance with FRS 102.

## Declaration

For the purposes of Appendix 1: Information for an admission document, Paragraph 6.3 of Table A of the AQSE Growth Market Access, we are responsible for this report as part of the Admission 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 Admission Document in compliance with paragraph 6.3 of Table A of Appendix 1 of the AQSE Growth Market Access.

Yours faithfully,



**Haysmacintyre LLP**  
Chartered Accountants  
10 Queen Street Place  
London  
EC4R 1AG

# HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

## Statement of comprehensive income for the period from 1 November 2019 to 30 November 2020

	Period ended 30 November 2020
	£
Administrative expenses	-
<b>Loss for the period before taxation</b>	-
Taxation	-
<b>Net profit/loss and total comprehensive income for the period</b>	-



**Statement of financial position as at 30 November 2020**

	£
<b>ASSETS</b>	
<b>Current Assets</b>	
Debtors: amounts falling due within one year	1
Cash at bank	-
<b>Current Liabilities</b>	-
<b>NET ASSETS</b>	<u>1</u>
<b>EQUITY</b>	
Share capital	1
Profit & loss account	-
<b>TOTAL EQUITY</b>	<u>1</u>

**Statement of changes in equity for the period from 1 November 2019 to 30 November 2020**

	£
On incorporation	1
Result for the period	-
At end of period	<u>1</u>

**Statement of cash flows for the period from 1 November 2019 to 30 November 2020**

	£
Cash flows from operating activities	(1)
Cash flows from investing activities	-
Cash flow from financing activities	1
<b>Net increase in cash and cash equivalents</b>	<u>-</u>
Cash and cash equivalents on incorporation	-
<b>Cash and cash equivalents at end of period</b>	<u>-</u>

## Notes to the Historical Financial Information

### 1) Accounting Policies and Basis of Preparation

- The company has not yet commenced business since incorporation, no audited financial statements have been prepared and no dividends have been declared as paid since incorporation.
- The Historical Financial Information has been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.
- The Historical Financial Information is presented in sterling, which is the company's functional and presentational currency and has been prepared under the historical cost convention.

### 2) Called Up Share Capital

- On incorporation, the Company issued 1,000 ordinary shares of £0.001 each.

### 3) Post Balance Sheet Events

On the 5 February 2021, a further 99,999,000 Ordinary Shares of £0.001 were issued at par value.

On 11 March 2021, a further 96,275,000 Ordinary Shares of £0.001 were issued at £0.01 per share for total proceeds of £962,750.

On 26 April 2021, a further 20,000,000 Ordinary Shares of £0.001 were issued at £0.01 per share for total proceeds of £200,000.

On 10 May 2021, a further 2,500,000 Ordinary Shares of £0.001 were issued at £0.01 per share for total proceeds of £25,000.

On admission to trading on the AQSE Growth Market, a further 78,420,000 Ordinary Shares of £0.001 were issued at £0.025 per share for total proceeds of £1,960,500.

On admission, 80,987,950 warrants to subscribe for Ordinary Shares have been issued, exercisable at either 1 pence or the placing price for a period of 2 to 5 years from that date of issue.

## UNAUDITED PRO FORMA NET ASSET STATEMENT FOR THE COMPANY

The following unaudited pro forma statement of net assets of the Company is prepared for illustrative purposes only. Because of its nature, the pro forma statement of net assets, it addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position on admission.

The statement is prepared to illustrate the effect on the assets and liabilities of the transactions as listed below.

The unaudited pro forma statement of net assets is compiled on the basis set out below from the unaudited financial information of Clarify Pharma PLC ("Clarify") as at 30 November 2020, as set out in the accountants' report in this Document, and the fund raising rounds occurring between the 1 December 2020 and admission, including those funds raised on admission.

	<b>As at 30 November 2020</b>	<b>Funds raised prior to Admission at par value</b>	<b>Funds raised on Admission</b>	<b>Total Pro- forma Net Assets at Admission</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Debtors	1	(1)	-	-
Cash at bank	-	1,287,750	1,684,650	2,972,400
<b>Current Liabilities</b>	-	-	-	-
<b>NET ASSETS</b>	<u><u>1</u></u>	<u><u>1,287,749</u></u>	<u><u>1,684,650</u></u>	<u><u>2,972,400</u></u>

The proforma statement of net assets of the Company has been prepared as an aggregation of the following items:

- the net assets of Clarify Pharma PLC as at 30 November 2020 as extracted from the underlying accounting records;
- the net proceeds of all fund-raising activities, after estimated expenses of £1,684,650 are expected to be completed by admission on 11 June 2021; and
- no adjustment has been made to reflect trading results since these dates.

## REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The Directors  
Clarify Pharma Plc  
9th Floor  
16 Great Queen Street  
London  
WC2B 5DG

The Directors  
First Sentinel Corporate Finance Limited  
72 Charlotte Street  
London  
W1T 4QQ

10 June 2021

Dear Sirs

### Clarify Pharma Plc

We report on the unaudited pro forma financial information (the "Pro Forma Financial Information") set out in Part III of the Company's admission document dated 10 June 2021 (the "Admission Document") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about the proposed admission of the ordinary shares of the Company to the AQSE Growth Market. This report is given for the purpose of complying with paragraph 6.7 of Table A of Appendix 1 to the AQSE Growth Market Access published by Aquis Exchange Limited and for no other purpose.

### Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 6.7 of Table A of Appendix 1 to the AQSE Growth Market Access. It is our responsibility to form an opinion, in accordance with paragraph 6.7 of Table A of Appendix 1 to the AQSE Growth Market Access, as to the proper compilation of the Pro Forma Financial Information and to report our 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.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph 6.7 of Table A of Appendix 1 to the AQSE Growth Market Access 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 other person for any loss suffered by any such other 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 6.7 of Table A of Appendix 1 to the AQSE Growth Market Access.

### Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. 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 Clarify Pharma Plc.

### Opinion

In our opinion:

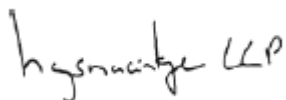
- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

- b) such basis is consistent with the accounting policies of Clarify Pharma Plc.

**Declaration**

For the purposes of Appendix 1: Information for an admission document, Paragraph 1.2 of Table A of the AQSE Growth Market Access, we are responsible for this report as part of the Admission 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 Admission Document in compliance with paragraph 1.3 of Table A of Appendix 1 of the AQSE Growth Market Access.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Haysmacintyre LLP', is written over a light blue horizontal line.

Haysmacintyre LLP  
Chartered Accountants  
10 Queens Street Place  
London  
EC4R 1AG

**PART IV**  
**ADDITIONAL INFORMATION**

**1. Responsibility**

- 1.1 The Company and the Directors (whose names appear in paragraph 11 of this Document) accept responsibility, both individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the AQSE Growth Market Access Rulebook. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and makes no omission likely to affect the import of such information.
- 1.2 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 representation must not be relied upon as having been so authorised.

**2. The Company**

- 2.1 The Company was incorporated under the name Mena Esports PLC on 24 October 2018 in England and Wales as a public limited company under the CA 2006. On 4 February 2021, the Company changed its name from Mena Esports PLC to Clarify Pharma PLC.
- 2.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the CA 2006 and the regulations made under the CA 2006.
- 2.3 The registered office and business address of the Company is 9<sup>th</sup> Floor, 16 Great Queen Street, London WC2B 5DG.
- 2.4 The accounting reference date of the Company is 30 November.
- 2.5 The Company has no subsidiaries.

**3. Share Capital of the Company**

- 3.1 Since incorporation, there have been the following changes to the issued share capital of the Company:
- 3.1.1 The Company was incorporated with an issued share capital of £1 divided into 1,000 Ordinary Shares with a nominal value of £0.001 each.
- 3.1.2 Pursuant to a resolution passed at the Company's Annual General Meeting held on 10 March 2021, the Company resolved that:
- 3.1.2.1 the Directors be generally authorised pursuant to section 551 CA 2006 to issue and allot shares in the Company or grant rights to subscribe for or to convert any security into shares of the Company up to an aggregate nominal amount of £1,100,000; and
- 3.1.2.2 in accordance with section 570 CA 2006, the directors be given the general power to allot equity securities (as defined in section 560 CA 2006) for cash, pursuant to the above authority as if section 561(1) CA 2006 did not apply to such allotment, up to an aggregate amount of £805,000.
- 3.1.3 On 5 February 2021, 99,999,000 Ordinary Shares were issued to certain subscribers at nominal value.
- 3.1.4 On 11 March 2021, 96,275,000 Ordinary Shares were issued to certain subscribers at a price of £0.01 per share.
- 3.1.5 On 26 April 2021, 20,000,000 Ordinary Shares were issued to certain subscribers at a price of £0.01 per share.

3.1.6 On 10 May 2021, 2,500,000 Ordinary Shares were issued to certain subscribers at a price of £0.01 per share.

3.1.7 On Admission 78,420,000 Ordinary Shares will be issued pursuant to the Fundraise.

**Issued and fully paid**

Number and Class		Nominal Amount (£)	Total Aggregate Amount (£)
297,195,000 Shares	Ordinary	£0.001	£297,195

3.2 The issued share capital of the Company at the date of this document and on Admission will be as follows:

	Number of Ordinary Shares allotted	Aggregate nominal value of Ordinary Shares
Current	218,775,000	£218,775
On Admission	297,195,000	£297,195

3.3 The participation (as a percentage) in share capital and voting rights for existing shareholders before and after the capital increase resulting from the Fundraising, on the basis that existing Shareholders do not participate in the Fundraising and the maximum number of New Ordinary Shares are issued, are as follows:

	Immediately Admission	prior to	Immediately Admission	following
Share Capital	100%		73.61%	
Voting	100%		73.61%	

3.4 Prior to Admission, the Company's share capital consists of one class of Ordinary Shares with equal voting rights (subject to the Articles) and the Ordinary Shares are freely transferrable in both certificated and uncertificated form. No Shareholder has any different voting rights from any other Shareholder. The same rights will apply to the Company's Enlarged Share Capital following Admission.

3.5 On Admission there will be a total of 80,897,950 Warrants to subscribe for Ordinary Shares, details of which are set out below.

Warrantholder	Number of Warrants	Exercise Price	Expiry Date	Lock-In expiration	Transferable
Jonathan Bixby	10,000,000	£0.01	18 March 2024	One year from Admission	No
Timothy Le Duillenec	2,000,000	£0.01	18 March 2024	One year from Admission	No

Patrick McBride	5,000,000	£0.01	Three years from Admission	One year from Admission	No
Patrick McBride	5,000,000	£0.025	Three years from Admission	One year from Admission	No
Marallo	5,000,000	£0.01	18 March 2024	One year from Admission	No
Jonathan Hives	500,000	£0.01	18 March 2024	One year from Admission	No
Dark Peak Services Limited	5,000,000	£0.01	18 March 2024	One year from Admission	No
Gurinder Bal	1,000,000	£0.01	18 March 2024	One year from Admission	No
Navdeep Dhaliwal	1,000,000	£0.01	18 March 2024	One year from Admission	No
Thomas Kineshanko	1,000,000	£0.01	18 March 2024	One year from Admission	No
Tennyson	1,956,000	£0.025	Five years from Admission	No	Yes
FSCF	2,971,950	£0.025	Five years from Admission	No	Yes
Kiyo Capital Limited	1,260,000	£0.025	Five years from Admission	No	Yes
Placees	36,210,000	£0.025	Two years from Admission	No	No
Subscribers	3,000,000	£0.025	Two years from Admission	No	No
<b>Total</b>	<b>80,987,950</b>				



3.6 Except as disclosed in this Part IV:

- 3.6.1 no Ordinary Shares of the Company are under option or have been agreed conditionally or unconditionally to be put under option;
- 3.6.2 no Ordinary Shares or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for consideration other than cash;
- 3.6.3 no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company;
- 3.6.4 no persons have preferential subscription rights in respect of any share or loan capital of the Company;
- 3.6.5 no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

#### **4. Summary of the Articles of Association**

- 4.1 Pursuant to section 31 of the CA 2006, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.
- 4.2 The rights attaching to the Ordinary Shares, as set out in the Articles contain, amongst others, the following provisions:

##### **Votes of members**

- 4.3 Subject to any special terms as to voting or to which any shares may have been issued or no shares having been issued subject to any special terms, on a show of hands every member who being an individual is present in person or by proxy, or being a corporation is present by a duly authorised representative, has one vote, and on a poll every member has one vote for every share of which such member is the holder.
- 4.4 Unless the directors determine otherwise, a member of the Company is not entitled in respect of any shares held by such member to vote at any general meeting of the Company if any amounts payable by such member in respect of those shares have not been paid or if the member has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 CA 2006.

##### **Variation of rights**

- 4.5 The Articles do not contain provisions relating to the variation of rights as these matters are dealt with in section 630 CA 2006. If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of at least three fourths in nominal value of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class but not otherwise.

##### **Transfer of shares**

- 4.6 Subject to the provisions of the Articles relating to CREST, all transfers of shares will be effected in any usual form or in such other form as the board approves and must be signed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.
- 4.7 The Articles contain no restrictions on the free transferability of fully paid Ordinary Shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the Articles, if any, relating to registration of transfers have been complied with.

### **Payment of dividends**

- 4.8 Subject to the provisions of CA 2006 and to any special rights attaching to any shares, the Shareholders are to distribute amongst themselves the profits of the Company according to the amounts paid up on the shares held by them, provided that no dividend will be declared in excess of the amount recommended by the directors. A member will not be entitled to receive any dividend if he has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 CA 2006. Interim dividends may be paid if profits are available for distribution and if the directors so resolve.

### **Unclaimed dividends**

- 4.9 Any dividend unclaimed after a period of 12 years from the date of its declaration will be forfeited and will revert to the Company.

### **Return of capital**

- 4.10 On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by CA 2006, be divided amongst the members.

### **Borrowing powers**

- 4.11 Subject to the provisions of CA 2006, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets, including its uncalled or unpaid capital, and to issue debentures and other securities and to give guarantees.

### **Directors**

- 4.12 No shareholding qualification is required by a director.
- 4.13 The directors are entitled to fees, in addition to salaries, at the rate decided by them, subject to an aggregate limit of £150,000 per annum or such additional sums as the Company may by ordinary resolution determine. The Company may by ordinary resolution also vote extra fees to the directors which, unless otherwise directed by the resolution by which it is voted, will be divided amongst the directors as they agree, or failing agreement, equally. The directors are also entitled to be repaid all travelling, hotel and other expenses incurred by them in connection with the business of the Company.
- 4.14 Each director must retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which such director was appointed or last reappointed. A retiring director is eligible for reappointment.
- 4.15 The directors may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they think fit.
- 4.16 Except in limited specified circumstances, a director may not vote or be counted in the quorum present on any motion in regard to any contract, transaction, arrangement or any other proposal in which he has any material interest, which includes the interest of any person connected with him, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. Subject to CA 2006, the Company may by ordinary resolution suspend or relax this provision to any extent or ratify any transaction not duly authorised by reason of a contravention of it.
- 4.17 The directors may provide or pay pensions, annuities, gratuities and superannuation or other allowances or benefits to any director, ex-director, employee or ex-employee of the Company or any of its subsidiaries or to the spouse, civil partner, children and dependants of any such director, ex-director, employee or ex-employee.

### **CREST**

- 4.18 The directors may implement such arrangements as they think fit in order for any class of shares to be held in uncertificated form and for title to those shares to be transferred by means of a system such as

CREST in accordance with the Uncertificated Securities Regulations 2001 and the Company will not be required to issue a certificate to any person holding such shares in uncertificated form.

#### **Disclosure notice**

- 4.19 The Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's relevant share capital:
- 4.19.1 to confirm that fact or (as the case may be) to indicate whether or not it is the case; and
- 4.19.2 where such person holds or has during that time held an interest in shares so comprised, to give such further information as may be required in the notice.

#### **General meetings**

- 4.20 An annual general meeting must be called by at least 21 clear days' notice, and all other general meetings must be called by at least 14 clear days' notice.
- 4.21 Notices must be given in the manner stated in the articles to the members, other than those who under the provisions of the articles or under the rights attached to the shares held by them are not entitled to receive the notice, and to the auditors.
- 4.22 No business may be transacted at any general meeting unless a quorum is present which will be constituted by two persons entitled to vote at the meeting each being a member or a proxy for a member or a representative of a corporation which is a member. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of, or by, members, will be dissolved.
- 4.23 At a general meeting a resolution put to the vote will be decided on a show of hands unless, before or on the declaration of the show of hands, a poll is demanded by the chairman or by at least five members present in person or by proxy and entitled to vote or by a member or members entitled to vote and holding or representing by proxy at least one tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members entitled to vote and holding or representing by proxy shares on which the aggregate sum that has been paid up is equal to not less than one tenth of the total sum paid up on all shares conferring a right to vote. Unless a poll is demanded as above, a declaration by the chairman that a resolution has been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of general meetings of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 4.24 No member is entitled to vote at any general meeting either personally or by proxy or to exercise any privilege as a member, unless all calls or other sums due and payable in respect of such member's shares in the Company have been paid.
- 4.25 The appointment of a proxy must be in any usual form, or such other form as may be approved by the directors, and must be signed by the appointor or by his agent duly authorised in writing or if the appointor is a corporation, must be either under its common seal or signed by an officer or agent so authorised. The directors may, but will not be bound to, require evidence of authority of such officer or agent. An instrument of proxy need not be witnessed.
- 4.26 The proxy will be deemed to include the right to demand or join in demanding a poll and generally to act at the meeting for the member giving the proxy.

#### **5. Directors' Interests**

- 5.1 On Admission the interests of the Directors and their immediate families and, so far as they are aware having made due and careful enquiries, of persons connected with them (all of which are beneficial, unless otherwise stated) (so far as is known to the Directors, or could with reasonable diligence be

ascertained by them) (within the meaning of sections 252 to 254 of CA 2006) in the Enlarged Share Capital are and will be as follows:

Name	Number of Ordinary Shares on Admission	% of Enlarged Share Capital
Jonathan Bixby	N/A	N/A
Mike Edwards (via Marallo)	68,000,000	22.9%
Nicholas Lyth	N/A	N/A
Jonathan Hives	N/A	N/A
Patrick McBride	N/A	N/A

\* Total number of shares including shares held by Olivia Edwards is 69,000,000, which represents 23.2% of the Enlarged Share Capital.

- 5.2 Details of the warrants held by the Directors are set out in paragraph 3.5 above,
- 5.3 The Company and the Directors are neither aware of any arrangements or operations which may, at a subsequent date, result in a change in control of the Company, nor, that the Company is owned or controlled directly or indirectly by any entity.
- 5.4 Save as disclosed in paragraphs 5.1 above and 6.1 below, as at the date of this Document, the Directors are not aware of any interest which will immediately following Admission represent 5% or more of the
- 5.5 Enlarged Share Capital or voting rights of the Company or of any person who, directly or indirectly, jointly or severally, exercises or could exercise control of the Company.
- 5.6 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 5.7 Jonathan Hives is independent of any Major Shareholders of the Company.
- 5.8 No Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

## 6. Major Shareholders

- 6.1 As at 10 June 2021 (being the latest practicable date prior to the publication of this Document) the Company has been notified or is aware of the following holdings which will, following Admission, represent 5% or more of the Enlarged Share Capital or voting rights of the Company:

Name	Number of Ordinary Shares prior to Admission	% of Issued Share Capital prior to Admission	Number of Ordinary Shares on Admission	% of Issued Share Capital on Admission
Marallo Holdings Inc	68,000,000	31.1%	68,000,000	22.9%

\* Controlled by Michael Edwards, a director of the Company and his wife

## 7. Directors' Terms of Appointment

7.1 The Company has entered into service agreements and letter(s) of appointment as follows:

- 7.1.1 a consultancy agreement dated 5 April 2021 made between the Company (1) and Toro Consulting Ltd (**Toro**), a company owned and controlled by Jonathan Bixby (2) pursuant to which Toro agreed to provide the services of Jonathan Bixby so that Mr Bixby can lead the development and execution of the Company's long term strategy with a view to creating shareholder value and be responsible for day to day management decisions and for implementing the Company's long and short term plans. Toro may, with the prior written consent of the Company, provide the services of a suitably qualified and skilled in place of Mr Bixby provided that the substitute enters into confidentiality undertakings with the Company. The agreement will continue until terminated by either party giving to the other not less than six months' notice in writing, but the Company may also terminate the agreement immediately in certain circumstances including (but not limited to): the bankruptcy of Mr Bixby; Toro or Mr Bixby being negligent or incompetent in the provision of services under the agreement; and Mr Le Bixby not owning all of the issued share capital of Toro. The fee payable under the agreement is £96,000 plus VAT per annum, payable monthly on receipt of an invoice from Toro. The fee payable to Toro shall be reviewed on the first anniversary of Admission and annually thereafter.
- 7.1.2 a side letter dated 1 March 2021 written by Jonathan Bixby to the Company to supplement the consultancy agreement that was to be entered into between Toro and the Company. In the side letter Mr Bixby agreed: to ensure that Toro observes and performs the consultancy agreement and is entitled to make Mr Bixby's services available to the Company; if he ceases to be employed by Toro to be bound by the terms of the consultancy agreement in place of Toro; look solely to Toro for remuneration for services provided by Mr Bixby under the consultancy agreement; to act as an executive director of the Company; and that he shall be deemed to have resigned as a director of the Company on the termination of the consultancy agreement.
- 7.1.3 a consultancy agreement dated 4 June 2021 and made between the Company (1) and Dark Peak Services Limited, (**Dark Peak**), a company owned and controlled by Nicholas Lyth (2) pursuant to which Dark Peak agreed to provide the services of Nicholas Lyth to the Company as the finance director of the Company to provide financial management services including supervising accounting staff, overseeing internal controls, setting financial targets, implementing fund-raising strategies, engaging with investors, developing a financial strategy, conducting feasibility studies, monitoring expenditure, overseeing annual insurance, monitoring cash flow, evaluating investments, and managing tax compliance. Dark Peak may, with the prior written consent of the Company, provide the services of a suitably qualified and skilled in place of Mr Lyth provided that the substitute enters into confidentiality undertakings with the Company. The agreement will continue until terminated by either party giving to the other not less than three months' notice in writing, but the Company may also terminate the agreement immediately in certain circumstances including (but not limited to): the bankruptcy of Mr Lyth; Dark Peak or Mr Lyth being negligent or incompetent in the provision of services under the agreement; and Mr Lyth not owning all of the issued share capital of Dark Peak. The fee payable under the agreement is £60,000 plus VAT per annum, payable monthly on receipt of an invoice from Dark Peak. The fee payable to Dark Peak shall be reviewed on the first anniversary of Admission and annually thereafter.
- 7.1.4 a side letter dated 25 May 2021 written by Nicholas Lyth to the Company to supplement the consultancy agreement entered into between Dark Peak and the Company. In the side letter Mr Lyth agreed: to ensure that Dark Peak observes and performs the consultancy agreement and is entitled to make Mr Lyth services available to the Company; if he ceases to be employed by Dark Peak be bound by the terms of the consultancy agreement in place of

Dark Peak; look solely to Dark Peak for remuneration for services provided by Mr Lyth under the consultancy agreement; to act as an executive director of the Company; and that he shall be deemed to have resigned as a director of the Company on the termination of the consultancy agreement;

7.1.5 a letter of appointment with Mike Edwards was entered into on 5 February 2021 under the terms of which Mr Edwards has agreed to act as a Non-Executive Director of the Company. The letter of appointment will be for an initial period of one year effective from Admission unless terminated by either party giving to the other not less than six months' notice in writing, such notice not to be given before 12 months after the date of Admission. The fee payable to Mr Edwards is £60,000 per annum. The Director's fees will be reviewed on the first anniversary of Admission.

7.1.6 a letter of appointment with Jonathan Hives was entered into on 5 March 2021 under the terms of which Mr Hives has agreed to act as a Non-Executive Director of the Company. The letter of appointment will be for an initial period of two years effective from Admission unless terminated by either party giving to the other not less than three months' notice in writing. The fee payable to Mr Hives is £36,000 per annum. The Director's fees will be reviewed on the first anniversary of Admission;

7.1.7 a letter of appointment with Patrick McBride was entered into on 10 June 2021 under the terms of which Mr McBride has agreed to act as a Non-Executive Director of the Company. The letter of appointment will be for an initial period of one year effective from Admission unless terminated by either party giving to the other not less than six months' notice in writing, such notice not to be given before 12 months after the date of Admission. The fee payable to Mr McBride is £60,000 per annum. The Director's fees will be reviewed on the first anniversary of Admission.

7.2 Save as referred to above, there are no service agreements or letters of appointment in existence between any of the Directors and the Company.

7.3 In the financial period ended 30 November 2020, no remuneration (including any contingent or deferred compensation) was paid and no benefits in kind was granted to the Directors by the Company.

## 8. Additional Information on the Directors

8.1 In addition to directorships of the Company, the Directors hold or have held the following directorships (including directorships of companies registered outside England and Wales) or have been partners in the following partnerships within the five years prior to the date of this Document:

Director	Current Directorships/Partnerships	Past Directorships/Partnerships
<b>Jonathan Bixby</b>	Leaf Mobile Inc (Canada) Toro Consulting Ltd (Canada) Haymarket Investment Inc (Canada) NFT Investments PLC Hack Capital Ventures Inc (Canada) Stanley Park Ventures Ltd (Canada) Ecoation Innovative Solutions Inc (Canada)	Argo Blockchain Plc Motto Blockchain Plc Alavida Health Inc. (Canada) Blue Mesa Health Inc. (United States) Darkvision Technology Inc. (Canada) Koho Financial Inc. (Canada) National Angel Capital Association (Canada) Oak Mason Investments Inc. (Canada)
<b>Mike Edwards</b>	Motto Technologies PLC Dispersion Holdings PLC NFT Investments PLC	GrowLab Ventures Inc. (Canada) Ronin Blockchain Corp. (Canada)

	Creative Labs Management Inc. (Canada) Launch Academy Inc. (Canada) Mobio Technologies Inc. (Canada) MSE Management Inc. (Canada) Oak Mason Holdings Inc. (Canada) Twenty Year Media Corp (Canada) 8585466 Canada Corp (Canada) Pioneer Media Holdings Inc.	National Angel Capital Association (Canada) Argo Blockchain PLC Googly eSports PLC Plank Ventures Limited Creative Labs Management Inc. (Canada) Launch Academy Inc. (Canada) Mobio Technologies Inc. (Canada)
<b>Nicholas Lyth</b>	Univision Engineering Ltd Food Forward Global Operations Plc Dark Peak Services Ltd Dispersion Holdings PLC Streaks Gaming PLC NFT Investments PLC	Altona Rare Earths Plc Dkg Holding Ltd Dkg Capital Plc Taihua Ltd Ealand Capital Galaxy Ltd
<b>Jonathan Hives</b>	Arlo International Ltd NFT Investments PLC Umgawa Ltd	
<b>Patrick McBride</b>		Canaccord Genuity Group Inc. (Canada) Dundee Securities Inc. (Canada) Eight Capital Corp. (United States)

8.2 Mike Edwards was declared bankrupt on 22 September 1992 owing C\$18,181 (£14,781 at the exchange rate on that date). The bankruptcy was given absolute discharge status on 23 June 1993.

8.3 Except as set out in paragraph 8.2 above, none of the Directors has:

- 8.3.1 had any previous names;
- 8.3.2 any convictions in relation to fraudulent offences;
- 8.3.3 had any bankruptcy order made against him or entered into any voluntary arrangements;
- 8.3.4 been a director of a company which has been placed in receivership, insolvent 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;
- 8.3.5 been a partner in any partnership which has been placed in insolvent 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;
- 8.3.6 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;
- 8.3.7 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- 8.3.8 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.

- 8.4 None of the Directors has, or has had, any conflict of interest between any duties to the Company and their private interests or any duties they owe. Should the Company make investments which involve related parties, any such investments will comply with the requirements related to such transactions under the AQSE Growth Market Rules.

## **9. Material Contracts**

### **Corporate Adviser Engagement Letter**

- 9.1 An engagement letter dated 18 February 2021 between the Company and First Sentinel Corporate Finance Limited pursuant to which the Company has appointed First Sentinel to act as the corporate adviser to the Company for the purposes of seeking admission of the Company's shares to trading on the Access Segment of the Growth Market operated by Aquis Exchange Limited. Either FSCF or the Company may terminate the engagement at any time by giving not less than three months' notice in writing after the first 12 months or before that in case of material breach or failure by FSCF. Under the engagement letter the Company agreed to:

- 9.1.1 pay FSCF a fee £75,000 plus VAT;
- 9.1.2 issue to FSCF Warrants (exercisable at the Issue for a period a five years following Admission) to subscribe for Ordinary Shares representing 1% of the Enlarged Share Capital; and
- 9.1.3 pay FSCF a commission of 6% on any funds raised (whether debt or equity) by FSCF payable upon receipt of the funding in cash.

### **Corporate Adviser Agreement**

- 9.2 An AQSE Corporate Adviser agreement dated 9 June 2021 between First Sentinel Corporate Finance Limited (1), the Company (2), and the Directors (3), pursuant to which the Company has appointed First Sentinel to act as corporate adviser and broker to the Company on an on-going basis following Admission for which the Company agreed to pay a fee of £40,000 plus VAT per annum payable quarterly in advance. FSCF may charge further fees for major corporate transactions during the term of the agreement. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The Directors give certain undertakings to FSCF in the agreement, principally relating to the governance of the Company. The agreement continues for a fixed period of 12 months from the date of Admission and will thereafter continue for further rolling periods of 12 months unless terminated by either party giving 90 days' prior written notice.

### **Placing Agreement**

- 9.3 Pursuant to the Placing Agreement dated 9 June 2021 between the Company (1), the Directors (2), Tennyson (3), FSCF (4), and the Marallo (5), First Sentinel and Tennyson have, subject to certain conditions, agreed to use their respective reasonable endeavours to procure subscribers for Placing Shares pursuant to the Placing. The Placing Agreement may be terminated by First Sentinel and Tennyson in certain customary circumstances prior to Admission. The obligation of First Sentinel and Tennyson to use their respective reasonable endeavours to procure subscribers for Placing Shares is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, *inter alia*: (i) Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 11 June 2021 (or such later time and/or date, not being later than 30 June 2021, as the Company, First Sentinel and Tennyson may agree; and (ii) the Placing Agreement not having been terminated in accordance with its terms. For its services in connection with the Placing and provided that the Placing Agreement becomes wholly unconditional and is not terminated, (a) First Sentinel will be entitled to commission of an amount equal to 6% of the gross aggregate value of the Placing Shares placed by it, (b) Tennyson will be entitled to commission of an amount equal to 5% of the gross aggregate value of the Placing Shares placed by it, and (c) Tennyson to be granted a Warrant to acquire Ordinary Shares at the Issue Price equivalent to 5% of the gross aggregate value of the Placing Shares placed by it. The



Company and the Directors and Marallo have given warranties to First Sentinel and Tennyson and the Company has given an indemnity, concerning, *inter alia*, the accuracy of the information contained in this Document. The warranties and indemnities given by the Company are standard for an agreement of this nature.

#### **Tennyson engagement letter**

- 9.4 Pursuant to an agreement dated 17 March 2021 made between Tennyson (1) and the Company (2) the Company appointed Tennyson as lead broker in connection with the Placing. The agreement provides that the Company shall: pay to Tennyson a commission equal to 5% of the aggregate value of the gross monies raised pursuant to the Placing on investors introduced by Tennyson; and issue to Tennyson such number of Warrants (exercisable at the Issue Price) as is equal to 5% of the number of Ordinary Shares subscribed for by investors introduced by Tennyson. The Warrants issued to Tennyson shall be exercisable for a period of three years from their date of issue.

#### **Investment Management Agreement**

- 9.5 Pursuant to an agreement dated 5 May 2021 made between the Company and TFI (as amended by a supplemental letter dated 10 June 2021), the Company appointed TFI as its AIFM conditional on Admission occurring on or before 30 June 2021. Under the agreement the Company will pay TFI a set up fee of £15,000 plus VAT a monthly fee of £2,500 plus VAT payable monthly in advance. The agreement can be terminated by either party giving the other one months' notice in writing. The agreement can be terminated by the Company with immediate effect if TFI ceases authorised by the FCA to perform investment management services as an AIFM required under the agreement or if the Company (or an affiliate of the Company) obtains the necessary regulatory permissions from the FCA to enable it to perform investment management services as an AIFM.

#### **Secondment Agreement**

- 9.6 Pursuant to an agreement dated 5 May 2021 made between the Company and TFI (as amended by a supplemental letter dated 10 June 2021), the Company and TFI agreed that conditional on Admission occurring on or before 30 June 2021 Jonathan Bixby and Nicholas Lyth be seconded to TFI in order to provide services to TFI under the IMA. Under the agreement TFI will pay the Company a fee of £1 (which can be offset against the fees due to TFI under the IMA). The agreement can be terminated by either party with immediate effect if: the other party materially breaches the agreement; the IMA is terminated or expires; or the other party goes into liquidation, makes a voluntary arrangement with its creditors or has a receiver or administrator appointed.

#### **Agreements with Kiyo Capital Limited**

- 9.7 On 8 June 2021 the Company entered into agreements with Kiyo Capital Limited whereby, in consideration of Kiyo Capital Limited procuring Placees, the Company agreed to pay Kiyo Capital Limited a commission of 5% of the gross value of funds raised pursuant to the Placing from Placees introduced by Kiyo Capital Limited and to issue Broker Warrants to Kiyo Capital Limited with an aggregate subscription price equal to 5% of the gross value of funds raised pursuant to the Placing from Placees introduced by Kiyo Capital Limited.

#### **Warrant Instrument**

- 9.8 On 19 March 2021, the Company executed the Warrant Instrument (**Warrant Deed**) pursuant to which the Company authorised the grant of up to 100,000,000 warrants over ordinary shares (**Warrants**) at such exercise price and on such terms (including as to vesting, exercise and lock-in) as are from time to time agreed by the Directors. Details of the warrants that will have been issued at Admission are set out in paragraph 3.5 of this Part IV.

#### **Bal consultancy agreement**

- 9.9 Pursuant to an agreement dated 3 March 2021 made between the Company (1) and Gurinder (**Gordy**) Bal (**Mr Bal**) (2) Mr Bal agreed to act as a consultant of the Company in order to provide capital market

advice; fundraising advice and psychedelic market advice for a period of at least four hours each calendar month. The agreement confirms that Mr Bal may be engaged, employed or concerned in any other business, trade, profession or other activity which does not place him in a conflict of interest with the Company. The remuneration of Mr Bal for the provision of such services is the issue to him of 1,000,000 Warrants exercisable at 1p per share at any time until 18 March 2024. Mr Bal is restricted from disposing or agreeing to dispose of any Ordinary Shares issued on the exercise of his Warrants until the first anniversary of Admission. The Company may terminate the agreement with immediate effect if Mr Bal is in material breach of the agreement or if (other than as a result of illness or accident), after notice in writing, Mr Bal wilfully neglects to provide or fail to remedy any default in providing the services to be provided under the agreement. Either party may terminate the agreement on giving not less than four weeks' prior written notice to the other.

#### **Dhaliwal consultancy agreement**

- 9.10 Pursuant to an agreement dated 5 March 2021 made between the Company (1) and Navdeep Dhaliwal (**Mr Dhaliwal**) (2) Mr Dhaliwal agreed to act as a consultant of the Company in order to provide capital market advice; fundraising advice and psychedelic market advice for a period of at least four hours each calendar month. The agreement confirms that Mr Dhaliwal may be engaged, employed or concerned in any other business, trade, profession or other activity which does not place him in a conflict of interest with the Company, but if an activity potentially places Mr Dhaliwal in conflict with the Company he will notify the CEO of the Company. The remuneration of Mr Dhaliwal for the provision of such services is the issue to him of 1,000,000 non-transferable Warrants exercisable at 1p per share at any time until 18 March 2024. Mr Dhaliwal is restricted from disposing or agreeing to dispose of any Ordinary Shares issued on the exercise of his Warrants until the first anniversary of Admission. The Company may terminate the agreement with immediate effect if Mr Dhaliwal is in material breach of the agreement or if (other than as a result of illness or accident), after notice in writing, Mr Dhaliwal wilfully neglects to provide or fail to remedy any default in providing the services to be provided under the agreement. Either party may terminate the agreement on giving not less than four weeks' prior written notice to the other.

#### **Kineshanko consultancy agreement**

- 9.11 Pursuant to an agreement dated 19 March 2021 made between the Company (1) and Tom Kineshanko (**Mr Kineshanko**) (2) Mr Kineshanko agreed to act as a consultant of the Company in order to provide capital market advice; fundraising advice and psychedelic market advice for a period of at least four hours each calendar month. The agreement confirms that Mr Kineshanko may be engaged, employed or concerned in any other business, trade, profession or other activity. The remuneration of Mr Kineshanko for the provision of such services is the issue to him of 1,000,000 Warrants exercisable at 1p per share at any time until 18 March 2024. Mr Kineshanko is restricted from disposing or agreeing to dispose of any Ordinary Shares issued on the exercise of his Warrants until the first anniversary of Admission. The Company may terminate the agreement with immediate effect if Mr Kineshanko is in material breach of the agreement or if (other than as a result of illness or accident), after notice in writing, Mr Kineshanko wilfully neglects to provide or fail to remedy any default in providing the services to be provided under the agreement. Either party may terminate the agreement on giving not less than four weeks' prior written notice to the other.

#### **Lock-In Agreement**

- 9.12 A Lock-in agreement dated 9 June 2021 between (1) the Locked-In Directors (2) the Company and (3) FSCF (**Directors' Lock-In Agreement**) pursuant to which the Directors have agreed with First Sentinel and the Company not to dispose of any Ordinary Shares held by them for a period of 12 months from Admission (**Lock-In Period**). In addition, each Director referred to above has undertaken to the Company and First Sentinel not to dispose of their Shares for a period of 6 months after the end of the Lock-In Period without first consulting the Company and First Sentinel in order to maintain an orderly market for the Shares. Certain disposals are excluded from the Lock-In Agreement including those relating to acceptance of a general offer made to all Shareholders, pursuant to a court order, in the event of the death of a Director or as otherwise agreed to by First Sentinel. The Directors' Lock-In

Agreement also contains covenants given by the Directors to use their reasonable endeavours to ensure that any persons deemed to be connected with them also adhere to the terms of the Directors' Lock-In Agreements.

- 9.13 A Lock-in agreement dated 10 June 2021 between (1) the Locked-In Significant Shareholders (2) the Company and (3) FSCF (**Significant Shareholders' Lock-In Agreement**) pursuant to which the Significant Shareholders have agreed with First Sentinel and the Company not to dispose of any Ordinary Shares held by them during the Lock-In Period. In addition, the Significant Shareholders have undertaken to the Company and First Sentinel not to dispose of their Shares for a period of 6 months after the end of the Lock-In Period without first consulting the Company and First Sentinel in order to maintain an orderly market for the Shares. Certain disposals are excluded from the Significant Shareholder's Lock-In Agreement including those relating to acceptance of a general offer made to all Shareholders, pursuant to a court order, in the event of the death of a Significant Shareholder or as otherwise agreed to by First Sentinel. The Significant Shareholder Lock-In Agreement also contains covenants given by the Significant Shareholder to use their reasonable endeavours to ensure that any persons deemed to be connected with them also adhere to the terms of the Significant Shareholder Lock-In Agreements.
- 9.14 Lock-in agreements dated 9 June 2021 between (1) the relevant Locked-In Seed Shareholders (2) the Company and (3) FSCF (**Seed Shareholder's Lock-In Agreement**) pursuant to which each of the Significant Shareholders have agreed with First Sentinel and the Company not to dispose of any Ordinary Shares held by them for a period of 6 months from Admission. Certain disposals are excluded from the Seed Shareholder's Lock-In Agreements including those relating to acceptance of a general offer made to all Shareholders, pursuant to a court order, in the event of the death of a Significant Shareholder or as otherwise agreed to by First Sentinel. The Seed Shareholder Lock-In Agreements also contain covenants given by the relevant Seed Shareholder to use their reasonable endeavours to ensure that any persons deemed to be connected with them also adhere to the terms of the relevant Seed Shareholder Lock-In Agreement.

#### **Relationship Agreement**

- 9.15 On 10 June 2021 the Company entered into a relationship agreement with the Significant Shareholders pursuant to which the Company and the Significant Shareholders agreed certain matters, including but not limited to undertakings from the Significant Shareholders to ensure that the Company will be capable at all times of carrying on its business independently of the influence from the Significant Shareholders, and granting the Significant Shareholders the right to nominate a representative to the board of the Company for so long as the Significant Shareholders own at least 15 per cent of the issued share capital of the Company.

#### **Registrar Agreement**

- 9.16 The Company and the Registrar have entered into an agreement with the Registrar dated 11 March 2021 (**Registrar Agreement**), pursuant to which the Registrar has agreed to act as registrar to the Company and to provide transfer agency services and certain other administrative services to the Company in relation to its business and affairs. The Registrar is entitled to receive an annual fee for the provision of its services. The annual fee will be calculated on the basis of the number of holders of shares in the Company and the number of transfers of such shares. The Registrar Agreement will continue for an initial period of two years following Admission and thereafter may be terminated upon the expiry of six months' written notice given by either party. In addition, the agreement may be terminated immediately if either party commits a persistent or material breach of the agreement which has not been remedied within 21 days of a notice requesting the same, or upon an insolvency event in respect of either party. The Company has agreed to indemnify the Registrar against, and hold it harmless from, any damages, losses, costs, claims or expenses incurred by the Registrar in connection with or arising out of the Registrar's performance of its obligations in accordance with the terms of the Registrar Agreement, except to the extent that the same arises from some act of fraud or wilful default on the part of the Registrar.

## **10. Related Party Transactions**

There are no material related party transactions required to be disclosed under the accounting standards applicable to the Company, to which the Company was a party during the period of twelve months preceding the date of this Document.

## **11. Litigation**

The Company is not involved in any legal, governmental or arbitration proceedings which may have or have had since incorporation a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

## **12. UK Taxation**

### **General**

- 12.1 The following summary is intended as a general guide for UK tax resident Shareholders as to their tax position under current UK tax legislation and HMRC practice as at the date of this Document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The Company is at the date of this Document resident for tax purposes in the United Kingdom and the following is based on that status. It should be noted that a number of the UK tax treatments referred to below relate to unquoted shares as shares quoted on the AQSE Growth Market are generally treated as unquoted for these purposes.
- 12.2 This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position applicable to Shareholders resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents) and who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 5% or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds, charities or UK insurance companies or whose shares are held under an individual savings account or are "employment related securities" as defined in section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares.
- 12.3 This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

### **Taxation of dividends**

#### ***UK resident shareholders***

- 12.4 UK resident individuals are entitled to a £2,000 annual dividend allowance. Dividends received and not exceeding this allowance will not be subject to income tax. Dividends received in excess of this allowance will be taxed at 7.5% up to the limit of the basic rate income tax band. Dividends received in excess of the basic rate income tax band will be taxed at 32.5% up to the limit of the higher rate income tax band. Where dividends are received in excess of the higher rate income tax band, then the excess will be taxed at 38.1% being at the additional rate of income tax.
- 12.5 Dividends received by the trustees of discretionary or accumulation trusts and not exceeding the first band will be taxed at 7.5%. The first band is established by taking £1,000 and dividing this amount by the number of settlements formed by the settlor up to a maximum of 5. The minimum first band is £200. Any dividends received by such trusts in excess of the first band will be taxed at 38.1%. If the

shareholder is in doubt as to the amount of the first band, then independent professional advice should be sought.

### **Companies**

- 12.6 Subject to UK dividend exemption rules, a corporate Shareholder resident in the UK (for tax purposes) should generally not be subject to corporation tax or income tax on dividend payments received from the Company.

### **Non-residents**

- 12.7 Non-UK resident shareholders may be liable to tax on the dividend income under the tax law of their jurisdiction of residence and should consult their own tax advisers in respect of their liabilities on dividend payments.

### **Taxation of chargeable gains**

#### **United Kingdom resident shareholders**

- 12.8 A disposal of Ordinary Shares by a Shareholder, who is resident for tax purposes in the UK, will in general be subject to UK taxation on the chargeable gain arising on a disposal of Ordinary Shares.
- 12.9 UK resident individuals are entitled to an annual allowance to be deducted from any chargeable gain that would otherwise be taxable in the relevant tax year. The annual allowance for the tax year to 5 April 2021 is £12,300. Generally speaking, where the individual's taxable chargeable gains exceed the allowance, then these gains will be taxed at 10%, but only to the extent that the individual's taxable income and chargeable gains do not exceed the basic rate income tax band. Where the individual's taxable income and chargeable gains exceeds the basic rate income tax band and then the remaining chargeable gain will be taxed at 20%.
- 12.10 The trustees of discretionary or accumulation trusts may be able to claim an annual allowance being one-half of the allowance available to individuals. For the tax year ended 5 April 2021 the allowance is £6,150. Independent professional advice should be sought before claiming this allowance. Where the allowance is claimed then chargeable gains in excess of this amount will be liable to tax at 20%. Where the allowance is not claimed then the whole chargeable gain will be liable to tax at 20%.

### **Non-residents**

- 12.11 A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation through such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares.
- 12.12 In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK.
- 12.13 All non-resident or non-domiciled shareholders should seek professional advice before considering a transaction which be considered a chargeable gain.

### **Companies**

- 12.14 For UK corporates, chargeable gains are currently chargeable at the rate of 19% subject to indexation which may apply to reduce any such gain, although indexation cannot create or increase a capital loss. Other reliefs may be relevant.

### **Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

- 12.15 The statements below (which apply whether or not a Shareholder is resident or domiciled in the UK) summarise the current position and are intended as a general guide only to stamp duty and SDRT.

Certain categories of person are not liable to stamp duty or SDRT, and special rules apply to agreements made by broker dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositaries and clearance services) who may be liable to stamp duty or SDRT at a higher rate or who may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

- 12.16 The AQSE Growth Market is a designated a Recognised Growth Market by HMRC which means that trades executed in UK companies on this market are exempt from UK Stamp Duty and Stamp Duty Reserve Tax.

#### **Inheritance tax**

- 12.17 Shareholders regardless of their tax status should seek independent professional advice when considering any event which may give rise to an inheritance tax charge.
- 12.18 Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK); although the availability of exemptions and reliefs may mean that in some circumstances there is no actual tax liability. A lifetime transfer of assets to another individual or trust may also be subject to UK inheritance tax based on the loss of value to the donor, although again exemptions and reliefs may be relevant. Particular rules apply to gifts where the donor reserves or retains some benefit.
- 12.19 The above is a summary of certain aspects of current law and practice in the UK, which does not constitute legal advice. Therefore, a Shareholder who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser immediately.

#### **13. Compulsory acquisition rules relating to Ordinary Shares**

- 13.1 Other than as provided by the City Code (in respect of which see paragraph 15 of Part I) and Chapter 28 CA 2006, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares.
- 13.2 Under CA 2006, if a "takeover offer" (as defined in section 974 CA 2006) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the Ordinary Shares to which the offer relates and not less than 90% of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration for the outstanding Ordinary Shares to the Company, which would hold the consideration on trust for outstanding members. The consideration offered to the minority shareholder whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.
- 13.3 CA 2006 also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the Ordinary Shares and not less than 90% of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any member notice of its right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises its rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

#### 13.4 Concert Parties

Under Rule 9 of the City Code, when: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons in which he is already interested and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company subject to the City Code; or (ii) any person, together with persons acting in concert with him, is interested in shares which in the 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 and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, that person, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert party.

Except where the Takeover Panel permits otherwise, an offer under Rule 9 of the City Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity share capital must be comparable; the Takeover Panel should be consulted in advance in such cases.

Pursuant to the terms of the City Code, the following shareholders are believed to be acting in concert with one another: Marallo Holdings Inc, Ampersand Ventures Ltd., Paniolo Ventures Inc., Timothy Le Druillenec, Caprice Management Pte Ltd., Pallasite Ventures Inc., Kuro Ventures Pte Ltd., DFJ Capital Inc., Olivia Edwards, Smaller Company Capital Ltd., Andrew Frangos, Wealth Investment Blockchain Company Ltd., Vertex Treuhand AG, Graham Moore and POMA Enterprises Limited. The Concert Party, being the persons listed above, together hold 62.39% of the Company's share capital immediately prior to Admission and are expected to hold 45.93% of the Company's share capital immediately following Admission.

Immediately following Admission, and for such time as the Concert Party holds an interest in shares which in the aggregate carry not less than 30% of the voting rights of the Company but does not hold shares carrying more than 50% of such voting rights, no member of the Concert Party will be able to buy or otherwise acquire any interest in shares carrying voting rights in the Company without making a general offer pursuant to rule 9 of the City Code, except with the consent of the Panel.

#### 14. General

- 14.1 The total costs and expenses in relation to Admission payable by the Company are estimated to amount to approximately £275,850 (excluding VAT).
- 14.2 Except as disclosed in this Document, there has been no significant change in the financial or trading position of the Company since 30 November 2020, the date to which the Financial Information in Part III of this Document was prepared.
- 14.3 haysmacintyre LLP have been appointed as the auditors of the Company for the financial year ending 30 November 2020. haysmacintyre LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. haysmacintyre LLP's business address is at 10 Queen St Pl, London EC4R 1AG.
- 14.4 haysmacintyre LLP has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of their report as set out in Part III of this Document and the references thereto. haysmacintyre LLP also accepts responsibility for its report.
- 14.5 First Sentinel Corporate Finance Limited, which is authorised and regulated by the FCA, has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which it appears. First Sentinel is acting exclusively for the Company in connection with Admission and not for any other persons. First Sentinel will not be responsible to any other persons

other than the Company for providing the protections afforded to customers of First Sentinel or for advising any such person in connection with Admission. First Sentinel Corporate Finance Limited is registered in England and Wales under company number: 07832675 and with registered address at Ground Floor, 72 Charlotte Street, London, England, W1T 4QQ.

- 14.6 There are no investments in progress and there are no future investments in respect of which the Directors have already made firm commitments which are significant to the Company.
- 14.7 No financial information contained in this Document is intended by the Company to represent nor constitute a forecast of profits by the Company nor constitute publication of accounts by it.
- 14.8 The Directors accept responsibility for the financial information contained in Part III of this Document which has been prepared in accordance with the law applicable to the Company.
- 14.9 Save for the Company's website at [www.clarifypharma.com](http://www.clarifypharma.com) and as set out in this Document, there are no patents or intellectual property rights, licenses or particular contracts, which are of material importance to the Company's business or profitability.
- 14.10 Save as disclosed in this Document, as far as the Directors are aware there are no environmental issues that may affect Company's utilisation of any tangible fixed assets.
- 14.11 The Shares have not been sold, nor are they available, in whole or in part, to the public in connection with the application for Admission.

**15. Working Capital**

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company on Admission will be sufficient for the present requirements of the Company, that is, for the period of twelve months following Admission.

**16. Availability of this Document**

Copies of this Document will be available free of charge to the public during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Company and from the offices of First Sentinel Corporate Finance Limited and will remain available for at least one month after the date of Admission. The Document is also available on the Company's website ([www.clarifypharma.com](http://www.clarifypharma.com)) (please note that information on the website does not form part of the Admission Document unless that information is incorporated by reference into the Admission Document).

Dated: 10 June 2021