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ACACIA PHARMA GROUP PLC

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IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached prospectus (the ''Prospectus'') relating to Acacia Pharma Group plc (the ''Company'') dated 2 March 2018 accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the attached document to any other person. The Prospectus has been prepared solely in connection with the proposed offer to certain institutional and professional investors (the ''Offer'') of ordinary shares (the ''Shares'') of the Company. The Prospectus has been published in connection with the admission of the Shares to trading on the regulated market of Euronext Brussels (''Admission''). The Prospectus has been approved by the Financial Conduct Authority as a prospectus prepared in accordance with the Prospectus Rules made under section 87A of the FSMA.

The Prospectus has been published and is available from the Company's registered office and on the Company's website at www.acaciapharma.com. Pricing information and other related disclosures have also been published on this website. Prospective investors are advised to access such information prior to making an investment decision.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT AND THE SECURITIES REFERENCED THEREIN MAY ONLY BE DISTRIBUTED IN ''OFFSHORE TRANSACTIONS'' AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT'') OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS (''QIBs'') AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (''RULE 144A') OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB AS DEFINED IN, OR IN RELIANCE ON, RULE 144A, OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

This electronic transmission and the attached document and the Offer when made are only addressed to and directed at persons in member states of the European Economic Area who are ''qualified investors'' within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) (''Qualified Investors''). In addition, in the United Kingdom, this electronic transmission and the attached document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the ''Order'') and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as ''relevant

persons''). This electronic transmission and the attached document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

Confirmation of Your Representation: This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to the Company, those selling shares in the Company in the Offer and Bank Degroof Petercam NV/SA and RBC Europe Limited (together, the ''Joint Global Coordinators'') that (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acquiring such securities in ''offshore transactions'', as defined in, and in reliance on, Regulation S under the Securities Act; (ii) if you are in the United Kingdom, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the EEA; (iii) if you are in any member state of the European Economic Area other than the United Kingdom, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the EEA or the United Kingdom; and (iv) you are an institutional investor that is eligible to receive this document and you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Joint Global Coordinators nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form. A hard copy of the document will be made available to you only upon request. None of the Joint Global Coordinators nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Shares. The Joint Global Coordinators and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Joint Global Coordinators or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the attached document.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

The Joint Global Coordinators are acting exclusively for the Company and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in the attached document.

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acacia pharma

Acacia Pharma Group plc

Prospectus

Transforming medicine
Advancing care

This document comprises a prospectus (the "Prospectus") prepared in accordance with the Prospectus Rules of the UK Financial Conduct Authority (the "FCA") made under section 73A of the Financial Services and Markets Act 2000 ("FSMA"). This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and made available to the public as required by Rule 3.2 of the Prospectus Rules. Additionally, the Belgian Financial Services and Markets Authority ("Belgian FSMA") was notified of the passporting of this Prospectus in accordance with Article 18 of the Directive 2003/71/EC of the European Parliament and of the Council of the European Union (as amended, including by Directive 2010/73/EU, the "European Prospectus Directive").

The Directors, whose names appear on page 37 of this Prospectus, and Acacia Pharma Group plc (the "Company" or "Acacia Pharma") accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

Application has been made for all of the ordinary shares of £0.02 each of the Company ("Ordinary Shares"), issued and to be issued, to be admitted to trading on the regulated market of Euronext Brussels ("Admission"). Trading of the Ordinary Shares on the regulated market of Euronext Brussels is expected to commence, on an "if-and-when-issued-or-delivered" basis, on or about 5 March 2018. Delivery of the Offer Shares is expected to take place in book-entry form on or about 6 March 2018. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.

Prospective investors should read the entire Prospectus and, in particular, Part II (*Risk Factors*) for a discussion of certain factors that should be considered in connection with an investment in the Ordinary Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

Acacia Pharma Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 9759376)

Global Offer of 11,111,111 Ordinary Shares of £0.02 each

and

admission of all Ordinary Shares to trading on the regulated market of Euronext Brussels

Joint Global Coordinators

Degroof Petercam

RBC Capital Markets®

ISSUED ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

(assuming no exercise of the Over-allotment Option)

Issued and fully paid Ordinary Shares of £0.02 each

Number of Ordinary Shares	Nominal value of issued Ordinary Shares
52,919,061	£1,058,381

The Company intends to issue 11,111,111 new Ordinary Shares (the "Offer Shares") under the Global Offer. The Global Offer is conditional, *inter alia*, on Admission taking place on or before 9:00 a.m. CET on 6 March 2018 (or such later time and/or date as the Company and the Banks may agree).

The Offer Shares will, upon Admission, rank equally in all respects with the Ordinary Shares in issue prior to Admission, including the right to receive all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission. The Offer Shares are not being made generally available to the public in conjunction with the Global Offer.

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NOTICE TO OVERSEAS INVESTORS

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada (subject to limited exceptions described herein), Japan or South Africa. Neither the Company nor any of the Banks accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Ordinary Shares, in any jurisdiction where action for that purpose is required.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state or other jurisdiction of the United States. Accordingly, the Offer Shares are only being offered and sold (i) in the United States to persons reasonably believed to be "Qualified Institutional Buyers" as defined in Rule 144A ("Rule 144A") under the Securities Act ("QIBs") pursuant to an exemption from the registration requirements of the Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). There will be no public offer of the Ordinary Shares in the United States. Prospective investors in the United States are hereby notified that the Company may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A.

The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Offer Shares or the accuracy or completeness of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus is being furnished by the Company in connection with an offering exempt from the registration requirements of the Securities Act, solely for the purpose of enabling a prospective investor to consider the acquisition of Offer Shares described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. This Prospectus is being furnished on a confidential basis only to persons in the United States reasonably believed to be QIBs and to other eligible persons outside of the United States. Any reproduction or distribution of this Prospectus, in whole or in part, in or into the United States and any disclosure of its contents or use of any information herein in the United States for any purpose, other than in considering an investment by the recipient in the Offer Shares offered hereby in accordance with the offer and sale restrictions described herein, is prohibited. Each prospective investor in the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing. The Offer Shares are being offered in the United States to QIBs through the respective United States registered broker-dealer affiliates of the Banks.

The offer, sale and/or issue of the Ordinary Shares has not been, and will not be, qualified for sale or distribution by prospectus under any applicable securities laws of Australia, Canada, Japan or South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered, sold or delivered within Australia, Canada, Japan or South Africa, or to, or for the benefit of, any national, resident or citizen of Australia, Canada, Japan or South Africa.

Persons who come into possession of this Prospectus should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this Prospectus and the Global Offer. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

Investors should rely only on the information contained in this Prospectus (and any supplementary prospectus produced to supplement the information contained in this Prospectus) when making a decision as to whether to purchase Offer Shares. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Global Offer and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or the Banks. Without prejudice to any obligation of the Company to publish a supplementary prospectus

pursuant to section 87G(1) of FSMA and Rule 3.4 of the Prospectus Rules, neither the delivery of this Prospectus nor any issue or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company and its subsidiaries taken as a whole since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult its own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to the subscription or purchase of Ordinary Shares. Prior to making any decision as to whether to invest in Ordinary Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, a prospective investor must rely upon its own examination, analysis and enquiries of the Company and the terms of the Prospectus, including the merits and risks involved.

Recipients of this Prospectus are authorised to use it solely for the purpose of considering the acquisition of Offer Shares and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Bank Degroof Petercam NV/SA ("Degroof Petercam") and RBC Europe Limited ("RBC") have been appointed as Joint Global Coordinators (together the "Banks") in connection with Admission and the Global Offer.

RBC is authorised and regulated by the FCA and UK Prudential Regulation Authority ("PRA") and Degroof Petercam is authorised by and under the supervision of the National Bank of Belgium and under the supervision on investor and consumer protection of the Belgian FSMA. Each of Degroof Petercam or RBC is acting exclusively for the Company and no one else in connection with the Global Offer and the contents of this Prospectus and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Global Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Global Offer, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks by either the FCA or the National Bank of Belgium and the Belgian FSMA, or the regulatory regimes established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regime would be illegal, void or unenforceable, neither of the Banks or their respective affiliates accepts any responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this Prospectus, including its accuracy, completeness or for any other statement made or purported to be made by it or on behalf of it, the Company, the Directors or any other person, in connection with the Company, the Ordinary Shares or the Global Offer and nothing in this Prospectus shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Each of the Banks and their respective affiliates accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

In connection with the Global Offer, each of the Banks and any of their respective affiliates, acting as an investor for its or their own account(s), may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in Ordinary Shares and other securities of the Company or related investments in connection with the Global Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, each of the Banks and any of their respective affiliates acting as an investor for its or their own account(s). Neither of the Banks intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. In addition, in connection with the Global Offer, certain of the Banks may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where Ordinary Shares are used as collateral, that could result in such Banks acquiring shareholdings in the Company.

The Banks and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have

received customary fees. The Banks and any of their respective affiliates may provide such services to the Company and any of its affiliates in the future.

The Offer Shares to be made available pursuant to the Global Offer will, on Admission, rank equally in all respects with all other Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

The FCA has approved this Prospectus in accordance with Section 87A of FSMA and has notified the Belgian FSMA for passporting this Prospectus in accordance with Article 18 of the Prospectus Directive. Neither the FCA's approval nor the notification to the Belgian FSMA shall imply any opinion by the FCA or the Belgian FSMA regarding the Company or its suitability or eligibility for Admission or on the status of the Company.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (''MiFID II''); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the ''MiFID II Product Governance Requirements''), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any ''manufacturer'' (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the ''Target Market Assessment''). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Global Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Coordinators will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

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

STABILISATION

In connection with the Global Offer, Degroof Petercam (the ''Stabilising Manager''), or any of its agents, may, but will be under no obligation to, effect stabilisation transactions to support the market price of the Ordinary Shares or any options, warrants or rights with respect to, or interests in, the Ordinary Shares or other securities of the Company, in each case at a higher level than that which might otherwise prevail in the open market. Such transactions may include short sales, stabilising transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Stabilising Manager of a greater number of Ordinary Shares than the Banks are required to procure purchasers for, or failing which, to purchase in the Global Offer. Stabilising transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Ordinary Shares while the Global Offer is in progress. Such transactions shall be carried out in accordance with applicable rules and regulations. Such stabilisation activities may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period from the date of the commencement of conditional dealings of the Ordinary Shares on the regulated market of Euronext Brussels and ending no later than

30 calendar days thereafter. However, there is no obligation on the Stabilising Manager or any other person (or any of their agents) to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Global Offer, the Stabilising Manager may over-allot Ordinary Shares at the Offer Price up to a maximum of 10 per cent of the total number of Offer Shares. To allow the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares effected by it during the stabilising period, the Company has granted to it the Over-allotment Option pursuant to which the Stabilising Manager may require the Company to issue additional Ordinary Shares representing in aggregate up to 10 per cent of the total number of Offer Shares at the Offer Price. The Over-allotment Option is exercisable, in whole or in part, upon notice by the Stabilising Manager, at any time on or before the thirtieth calendar day after the commencement of conditional dealings of the Ordinary Shares on the regulated market of Euronext Brussels. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank equally in all respects with the other Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares, will be sold on the same terms and conditions as the Ordinary Shares being offered pursuant to the Global Offer and will form a single class for all purposes with the other Ordinary Shares.

The date of this Prospectus is 2 March 2018.

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PART I – SUMMARY

Summaries are made up of disclosure requirements known as ''Elements''. These Elements are numbered in sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element might be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of the words ''not applicable''.

Section A – Introduction and warnings		
Element		
A.1	Introduction	This summary should be read as an introduction to this Prospectus. Any decision to invest in the Offer Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of a Member State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent for Intermediaries	Not applicable: the Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this Prospectus.

Section B – Issuer		
Element		
B.1	Legal and commercial name	Acacia Pharma Group plc (the ''Company'').
B.2	Domicile / legal form / legislation / country of incorporation	The Company is a public limited company, incorporated in England and Wales under number 9759376 with its registered office situated in England and Wales. The Company operates under the Companies Act 2006 (the ''Companies Act'').
B.3	Current operations / principal activities and markets	Acacia Pharma is a hospital pharmaceutical group founded in 2007 and based in Cambridge, UK with US operations based in Indianapolis, Indiana. The Group is focused on the development and commercialisation of new nausea and vomiting treatments for surgical and cancer patients. The Group has identified important and commercially attractive nausea and vomiting unmet needs and has developed two antiemetic product candidates seeking to meet those needs, based on the same active ingredient, amisulpride, a dopamine antagonist. Its lead product candidate BAREMSIS® has been developed for the

		management of post-operative nausea and vomiting (PONV), specifically for (i) the rescue treatment of patients who suffer PONV despite having received prior preventative prophylaxis with standard antiemetics and (ii) the prophylaxis of PONV in combination with standard antiemetics in higher risk patients. APD403 is being developed for chemotherapy induced nausea and vomiting (CINV), in particular for the management of delayed nausea in the two to five days following chemotherapy. Following the successful completion of four positive pivotal studies, a New Drug Application (NDA) has been submitted to the US FDA for BAREMSIS®, for the treatment and prophylaxis of PONV alone and in combination with standard antiemetics. The FDA accepted the NDA for filing in December 2017 and has set a target of completing its review by 5 October 2018. Phase 2 clinical proof of concept studies have been successfully conducted investigating APD403 for the management of CINV. The Group has retained all rights to commercialise both product candidates in all territories and plans to commercialise them directly in the US and establish licensing and/or distribution agreements with selected pharmaceutical partners outside the US. The Group is planning to build a specialist sales force in the US, initially targeting the promotion of BAREMSIS® to hospital-based anaesthetists and their surgical teams for rescue treatment of PONV. Subsequently BAREMSIS® will be promoted earlier in the treatment pathway, for the combination prophylaxis of PONV in higher-risk patients. Once BAREMSIS® is established in the US market, the Directors expect that initial sales and marketing infrastructure can be moderately increased in size to commercialise APD403 for CINV, targeting hospital and clinic-based oncologists. Amisulpride, the active ingredient within BAREMSIS® and APD403, is currently marketed in certain countries outside the US for the management of schizophrenia and other psychoses. The Group has repurposed amisulpride for the management of nausea and vomiting and differentiated it by applying a change in route of administration and dose that is appropriate for the products' new medical uses. Core patents covering BAREMSIS® and APD403 have been granted to the Group in most major pharmaceutical territories, and additional patent applications are pending. The Group's lead product candidate BAREMSIS®, addresses the post-operative care market. The Directors estimate that approximately 65 million antiemetic eligible surgical procedures are conducted each year in the US. The goal of healthcare providers and payors is to manage patient throughput efficiently and minimise costs, while providing patients with a positive surgical experience. Opportunities therefore exist for the Group to provide anaesthetists and surgical teams with a product that can reduce the side effects of surgery, thereby reducing the time patients spend in expensive recovery rooms and in-patient hospital beds. Moreover, US hospitals are financially incentivised to improve the quality of care and consequent patient satisfaction. Appropriate management of PONV is a key to improving patient satisfaction scores which directly impact the reimbursement a hospital receives under Medicare within current healthcare legislation, as well as reducing post-surgical patient recovery times. BAREMSIS® could therefore represent an opportunity to improve patient care whilst offering hospitals opportunities to both reduce costs and improve reimbursement.

		APD403 is being developed for the management of nausea and vomiting in cancer patients receiving emetogenic chemotherapy. The cancer population continues to grow, due both to the increasing incidence of the condition in an ageing population and to the increasing longevity of cancer patients, as a result of earlier diagnosis and advances in cancer treatment. It is estimated that there were 14 million cancer cases worldwide in 2012 and this is expected to increase to 24 million in 2035. The Directors believe there is an opportunity to provide hospital and clinic-based oncologists with a drug to better manage CINV which can enable optimal cancer treatment. APD403 is being specifically developed to meet what the Directors believe to be the key unmet need, late stage CINV, particularly late stage nausea. BAREMSIS® has been shown to be safe and effective for the treatment and prevention of PONV and an NDA has been submitted to the US FDA. It was accepted for filing in December 2017 and the FDA has set a target of completing its review by 5 October 2018. The product label being sought for BAREMSIS® is for the management of PONV, including the rescue treatment of PONV in patients despite having received prior prophylaxis with standard antiemetics and in combination prophylaxis with standard antiemetics in higher risk patients, the two key commercial unmet needs. The Directors believe BAREMSIS® will have a strong competitive position, as, if approved, it will be the first product specifically labelled for these uses. Two Phase 2 clinical studies have been completed on APD403 for the management of CINV and this product candidate is intended to be moved into Phase 3 studies, following the completion of an acute phase, dose-ranging Phase 2 study. At Admission the Group anticipates having 6 full-time employees. The Group's management team has extensive experience in the discovery, development and commercialisation of hospital pharmaceutical products, in drug repurposing, and in corporate and financial control in public and private companies. The Group aims to become a leading hospital pharmaceutical organisation, providing products for hospital-based anaesthetists and their surgical teams and hospital and clinic-based oncologists. The Group intends to commercialise its products directly in the US and establish licensing and/or distribution agreements with selected pharmaceutical partners outside the US, such as in Europe.
B.4a	Significant recent trends affecting the Group and the industry in which it operates	PONV is a common complication of surgery, occurring in approximately 30 per cent of surgical patients and up to 80 per cent of high-risk patients. Typically, two thirds of patients with PONV have nausea and one third have vomiting. The risk of PONV is higher for women, non-smokers, those who have experienced prior motion sickness or PONV, and those receiving post-operative opioid pain control. PONV is associated with the use of volatile anaesthetic gases and opioid analgesics and is particularly common following gynaecological, abdominal, breast, eye and ear operations, especially those lasting an hour or more. PONV most often starts in the first three hours after the end of anaesthesia, with a decreasing trend over 24 hours. PONV is a significant issue for patients and healthcare providers. It has been ranked as the most undesirable of all surgical complications by patients and contributes significantly to patient anxiety and distress. PONV can also delay hospital discharge, result in readmission after in-patient procedures and lead to day-case

		patients being admitted to hospital, all of which can result in significantly increased healthcare costs. For example, in a study of 402 patients at Thomas Jefferson Hospital in Philadelphia, a reported 36 per cent of orthopaedic surgery patients experienced nausea or vomiting and had an associated 0.7 day increase (23 per cent) in their length of stay. With an estimated cost of a non-ICU hospital day of $2,319, the economic cost of nausea and vomiting in these patients exceeds $1,600. The PONV Consensus Guidelines recommend that patients are assessed for their risk of suffering from PONV using a simple scoring system (one point for each of the four major risk factors for PONV (i) female, (ii) non-smoker, (iii) prior history of PONV or motion sickness and (iv) expected use of post-operative opioid pain control) and are managed accordingly. It is recommended that patients at moderate-risk of PONV (two risk factors) be given a prophylactic antiemetic to stop PONV occurring. In higher risk patients (three or four risk factors) it is recommended that multiple prophylactic antiemetics from different pharmacological mechanisms of action are given. The mainstay of PONV prophylaxis (prevention) is the class of 5-HT_3 antagonists. In higher risk patients, a second antiemetic with a different mechanism of action is recommended to be added to the 5-HT_3 antagonist, the corticosteroid dexamethasone being the most common. This still leaves a significant number of patients whose PONV is not effectively managed, leaving an opportunity for an effective and safe antiemetic with a third mechanism of action that can be used prophylactically in combination with 5-HT_3 antagonists and dexamethasone in higher risk patients. The use of antiemetics other than 5-HT_3 antagonists and corticosteroids (e.g. metoclopramide, promethazine and scopolamine) is limited due to safety concerns and/or sparse efficacy data. Approximately 32 per cent of patients who are given PONV prophylaxis will still experience nausea and/or vomiting after their operation. In such cases, the PONV Consensus Guidelines recommend rescue treatment using an antiemetic with a different pharmacological mechanism of action to those that were previously given prophylactically. Despite these recommendations, market research conducted by the Group indicates that, in 69 per cent of cases, further ondansetron (a 5-HT_3 antagonist) is given as a rescue after it has already failed to achieve adequate prophylaxis, even though the ondansetron prescribing information clearly states that this is not an effective strategy. The Directors believe that this practice is driven by the lack of safe and effective medications from other classes approved or suitable for PONV rescue. For example, corticosteroids such as dexamethasone take a significant time to become effective as antiemetics and are therefore too slow-acting to be useful for rescue therapy; while the antihistamine promethazine causes sedation and can be challenging to administer intravenously, as it causes significant tissue damage in the event of extravasation; metoclopramide is a weak antiemetic, has a poor side effect profile, is not recommended in prescribing guidelines and has no rescue indication. The Directors therefore believe there is an opportunity for an effective and safe antiemetic with a third mechanism of action that can be used to rescue patients with established PONV who have not responded to prior prophylaxis with standard antiemetics.

		The popularity among physicians of the dopamine antagonist mechanism of action led the Group to explore the possibility of developing an efficacious and safe dopamine antagonist which could provide the new antiemetic that is needed for the more effective management of PONV. The Directors believe that BAREMSIS® is such a candidate following clinical studies which have shown it avoids the safety concerns that limited the use of droperidol, whilst still being effective in reducing nausea and vomiting. The Directors believe BAREMSIS® therefore has the potential to be used: (i) to rescue patients with PONV who have not responded to standard antiemetic prophylaxis; and (ii) to prevent PONV in combination prophylaxis with standard antiemetics in higher risk patients. CINV is one of the most common and feared side effects of cancer chemotherapy. In patients receiving highly emetogenic chemotherapy ("HEC"), such as cisplatin for lung and bladder cancers and the combination of an anthracycline and cyclophosphamide in women with breast cancer, the incidence of CINV is over 90 per cent. There are also many moderately emetogenic chemotherapy ("MEC") agents and regimens which can cause CINV in between 30 per cent and 90 per cent of patients. Nausea and vomiting can occur on the day of chemotherapy (acute CINV) and can persist for two to five days after chemotherapy (delayed CINV). CINV has a significant effect on quality of life and can compromise patient health. Severe CINV may necessitate a delay or reduction in chemotherapy and can ultimately lead to the withdrawal of treatment. The goal of CINV management is the prevention, rather than treatment, of symptoms. Therapeutic guidelines for the management of CINV have been published by several major oncology organisations, including the American Society of Clinical Oncology (ASCO), the European Society for Medical Oncology (ESMO), the Multinational Association of Supportive Care in Cancer (MASCC) and the National Comprehensive Cancer Network. Current guidelines recommend the use of triple therapy, comprising a 5-HT_3 antagonist (e.g. ondansetron), a corticosteroid (e.g. dexamethasone) and an NK-1 antagonist (e.g. aprepitant, or its intravenous prodrug fosaprepitant), in patients receiving HEC. The use of three-drug prophylaxis can control acute CINV in 80 to 90 per cent of patients receiving HEC. However, control of delayed CINV is much less satisfactory, with failure occurring in 30 to 50 per cent of patients, primarily due to nausea rather than vomiting. Therefore, the Directors consider management of nausea in the delayed phase of CINV to be a major unmet medical need. A number of studies have demonstrated benefits for the dopamine antagonists metopimazine and olanzapine in delayed CINV. However, these drugs are not approved for the management of CINV and have side effects which could limit their use. In contrast, based on the results of the studies to date, APD403 has a favourable safety profile and data recently generated by the Group indicate that APD403 could improve outcomes in delayed CINV without compromising patient safety. The Directors are aware of one product that has recently been approved for the management of CINV, CINVANTI™, IV aprepitant (Heron Therapeutics). CINVANTI™ is an alternative formulation of Ivemend®, fosaprepitant, an NK-1 antagonist marketed by Merck. As a result, it is expected to compete directly with and be substituted for Ivemend®.

		The Directors are not aware of any proprietary dopamine antagonists in development for either PONV or CINV.
B.5	Description of Issuer's group	As at the date of this Prospectus, Acacia Pharma Group plc is the holding company of the Group. Acacia Pharma Limited is a wholly owned subsidiary of Acacia Pharma Group plc and is the main trading company of the Group and owns the intellectual property of the Group. As at the date of this Prospectus, Acacia Pharma Limited has one subsidiary, Acacia Pharma Inc. (a company incorporated under the laws of Delaware).
B.6	Shareholders	It is expected that immediately prior to Admission, the following persons will be interested in three per cent or more of the Company's issued share capital:

	Interests immediately prior to Admission*		**Interests following Admission (assuming exercise in full of the Over-allotment Option)***	
Significant Shareholder	**No.**	**% of total issued share capital of the Company**	**No.**	**% of total issued share capital of the Company**
Gilde	15,819,415	37.8	16,943,822	31.4
Lundbeckfond	11,474,927	27.4	12,468,955	23.1
Novo	6,876,200	16.4	7,609,551	14.1
F-Prime	4,675,159	11.2	4,998,786	9.3

* Interests reflect the conversion of the convertible loan notes.

The Company is not aware of any person who, immediately following the Global Offer, will directly or indirectly, jointly or severally, exercise control over the Company.

All Ordinary Shares will have the same voting rights.

B.7	Selected historical key financial information	The selected historical key financial information has been extracted from the historical financial information of the Group as at 31 December and for the three years ended 31 December 2017. The tables below summarise certain key financial information. **Statement of Comprehensive Income**

	For the year ended 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Continuing operations:			
Research and development expenditure	(10,079)	(13,605)	(1,479)
Administrative expenses	(2,388)	(837)	(1,534)
Operating loss	**(12,467)**	**(14,442)**	**(3,013)**
Finance income	19	7	2
Finance expense	(2,648)	(1,855)	(3,510)
Loss before income tax	**(15,096)**	**(16,290)**	**(6,521)**
Taxation credit	2,222	2,793	349
Loss and total comprehensive loss for the year	**(12,874)**	**(13,497)**	**(6,172)**
Basic and diluted losses per Ordinary Share	(483)p	(506)p	(232)p

Statement of Financial Position

	As at 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Assets			
Current Assets			
Other receivables	336	539	154
Current income tax assets	2,166	2,793	349
Cash and cash equivalents	5,462	6,884	3,070
Total Current Assets	**7,964**	**10,216**	3,573
Total Assets	**7,964**	**10,216**	**3,573**
Equity and Liabilities			
Equity attributable to equity holders			
Share capital	678	701	701
Share premium	—	4,513	4,513
Profit and loss account	65,541	52,041	45,886
Share-based payments reserve	121	144	253
Merger reserve	(69,136)	(69,136)	(69,136)
Total Equity	**(2,796)**	**(11,737)**	**(17,783)**
Liabilities			
Non-current liabilities			
Term loans, amounts payable after one year	—	4,972	—
	—	**4,972**	—
Current liabilities			
Trade and other payables	2,942	5,138	1,000
Liability component of convertible shares	7,818	9,134	11,140
Term loans, amounts payable within one year	—	2,709	5,185
Convertible loan notes	—	—	4,031
	10,760	**16,981**	**21,356**
Total Liabilities	**10,760**	**21,953**	**21,356**
Total Equity and Liabilities	**7,964**	**10,216**	**3,573**

Cash Flow Statement

	For the year ended 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Cash flows from operating activities:			
Cash used in operations	(10,839)	(12,368)	(6,542)
Income tax credit received	1,106	2,166	2,793
Net cash used in operating activities	**(9,733)**	**(10,202)**	**(3,749)**
Cash flows from investing activities:			
Interest received	19	7	2
Net cash generated from investing activities	**19**	7	2
Cash flows from financing activities:			
Proceeds of issuance of convertible loan	—	—	3,400
Proceeds of issuance of preference shares	12,541	4,585	—
Issue costs of preference shares	—	(49)	—
Amounts borrowed under term loan	—	8,500	—
Payment of transaction costs on term loan	—	(85)	—
Amounts repaid under term loan	—	(1,000)	(3,000)
Interest and fees paid on loan	—	(275)	(368)
Net cash generated from financing activities	**12,541**	**11,676**	**32**
Effect of exchange rate movements on cash held	—	(59)	(99)
Net (decrease)/increase in cash and cash equivalents	**2,827**	**1,422**	**(3,814)**
Cash and cash equivalents at beginning of the year	2,635	5,462	6,884
Cash and cash equivalents at end of the year	**5,462**	**6,884**	**3,070**

Certain significant changes to the Group's financial condition and operating results occurred during the years ended 31 December 2015, 2016 and 2017. These changes are set out below.

Research and development costs decreased by £12.1 million from £13.6 million in the year ended 31 December 2016 to £1.5 million in the year ended 31 December 2017. This decrease was due primarily to the timing and extent of Phase 3 clinical study activity on BAREMSIS® where the clinical studies were substantially completed in 2015 and 2016.

Research and development costs increased by £3.5 million from £10.1 million in the year ended 31 December 2015 to £13.6 million in the year ended 31 December 2016. This increase was due primarily to the timing and extent of Phase 3 clinical study activity on BAREMSIS®. During the two years, four Phase 3 clinical studies were conducted.

Administrative expenses increased by £0.7 million from £0.8 million in the year ended 31 December 2016 to £1.5 million in the year ended 31 December 2017 due to increased sales and marketing activities and higher professional fees.

Administrative expenses decreased by £1.6 million from £2.4 million in the year ended 31 December 2015 to £0.8 million in the year ended 31 December 2016 due to due to a reduction in professional fees.

Finance expense increased by £1.6 million from £1.9 million in the year ended 31 December 2016 to £3.5 million in the year ended 31 December 2017. This increase was due primarily to interest of £0.6 million arising on the convertible loan notes issued in November 2017 and increases in the finance charges on the term loan and compound financial instruments.

		Finance expense decreased by £0.7 million from £2.6 million in the year ended 31 December 2015 to £1.9 million in the year ended 31 December 2016. This decrease was due primarily to the incurrence of £0.5 million of expenses in respect to the term loan offset by a reduction of £1.4 million in finance charges with respect to the B and C preferred shares as a result of changes in the estimated date such dividends would be payable. For the years ended 31 December 2017, 2016 and 2015, net cash used in operating activities was £3.7 million, £10.2 million and £9.7 million, respectively. The levels of expenditure varied from period to period principally as a result of the timing and nature of various clinical studies and future research and development activities and commercialisation activities are likely to result in similar fluctuations. In the year ended 31 December 2017 net cash generated from financing activities arose from receipt of £3.4 million from the issuance of convertible loan notes offset by payments of £3.4 million on the term loan. In the year ended 31 December 2016, net cash from financing activities included the receipt of £8.5 million under a term loan and subsequent repayment of £1.0 million in principal on the term loan and receipt of £4.6 million from the issuance of C and D preferred shares. There has been no significant change in the financial or trading position of the Group since 31 December 2017, being the latest date to which the historical financial information of the Group was prepared.

B.8	Unaudited *pro forma* net assets statement	The unaudited *pro forma* statement of net assets set out below has been prepared to illustrate the impact of the Global Offer of Ordinary Shares, the conversion of the convertible shares, the convertible loan note and the repayment of the term loan on the net assets of the Group had they taken place as at 31 December 2017. The unaudited *pro forma* information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results.

	Group as at 31 Dec 2017 £'000 Note 1	Global Offer £'000 Note 2	Conversion of convertible shares and the convertible loan notes £'000 Note 3	Unaudited Pro forma total £'000 Note 4
Current assets				
Other receivables	154	—	—	154
Current income tax assets	349	—	—	349
Cash and cash equivalents	3,070	32,837	—	35,907
Total Current Assets	3,573	32,837	—	36,410
Current liabilities				
Trade and other payables	(1,000)	—	—	(1,000)
Liability component of convertible shares	(11,140)	—	11,140	—
Term loan, amounts payable within one year	(5,185)	—	—	(5,185)
Convertible loan note	(4,031)	—	4,031	—
Total liabilities	(21,356)	—	15,171	(6,185)
Net (liabilities)/assets	(17,783)	32,837	15,171	30,225

Notes

1. The financial information has been extracted, without material adjustment, from the historical financial information of the Group as at 31 December 2017.
2. The net proceeds of the Global Offer of €37.0 million (£32.8 million using an exchange rate of €1.126:£1) are calculated on the basis that the Company issues 11,111,111 New Ordinary Shares at a price of €3.60 per share, net of estimated expenses in connection with the Global Offer of approximately €3.0 million (£2.7 million using an exchange rate of €1.126:£1).
3. Any liabilities in respect of the convertible shares (being A ordinary shares, B preferred shares and C preferred shares) will be converted to Ordinary Shares immediately prior to Admission. The total of the liabilities in respect of the convertible shares at 31 December 2017 was £11.1 million. The convertible loan notes and interest accrued thereon as at 31 December 2017 of £4.0 million will also convert into Ordinary Shares immediately prior to Admission.
4. The unaudited *pro forma* statement of net assets does not reflect any trading or other transactions undertaken since 31 December 2017.

B.9	Profit forecast/ estimates	Not applicable: the Group has not made any profit forecasts or estimates in this Prospectus.
B.10	Audit report – qualifications	Not applicable: there are no qualifications in the accountant's report on the historical financial information included in this Prospectus.
B.11	Insufficient working capital	Not applicable: in the opinion of the Company, taking into account the net proceeds receivable by the Company pursuant to the Global Offer, the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this Prospectus.

Section C – Securities		
Element		
C.1	Description of type and class of securities being offered	The Global Offer comprises Ordinary Shares in Acacia Pharma Group plc. The nominal value of the total issued Ordinary Share capital of the Company immediately following Admission (assuming no exercise of the Over-allotment Option) will be £1,058,381 divided into 52,919,061 Ordinary Shares of £0.02 each, which will be issued fully paid. When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BYWF9Y76 and it is expected that the Ordinary Shares will be traded in Euros under the ticker symbol ACPH. The Company's Legal Entity Identifier ("LEI") code is 213800SLDKXWKT6E3381.
C.2	Currency of issue	The Offer Shares are denominated in pounds sterling.
C.3	Number of Ordinary Shares issued and par value	On Admission (assuming there is no exercise of the Over-allotment Option), there will be 52,919,061 Ordinary Shares in issue (all of which will be fully paid). The Ordinary Shares have a par value of £0.02.
C.4	Rights attaching to the Ordinary Shares	The Ordinary Shares rank equally for voting purposes. On a show of hands each Shareholder has one vote, and on a poll each Shareholder has one vote per Ordinary Share held. Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of Shareholders, either generally or specifically, for a maximum period not exceeding five years. Each Ordinary Share ranks equally for any dividend declared. Each Ordinary Share ranks equally for any distributions made on a winding up of the Company. Each Ordinary Share ranks equally in the right to receive a relative proportion of shares in the event of a capitalisation of reserves.
C.5	Restrictions on transfer	Not applicable: the Ordinary Shares are freely transferable and there are no restrictions on transfer.
C.6	Admission to trading	Application has been made for all Ordinary Shares to be admitted to trading on the regulated market of Euronext Brussels. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.
C.7	Dividend policy	The Directors intend to retain future earnings, if any, to finance the operations of the Group's business and do not anticipate paying any cash dividends in the foreseeable future. In general, any future dividend will be subject to determination by the Board based on the Group's results of operations and financial condition, its future business prospects, any applicable legal or contractual restrictions and any other factors that the Board considers relevant.

Section D – Risks		
Element		
D.1	Key information on the key risks that are specific to the Issuer or its industry	Prior to investing in the Ordinary Shares, prospective investors should consider the risks associated therewith. The Directors believe the following are the key risks that the Group faces in conducting its business. The Group has incurred losses from inception, there is no current source of revenue and it is anticipated that the Group will incur further losses in the foreseeable future. The Company is a late-stage development/pre-commercialisation hospital pharmaceutical company. Investment in pharmaceutical product development is highly speculative because it entails substantial upfront expenditures and significant risk that any given product candidate will fail to gain regulatory approval or become commercially viable. No revenues have been generated from product sales to date, and the Group continues to incur significant development and other expenses related to its ongoing operations. The Group will seek to finance future requirements through debt or equity offerings. Additional capital may not be available on acceptable terms, or at all. If the Group is unable to raise additional capital in sufficient amounts or on acceptable terms it will have to significantly delay, scale back or discontinue the development or commercialisation of BAREMSIS® or its other product candidate. If a lack of available financing for future requirements means that the Group is unable to expand its operations or otherwise capitalise on its business opportunities, or if it must delay, limit, reduce or terminate: (i) clinical trials or other research and development activity; or (ii) the establishment of sales and marketing channels required to effectively commercialise BAREMSIS® or any other approved product, the Group's business, financial condition, results of operations and prospects could be materially adversely affected. The Group's success is dependent upon obtaining and maintaining regulatory approval for BAREMSIS® as well as its other product candidate. The Group is subject to the risk that it will be unable to obtain regulatory approval, that the scope of any approval it does receive is limited or that further clinical or preclinical studies may be required. Even if BAREMSIS® or the Group's other product candidate were to obtain approval from the FDA or other relevant regulatory authorities, any approval might be for fewer or more limited indications than requested, be for a label that does not include the labelling claims necessary or desirable for the successful commercialisation of that product candidate, contain significant limitations related to use for certain age groups, warnings, precautions or contraindications, or be contingent upon onerous or costly post-marketing clinical trials, approval studies or risk management requirements, any of which could require further work for the Group with additional expenditure and associated delays to secure the desired label. The commercial success of BAREMSIS® and any of the Group's other future products will depend on the rate and degree of market acceptance of these products among physicians, patients, health care payors and the medical community. In addition, market acceptance depends on the effectiveness of the Group's marketing strategy, and, to date, the Group has not engaged in sales or marketing. If the

		medical community and patients do not ultimately accept the benefits of the Group's products, the Group's business, prospects, financial condition and results of operation could be materially and adversely affected. Even if BAREMSIS® is approved, the Group will be subject to ongoing regulatory obligations and review by the FDA in particular and may still face future development and regulatory difficulties, which may result in additional expenses or the Group being subjected to sanctions or penalties for failure to comply with its regulatory obligations. The occurrence of any of the regulatory actions or incurrence of any of the penalties set out above may inhibit the Group's ability to commercialise its products and, consequently, could materially adversely affect the Group's business, financial condition, results of operations and prospects. It is difficult for a prospective investor to evaluate the Group's ability to commercialise products successfully and to assess the Group's future prospects. The Group's ability to generate future revenues and become profitable will depend upon its ability to successfully commercialise BAREMSIS® and its other product candidate. Any predictions about the Group's future success, performance or viability may not be as accurate as they might be if the Group had an established sales channel or established products on the market. The Group does not have a sales or marketing infrastructure and has not been engaged in the sale or marketing of pharmaceutical products. To achieve commercial success for any approved product, the Group must develop or acquire a sales and marketing organisation, outsource these functions to third parties or enter into partnerships. The Group plans to establish its own sales and marketing capabilities and promote BAREMSIS® in the US with a targeted sales force if and when it is approved. There are risks involved with establishing the Group's own sales and marketing capabilities and entering into arrangements with third parties to perform these services. Even if the Group establishes sales and marketing capabilities, it may fail to launch its products effectively or to market its products effectively given its limited experience in the sales and marketing of pharmaceutical products The Group may become involved in litigation to protect or enforce its intellectual property, which could be expensive, time-consuming and ultimately, unsuccessful. Competitors may infringe the Group's patents or misappropriate or otherwise violate the Group's intellectual property rights. In addition, a court may decide that patents owned by or licensed to the Group are invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that Group patents do not cover the technology in question or that the patents should not have been issued. An adverse result in any litigation proceeding could put one or more Group patents at risk of being invalidated, held unenforceable or interpreted narrowly. The Group relies on third parties, particularly CROs, to conduct its pre-clinical and clinical trials related to its drug development programmes. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, the Group may face delays, increased costs or be unable to obtain regulatory approval for or commercialise its product candidates and its business

		could be materially adversely affected. Drug development efforts could be delayed if relationships with CROs or third-party consultants are terminated for any reason. The Group has no experience manufacturing its product candidates on a large clinical or commercial scale and is dependent on third party manufacturers for the manufacture of all product candidates. Any problems experienced with any of these third parties could delay or interrupt the manufacture of the Group's product candidates and materially adversely affect its business. If the Group's product candidates are commercialised, its products may become subject to unfavourable pricing regulations, third party reimbursement practices or healthcare reform initiatives, which could be detrimental to the Group's business. Potential product liability lawsuits against the Group could cause the Group to incur substantial liabilities and limit commercialisation of any products that the Group may develop and there can be no certainty that the Group can obtain adequate product liability insurance in order to protect it from potential claims. The Group's ability to compete and grow depends to a large extent upon the continued service of the current management team. The Group is highly dependent on its current management team and in particular on the sales and marketing knowledge and contacts of its US-based Chief Commercial Officer.
D.3	Key information on the key risks that are specific to the Ordinary Shares	The Directors believe the following are the key risks relevant to the Global Offer and the Ordinary Shares: A liquid market for the Ordinary Shares may fail to develop or if it develops, be sustained. The Offer Price has been agreed upon between the Banks and the Company and may not be indicative of the market price for the Ordinary Shares following Admission. Although the Group has applied for the admission of the Ordinary Shares to trading on the regulated market of Euronext Brussels, the Group can give no assurance that an active trading market for the Ordinary Shares will develop or, if developed, can be sustained following Admission. The price of the Company's Ordinary Shares may be volatile, and all or part of an investment could be lost. The future trading price of the Group's Ordinary Shares may be subject to fluctuations in response to various factors, some of which are beyond the Group's control. In addition, the stock market in general and shares of life science companies in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. The Group will incur increased costs as a result of operating as a public company and management will be required to devote time to compliance initiatives and regulations which will increase legal and financial costs substantially and make some activities more time-consuming and costly. The increased costs will increase the Group's consolidated net loss or reduce its net profit. Management cannot predict or estimate the amount or timing of additional costs that may be incurred to respond to these requirements. The Group does not anticipate paying any dividends in the foreseeable future and, therefore, investors will need to rely on capital appreciation, if any, for any return on their investment in the near to medium term.

		Future sales and issuances of Ordinary Shares or rights to purchase Ordinary Shares, including pursuant to any equity incentive plans, could result in additional dilution of the percentage ownership of Shareholders and could cause the Ordinary Share price to fall.

Section E – Global Offer		
Element		
E.1	Total Net proceeds of the Offer and estimated expenses	The Company will receive approximately €37.0 million net proceeds from the Global Offer (after deducting underwriting commissions and other offering-related fees and expenses plus VAT of approximately €3.0 million). No expenses will be directly charged to the purchasers of Offer Shares by the Company.
E.2a	Reasons for the Global Offer / Use of proceeds	The Directors believe that the Global Offer and Admission will provide additional funds to allow the Company to bring BAREMSIS® to approval and launch in the US, advance the development of APD403 and meet other corporate costs. The net proceeds payable to the Company from the Global Offer (assuming no exercise of the Over-allotment Option) will be approximately €37.0 million (after deducting underwriting commissions and other offering-related fees and expenses plus VAT, of approximately €3.0 million). The proceeds of the Global Offer are expected to allow the Group to build the sales and marketing infrastructure and undertake marketing, supply chain and other preparatory activities ready to launch BAREMSIS® to the hospital market in early 2019, assuming approval of the NDA in late 2018. Additionally, the proceeds will be applied to continue the development of APD403, strengthen the corporate infrastructure and repay term debt. The Company intends to allocate the net proceeds it receives from the Global Offer and its existing cash balances approximately as follows: ● develop infrastructure and launch of lead product candidate BAREMSIS®: €27.5 million; ● prepare APD403 for Phase 2 trial: €0.5 million; ● repay Silicon Valley Bank debt of €3.8 million; and ● other corporate activities. The Group intends to raise additional capital following approval by the FDA of BAREMSIS® in order to: ● fund activities relating to the launch and commercialisation of BAREMSIS®, including hiring an initial hospital sales force comprising of approximately 60 sales representatives at commercial launch (expected to be in the second quarter of 2019), rising to 100 over 3 years; ● fund ongoing development activities, including further post-marketing and Phase 4 studies to strengthen product positioning as well as conducting a paediatric programme for BAREMSIS®; ● advance the clinical development of APD403, including the completion of a Phase 2 dose ranging study expected to be undertaken in 2019 in advance of pivotal Phase 3 studies in CINV; and ● fund general and administrative support for these operations.

		None of the above activities and spending requirements are expected to occur during the period of 12 months from the date of publication of this Prospectus.
E.3	Terms and conditions of the Global Offer	The Global Offer comprises an offer of 11,111,111 New Ordinary Shares to be issued by the Company. In addition, up to a further 1,111,111 Over-allotment Shares (representing up to 10 per cent of the total number of Offer Shares) are being made available by the Company pursuant to the Over-allotment Option. All Offer Shares will be issued at the Offer Price. Under the Global Offer, the Offer Shares will be offered to certain institutional and professional investors in the UK and elsewhere outside the United States in reliance on Regulation S and in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act. Trading of the Ordinary Shares on the regulated market of Euronext Brussels is expected to commence, on an ''if-and-when-issued-or-delivered'' basis, on or about 5 March 2018. Delivery of the Offer Shares is expected to take place in book-entry form on or about 6 March 2018. The Global Offer is subject to the satisfaction of conditions which are customary for transactions of this type as set out in the Underwriting Agreement, including Admission becoming effective no later than 9:00 a.m. CET on 6 March 2018 and the Underwriting Agreement not having been terminated prior to Admission. The Underwriting Agreement has been entered into between the Company, the Directors and the Banks. The Underwriting Agreement provides for the Banks to be paid a commission in respect of the Offer Shares sold. Any commissions received by the Banks may be retained and any Ordinary Shares acquired by them may be retained or dealt in by them for their own benefit. None of the Ordinary Shares may be offered for subscription, sale, purchase or delivery, and neither this Prospectus nor any other offering material in relation to the Ordinary Shares may be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.
E.4	Material interests	Other than as disclosed in B.6, there are no other interests, including conflicting interests that are material to the Global Offer.
E.5	Lock up arrangements	(A) For a 180-day lock-up period from the date of Admission, the Company will not issue or dispose of any interest in the Ordinary Shares (except pursuant to customary exceptions as provided in the Underwriting Agreement). (B) For a 365-day lock-up period from the date of Admission, the Directors and the Senior Managers will not sell or dispose of any interest in the Ordinary Shares (except pursuant to customary exceptions as provided in the Underwriting Agreement and Lock-Up Agreements). (C) For a 180-day lock-up period from the date of Admission, the Lock-Up Shareholders will not sell or dispose of any interest in Existing Ordinary Shares (except pursuant to customary exceptions as provided in the Lock-Up Agreements).

E.6	Dilution	11,111,111 New Ordinary Shares will be issued pursuant to the Global Offer (assuming no exercise of the Over-allotment Option). The Existing Ordinary Shares will represent 79.0 per cent of the total issued Ordinary Shares immediately following Admission (before exercise of the Over-allotment Option). In addition, up to a further 1,111,111 Ordinary Shares (representing up to 10 per cent of the total number of Offer Shares), in aggregate, are being made available by the Company pursuant to the Over-allotment Option.
E.7	Estimated expenses charged to investor	Not applicable: there are no commissions, fees, expenses or taxes to be charged to investors by the Company under the Global Offer.

PART II – RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should carefully consider the factors and risks associated with any such investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus, including, in particular, the risk factors described below. Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in Part I (Summary Information) are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part I (Summary Information) but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Ordinary Shares and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, financial position, results of operations and prospects. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, financial condition, results of operations and prospects and, if any such risk should materialise, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

The Group has incurred losses from inception, there is no current source of revenue and it is anticipated that the Group will incur further losses in the foreseeable future.

The Company is a late-stage development/pre-commercialisation hospital pharmaceutical company. Investment in pharmaceutical product development is highly speculative because it entails substantial upfront expenditures and significant risk that any given product candidate will fail to gain regulatory approval or become commercially viable. No revenues have been generated from product sales to date, and the Group continues to incur significant development and other expenses related to its ongoing operations. The Group reported net losses of £6.2 million and £13.5 million for the years ended 31 December 2017 and 31 December 2016, respectively.

The Directors expect the Group to continue to incur losses for the foreseeable future, and expects these losses to increase as it prepares to commercialise BAREMSIS® and throughout the first years of its launch, if approved. The Group may encounter unforeseen expenses, difficulties, complications and delays in reaching the commercialisation stage and in gaining market acceptance of BAREMSIS®. If BAREMSIS® does not gain regulatory approval, or if approved, fails to achieve market acceptance, the Group may never become profitable. Prior losses and expected future losses have had and will continue to have an adverse effect on shareholders' equity. The size of future net losses will depend, in part, on the rate of future growth of expenses and the Group's ability to generate revenues. Even if profitability is achieved in the future, the Group may not be able to sustain profitability in subsequent periods.

If additional capital required to fund the Group's operations is unavailable on reasonable terms, or at all, the Group may be unable to commercialise BAREMSIS® or complete the development of its product candidates.

The Group has incurred substantial expenditures since inception and expects to continue to invest substantial amounts to launch and commercialise BAREMSIS® if and when approved and to advance the clinical development of APD403. Based on current estimates, the Directors believe that existing cash, cash equivalents, the net proceeds from the Global Offer and any interest earned thereon will be sufficient to fund projected operating requirements for at least 12 months from the date of this Prospectus, by when the Group anticipates receipt of regulatory approval for its lead product candidate BAREMSIS®.

The estimate of the period of time through which the Group's financial resources will be adequate to support its operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this Part II (*Risk Factors*). The Directors have based this estimate on assumptions that may prove to be

wrong, and available capital resources could be utilised sooner than forecast. The Group's future funding requirements, both short and long-term, will depend on many factors, including, but not limited to:

- the outcome, timing and cost of regulatory approvals, including in the case of BAREMSIS® in particular, the potential for the FDA or comparable regulatory authorities to require that more or different studies need to be performed than currently expected or that the application approval is not granted for each individual indication sought. In addition, any resubmission, amendment or failed applications to the FDA will incur additional costs and will result in delays in securing marketing approval and the availability of the Group's drugs to patients;
- the amount of sales and other revenues the Group can generate, including the sales price and availability of adequate third-party reimbursement;
- the cost of establishing and maintaining sales, marketing and distribution capabilities for BAREMSIS® or any other product candidate for which the Group may receive regulatory approval;
- the cost and timing of obtaining commercial-scale product supply;
- the effect of competing technological and market developments and the time and cost to respond to them;
- the initiation, progress, timing, costs and results of clinical trials for the Group's product candidates, including the ability to enrol patients in a timely manner; and
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;

The Group will seek to finance future requirements through debt or equity offerings. Additional capital may not be available on acceptable terms, or at all. If the Group is unable to raise additional capital in sufficient amounts or on acceptable terms it will have to significantly delay, scale back or discontinue the development or commercialisation of BAREMSIS® or its other product candidate. If it were to raise additional funds through the issuance of additional equity securities that could result in dilution to Shareholders.

If a lack of available financing for future requirements means that the Group is unable to expand its operations or otherwise capitalise on its business opportunities, or if it must delay, limit, reduce or terminate: (i) clinical trials or other research and development activity; or (ii) the establishment of sales and marketing channels required to effectively commercialise BAREMSIS® or any other approved products, the Group's business, financial condition, results of operations and prospects could be materially adversely affected.

The Group's success is dependent upon obtaining and maintaining regulatory approval for BAREMSIS® as well as its other product candidate. The Group is subject to the risk that it will be unable to obtain regulatory approval, that the scope of any approval it does receive is limited or that further clinical or preclinical studies may be required.

The Group is dependent on its ability to gain regulatory approval for BAREMSIS®, in particular in the US. It is possible that neither BAREMSIS®, nor the Group's other product candidate or any future product candidates (including any product candidates that it may in-license or acquire and seek to develop in the future), will obtain regulatory approval in any or all jurisdictions where the Group seeks it.

Before obtaining regulatory approvals for the commercialisation of any product candidate for a therapeutic use, an applicant must demonstrate with substantial evidence gathered in pre-clinical and adequate well-controlled clinical studies, and to the satisfaction of the FDA (in the US) or other relevant regulatory authorities, that such product candidate is safe and effective for its specified therapeutic use and that the manufacturing facilities, processes and controls are adequate. This evidence and data is compiled into an NDA which is submitted to the FDA for review and eventual approval, a process that typically takes at least one year. A company cannot launch, market or sell a product until the NDA has been approved by the FDA.

Approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary across jurisdictions. The FDA or other regulatory authorities may require further information, including additional pre-clinical or clinical data to support approval, which may delay or prevent altogether such approval and, consequently, the Group's commercialisation plans.

Even if BAREMSIS® or the Group's other product candidate were to obtain approval from the FDA or other relevant regulatory authorities, any approval might be for fewer or more limited indications than requested, be for a label that does not include the labelling claims necessary or desirable for the successful commercialisation of that product candidate, contain significant limitations related to use for certain age groups, warnings, precautions or contraindications, or be contingent upon onerous or costly post-marketing clinical trials, approval studies or risk management requirements, any of which could require further work for the Group with additional expenditure and associated delays to secure the desired label.

Any drug, including BAREMSIS®, could fail to receive regulatory approval from the FDA and other regulatory authorities for many reasons, including:

- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement by regulatory authorities with the Group's interpretation of data from pre-clinical studies or clinical trials;
- insufficiency of data collected from clinical trials of the Group's product candidates to support the submission and filing of an NDA or other submission;
- lack of approvals of the manufacturing processes or facilities of third party manufacturers or active ingredient suppliers with whom the Group contracts for clinical and commercial supplies;
- changes in the approval policies or regulations that render the Group's pre-clinical and clinical data insufficient for approval;
- failure to reach agreement on the design or scope of the clinical trials;
- failure of clinical trials to meet the level of statistical significance required for approval; or
- failure to demonstrate that a product candidate is safe and effective for its proposed indication.

If the Group is unable to obtain regulatory approval for BAREMSIS®, or any approval contains significant limitations, it may not be able to continue its operations, or it may not be able to obtain sufficient funding or generate sufficient revenue to become profitable, or to continue the development of APD403 or any other product candidate that the Group may discover, in-license or acquire in the future.

Success in pre-clinical testing and early clinical studies does not ensure that later clinical trials will generate adequate data to demonstrate the efficacy and safety of an investigational drug. A number of companies in the pharmaceutical industry, including those with greater resources and experience than the Group, have suffered significant setbacks in clinical trials, even after seeing promising results in earlier clinical trials. Despite the results reported in earlier clinical trials for APD403, it is uncertain whether future clinical trials will demonstrate adequate efficacy and safety to support regulatory approval to market any of the product candidates in any particular jurisdiction or jurisdictions.

Successful completion of appropriately designed clinical trials is an essential element of obtaining regulatory approval for product candidates. Subject enrolment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the subject population, the proximity of subjects to trial sites, the eligibility criteria for the clinical trial, the design of the clinical trial, inability to obtain and maintain subject consents, the risk that enrolled subjects will drop out before completion of the clinical trial, competing clinical trials and clinicians' and subjects' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new therapies that may be approved for the indications being investigated. Patients recruited for clinical trials must give their informed consent and the trial must be conducted in accordance with International Good Clinical Practice (GCP) standards. Furthermore, the Group relies on CROs and clinical trial sites to ensure the proper and timely conduct of its clinical trials and while it has agreements governing the CROs' committed activities, the Group has limited influence over their actual performance.

If material delays are experienced in the completion of any clinical trial, or clinical trials are terminated prematurely or fail to demonstrate the required benefits of one or more product candidates, the commercial prospects of those product candidates will be adversely affected, and the ability to obtain regulatory approval and, ultimately, to commercialise and generate product revenues from those product candidates will be delayed or may never be realised. In addition, any delays in completing clinical trials may increase the Group's operating costs, slow product candidate

development and the regulatory approval process and jeopardise the ability to commence product sales and generate revenues. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of the product candidates. Any of these occurrences may materially adversely affect the Group's business, financial condition, results of operations and prospects.

The commercial success of BAREMSIS® and any of the Group's other future products will depend on the rate and degree of market acceptance of these products among physicians, patients, health care payors and the medical community.

If approved for marketing, the commercial success of BAREMSIS® and any of the Group's future products will depend upon the acceptance of such products as safe and effective by the medical community and patients and the product's pharmoeconomic benefits. In particular, BAREMSIS® will not be available for use by surgical teams until it has been accepted by their hospital's P&T committee and included on the formulary of approved products within that hospital. The rate and speed of acceptance will directly impact on the commercial success of the product. The market acceptance of the Group's products could be affected by a number of other factors, including:

- the timing of receipt of marketing approvals;
- the safety and efficacy of the products, as well as the acceptance by physicians and patients of the products as safe and effective;
- the cost-effectiveness and availability of coverage on formularies and adequate reimbursement for the products;
- the success of existing products addressing the Group's target markets or the emergence of equivalent or superior products;
- changes in the standard of care for the targeted indications for any product candidate;
- sales, marketing and distribution support;
- potential product liability claims;
- relative convenience, ease of administration and other perceived advantages over alternative products and therapies;
- the resources and the effectiveness of potential partners;
- prevalence and severity of adverse events or publicity; and
- limitations, precautions, warnings and other wording in the summary of product characteristics, patient information leaflet, package labelling or instructions for use.

In addition, market acceptance depends on the effectiveness of the Group's marketing strategy, and, to date, the Group has not engaged in sales or marketing. Efforts to educate the medical community and health care payors on the benefits of the Group's products may require significant resources and may never be successful. For example, management has concluded based on their assessment of the market that there have not been any new treatments for PONV since the launch of Emend® in 2009. As a result, the unmet medical need for new treatments for PONV may be less understood among physicians and others in the medical community and may therefore result in a relatively slow sales ramp-up and require significant resources (including investments in marketing and sales force). If the medical community and patients do not ultimately accept the benefits of the Group's products, the Group's business, prospects, financial condition and results of operation could be materially and adversely affected.

Even if BAREMSIS® is approved, the Group will be subject to ongoing regulatory obligations and review by the FDA in particular and may still face future development and regulatory difficulties, which may result in additional expenses or the Group being subjected to sanctions or penalties for failure to comply with its regulatory obligations.

Even if the Group obtains regulatory approval for a product candidate, it will be subject to ongoing regulatory requirements governing the manufacture, quality control, further development, labelling, packaging, storage, distribution, safety surveillance, import, export, advertising and promotion of the product, recordkeeping and reporting of safety and other post-market information. The safety profile of any product will continue to be monitored closely by regulatory authorities after approval and the Group is itself required to monitor the safety profile of its products and to report issues to the regulatory authorities. Drug safety risks which could lead to product withdrawal from the market can occur several years after FDA approval. There is no guarantee that BAREMSIS®, or the Group's

other product candidate are going to be as effective and safe as assessed to be by the FDA on the basis of premarket clinical evidence. Published academic clinical research results upon which the efficacy, quality and safety properties of BAREMSIS® for example are based may at a later date be proven to be technically incorrect. The occurrence of such an event would lead to significant doubt on the scientific validity of the BAREMSIS® FDA approval. If the regulatory authorities become aware of new safety information after approval of any of the Group's product candidates, they may require labelling changes or impose significant restrictions on a product's indicated uses or marketing, or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. In addition, manufacturers of products and their facilities are subject to continual review and periodic inspections by the regulatory authorities for compliance with current GMP requirements. If the Group or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or the Group, including recall or withdrawal of the product from the market or suspension of manufacturing. If the products or the manufacturing facilities for the products fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters;
- issue untitled letters, which cite violations not meeting the threshold of a warning letter;
- mandate modifications to promotional materials or require the Group to provide corrective information to healthcare practitioners;
- require the Group to enter into a consent decree, which can include imposition of various fines, reimbursement for inspection costs, required remedial actions by specific dates and penalties for noncompliance;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical studies;
- refuse to approve pending applications or supplements to applications filed;
- suspend or impose restrictions on operations, including costly new manufacturing requirements; or
- seize or detain products, refuse to permit the import or export of products, or require the Group to initiate a product recall.

The occurrence of any of the regulatory actions or incurrence of any of the penalties set out above may inhibit the Group's ability to commercialise its products and, consequently, could materially adversely affect the Group's business, financial condition, results of operations and prospects.

It is difficult for a prospective investor to evaluate the Group's ability to commercialise products successfully and to assess the Group's future prospect. The Group's ability to generate future revenues and become profitable will depend upon its ability to successfully commercialise BAREMSIS® and its other product candidate.

The Group's activities to date have been limited to staffing, business planning, raising capital, developing its technology, identifying potential product candidates and undertaking or managing pre-clinical studies and clinical studies. The Group has not yet demonstrated its ability to obtain regulatory approvals or conduct sales and marketing activities necessary for successful product commercialisation. If the Group receives regulatory approval from the FDA and comparable regulatory authorities for one or more of its product candidates, the Group intends to support commercial activities. However, there can be no assurance that the Group will be successful in transitioning to commercialisation. The lack of any history of successful product commercialisation makes it difficult for a prospective investor to evaluate the Group's ability to achieve its business plans. Additionally, given the anticipated transition to commercialisation, the Group's past results of operations are in many respects not indicative of the Group's results going forward, which makes it difficult for a prospective investor to assess the Group's future prospects. Any predictions about the Group's future success, performance or viability may not be as accurate as they might be if the Group had an established sales channel or established products on the market.

The success of the Group's business is dependent upon its ability to commercialise BAREMSIS®. Even if the Group is able to successfully achieve regulatory approval for BAREMSIS®, its ability to

generate revenue from BAREMSIS® and any other approved products will also depend on a number of additional factors, including its ability to:

- achieve a commercially viable price for its approved products;
- obtain commercial quantities of its approved products at acceptable cost levels;
- achieve inclusion of its products on hospital formularies and obtain adequate reimbursement coverage from third party payors, including government healthcare programmes, private healthcare insurers and other organisations, for its products;
- develop a commercial organisation capable of (and if successful in doing so, then achieving) sales, marketing and distribution in the US; and
- find suitable distribution partners to market, sell and distribute the Group's approved products in markets outside the US.

The Group does not have a sales or marketing infrastructure and has not been engaged in the sale or marketing of pharmaceutical products.

To achieve commercial success for any approved product, the Group must develop or acquire a sales and marketing organisation, outsource these functions to third parties or enter into partnerships. The Group plans to establish its own sales and marketing capabilities and promote BAREMSIS® in the US with a targeted sales force if and when it is approved. There are risks involved with establishing the Group's own sales and marketing capabilities and entering into arrangements with third parties to perform these services.

Factors that may inhibit the Group's efforts to commercialise its products on its own include:

- the Group's inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to or persuade adequate numbers of anaesthetists and/or physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put the Group at a competitive disadvantage relative to companies with more extensive product portfolios;
- unforeseen costs and expenses associated with creating an independent sales and marketing organisation; and
- costs of marketing and promotion above those anticipated by the Group.

Even if the Group establishes sales and marketing capabilities, it may fail to launch its products effectively or to market its products effectively given its limited experience in the sales and marketing of pharmaceutical products. In addition, recruiting and training a sales force is expensive and time consuming and delays in building the sales force could adversely impact any product launch. In the event that any such launch is delayed or does not occur for any reason, the Group would have prematurely or unnecessarily incurred these commercialisation expenses, and the Group's investment would be lost if it cannot retain or reposition its sales and marketing personnel.

If the Group enters into arrangements with third parties to perform sales and marketing services, the Group's product revenues or the profitability of these product revenues to the Group could be lower than if the Group were to market and sell any products that it develops itself. In addition, the Group may not be successful in entering into arrangements with third parties to sell and market its products or may be unable to do so on terms that are favourable to the Group. Acceptable third parties may fail to devote the necessary resources and attention to sell and market the Group's products effectively. If the Group does not establish sales and marketing capabilities successfully, either on its own or in collaboration with third parties, it will not be successful in commercialising its products, which in turn would have a material adverse effect on its business, prospects, financial condition and results of operations.

Further, even if the Group generates revenues from the sale of approved products, it may not become profitable. If the Group fails to become profitable or is unable to sustain profitability on a continuing basis, then it may need to obtain additional funding to continue operations or be forced to reduce operations or discontinue operations altogether.

The Group relies on third parties, particularly CROs, to conduct its pre-clinical and clinical trials related to its drug development programmes. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, the Group may face delays, increased costs or be unable to obtain regulatory approval for or commercialise its product candidates and its business could be materially adversely affected. Drug development efforts could be delayed if relationships with CROs or third-party consultants are terminated for any reason.

The Group has relied upon and plans to continue to rely upon third parties in connection with its drug development programmes, particularly CROs, as well as third party consultants providing toxicology services, clinical services and formulation development services. Outsourcing these functions involves a risk that third parties may not perform to adequate standards, may not produce results in a timely manner or at all, or may misappropriate the Group's proprietary information.

The Group is particularly reliant on CROs to execute, monitor and manage data for ongoing pre-clinical and clinical trials related to its drug development programmes. Nevertheless, the Group is responsible for ensuring that each study is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and reliance on the CROs does not relieve management of its regulatory responsibilities. The Group and its CROs are required to comply with current Good Clinical Practice ("GCP"), which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the EEA and comparable regulatory authorities for all products in clinical development. Regulatory authorities enforce GCP through periodic inspections of clinical trial sponsors, principal investigators and clinical trial sites. If any of the CROs fail to comply with applicable GCP, the clinical data generated in the clinical trials may be deemed unreliable and the FDA or comparable regulatory authorities may require the Group to perform additional clinical trials before approving any marketing applications.

In addition, the Group's clinical trials must be conducted with products produced under current Good Manufacturing Practices ("GMP") requirements, which, like GCP requirements, are enforced by the FDA, the Competent Authorities of the Member States of the EEA and comparable regulatory authorities. Failure to comply with these regulations may require the Group to repeat pre-clinical and clinical trials, which would delay the regulatory approval process.

To the extent the Group is unable to identify and successfully manage the performance of third party service providers, particularly CROs, in the future (such that its clinical trial programmes are adversely delayed or their results negatively impacted), the Group's costs could increase, its ability to generate revenues could be adversely affected and its business, financial condition, results of operations and prospects may be materially adversely affected.

The Group has no experience manufacturing its product candidates on a large clinical or commercial scale and is dependent on third party manufacturers for the manufacture of all product candidates. Any problems experienced with any of these third parties could delay or interrupt the manufacture of the Group's product candidates and materially adversely affect its business.

The Group does not own or operate facilities for the manufacture of its product candidates and there are currently no plans within the Group to build clinical or commercial scale manufacturing capabilities, given the availability of a number of suitable third-party manufacturers and suppliers of the key active ingredient.

Reliance on third party manufacturers entails risks, including reliance on the third party for regulatory compliance and quality assurance, the possibility of breach of the manufacturing agreement by the third party because of factors beyond the Group's control (including a failure to synthesise and manufacture any product candidates or commercialised products in accordance with specifications) and the possibility of termination or non-renewal of the relevant agreement by the third party at a time that is costly or damaging to the Group. In addition, the FDA and other regulatory authorities require that product candidates and any products that the Group may eventually commercialise be manufactured according to current GMP and similar international standards. Any failure by appointed third party manufacturers to comply with GMP or failure to scale up manufacturing processes, including any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of the Group's product candidates. In addition, such failure could be the basis for the FDA or other regulatory authorities to issue a warning or untitled letter, withdraw previously granted approvals for product candidates or take other regulatory or legal action, including recall or seizure, total or partial suspension of production, suspension of ongoing clinical trials, refusal to approve

pending applications or supplemental applications, detention of a product, refusal to permit the import or export of products, injunction, or the imposition of civil and criminal penalties.

Any significant disruption in supplier relationships could materially adversely affect the Group's business.

The Group sources key materials including amisulpride, which is the active ingredient for both BAREMSIS® and APD403, from third party suppliers, either directly or indirectly through its manufacturers. There are a limited number of suppliers for certain processes and key materials that will be used to manufacture the Group's products although the availability of alternative suppliers gives the Group options to ensure continuing product supply. Such suppliers may not sell these services or key materials to the Group or its manufacturers at the times they are needed or on commercially reasonable terms. Any significant delay in the supply of key materials needed to produce a product candidate for any ongoing clinical study could considerably delay completion of the study, product testing and potential regulatory approval of the relevant product candidate. If the Group is unable to purchase relevant key materials after regulatory approval has been obtained for one or more product candidates, the commercial launch of such product could be delayed or there could be a shortage in supply, which could impair the Group's ability to generate revenues from the sale of the product.

Manufacturers may not be able to manufacture the compounds or the constituent ingredients thereof at a cost, of an adequate quality, in quantities, or in the time necessary to make commercially successful products. In addition, as its drug development pipeline increases and matures, the Group will have a greater need for clinical study and commercial manufacturing capacity. Some of these manufacturers will need to increase their scale of production to meet the projected needs for commercial manufacturing, the satisfaction of which on a timely basis may not be met. If the Group is unable to secure an adequate supply of its product candidates, the Group may be unable to achieve successful commercialisation.

The Group faces potential competition, which may result in others discovering, developing or commercialising substantially equivalent or competing products before, or more successfully than, the Group.

The development and commercialisation of new drugs is highly competitive and the Group faces competition with respect to its current product candidates. There may be pharmaceutical and biotechnology companies that could be pursuing the development of competitive products of which the Group is presently unaware. Potential competitors also include academic institutions, government agencies and other public and private research organisations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialisation of competing products.

More established competitors may have a competitive advantage over the Group due to their greater size, cash flows and institutional experience. Compared to the Group, many of its potential competitors may have significantly greater financial, technical and human resources and may be more successful in developing and/or in manufacturing and marketing their products. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of the Group's existing or potential competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. The Group's competitors may compete with it in recruiting and retaining qualified scientific, management and commercial personnel, establishing clinical trial sites and subject enrolment for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the Group's product development programmes.

As a result of these factors, the Group's existing or potential competitors may obtain regulatory approval of their products more rapidly than the Group or may obtain patent protection or other intellectual property rights that limit the Group's ability to develop or commercialise its product candidates.

At the product level, the Group faces competition from both existing products and newly developed products. The Group's product candidates are being developed for surgical and cancer patient care. There are existing therapies and supportive care products marketed for surgical and cancer patients. In many cases, these drugs are administered in combination to enhance efficacy or to reduce side effects. Many of these approved drugs are well-established therapies or products and are widely accepted by physicians, patients and third-party payors. Some of these drugs are branded and subject to patent protection, and others are available on a generic basis. Insurers and other third-party payors may encourage the use of generic products. If the Group's product candidates are approved, the Group expects them to be priced at a premium to the price of existing generic products. This

may make it difficult for the Group to gain market share from use alongside or in substitution for existing therapies and supportive care products and, consequently, to achieve expected revenue levels from its approved products. The Group's competitors may also develop new drugs that are more effective and/or less costly than the Group's products, which could result in such competing products being more widely adopted and used than the Group's products.

Should the Group be unsuccessful in responding to competition in the development, manufacturing and marketing of its products, or in having its products gain market share alongside or in substitution for existing therapies and products for surgical and cancer supportive care, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group's product candidates are commercialised, its products may become subject to unfavourable pricing regulations, third party reimbursement practices or healthcare reform initiatives, which could be detrimental to the Group's business.

The regulations that govern drug approvals and marketing authorisations as well as pricing and reimbursement for new drugs vary widely from country to country. In the US, changes in legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining regulatory approvals. Some countries (such as the UK, France and Italy) require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In certain markets outside the US, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, the Group expects that, in certain countries, even if it obtains marketing approval for a product it will be subject to further price regulations that may delay the commercial launch of the product, possibly for lengthy time periods, which could negatively impact the revenues that can be generated from the sale of the product in that particular country. Adverse pricing limitations may hinder the Group's ability to recoup its investment in one or more product candidates even if the product candidates obtain marketing approval.

The Group's ability to successfully commercialise its products will depend partly on its ability to achieve coverage from third party payors, including government healthcare programmes (including Medicare in the United Sates), private healthcare insurers and other organisations, and the reimbursement rates for such coverage. There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or comparable regulatory authorities. Moreover, eligibility for coverage and reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers the Group's costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover the Group's costs and may only be temporary. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services.

Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices. The Group's inability to promptly obtain coverage and profitable reimbursement rates from both government-funded and private payors for any of its approved products could have a material adverse effect on, its ability to raise capital needed to commercialise products and the overall business, financial condition, results of operations and prospects of the Group.

Inadequate payor coverage and reimbursement may affect the pricing and marketability of product candidates. Changes in legislation may increase the difficulty and cost of obtaining marketing approval of and commercialising product candidates and adversely affect product pricing.

In the US and many other countries, sales of any products for which the Group receives regulatory approval for commercial sale will depend, in part, on the extent to which third party payors provide coverage and establish adequate reimbursement levels for such products. In the US, third party payors include federal and state healthcare programs, private managed care providers, health insurers and other organizations. The process for determining whether a third-party payor will provide coverage for a product may be separate from the process for setting the price of a product or for establishing the reimbursement rate that such a payor will pay for the product. Third party payors may limit coverage to specific products on an approved list or formulary, which might not include all of the FDA-approved products for a particular indication. Third party payors are increasingly

challenging the price, examining the medical necessity and reviewing the cost-effectiveness of medical products, therapies and services, in addition to questioning their safety and efficacy. The Group may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of its products, in addition to the costs required to obtain FDA approvals. A payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a product does not assure that other payors will also provide coverage for the product. Adequate third-party reimbursement may not be available to enable the Group to maintain price levels sufficient to realise an appropriate return on its investment in product development.

Different pricing and reimbursement schemes exist in other countries. In the EU, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national health care systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost-effectiveness of a particular product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on health care costs has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

The marketability of any product candidates for which the Group receives regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, emphasis on managed care in the US has increased and is expected to continue to increase the pressure on healthcare pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favourable coverage and reimbursement status is attained for one or more products for which the Group receives regulatory approval, less favourable coverage policies and reimbursement rates may be implemented in the future.

The Group's operations may be affected by legislative and regulatory changes or proposed changes regarding healthcare systems in the US, Europe or other jurisdictions, which could prevent or delay marketing approval of the Group's product candidates, restrict or regulate post-approval activities and affect the Group's ability to profitably sell any product candidates for which it obtains marketing approval.

An inability to protect its intellectual property rights could harm the Group's competitive position.

The Group's commercial potential depends on its ability to protect its intellectual property relating to its product candidates and products. It relies and will in the future rely on trade secret, patent (and, if available, supplementary protection certificates), copyright and trademark laws, and confidentiality, licensing and other agreements with employees and third parties, all of which offer only limited protection.

In particular, the Group's longer-term commercial success depends largely on its ability to obtain and maintain patent protection with respect to its product candidates and products, in the US and in other jurisdictions. The patent (and where available the supplementary protection certificate) positions of pharmaceutical companies generally are uncertain, involve complex legal and factual questions and have in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of the Group's patents, including those patent rights licensed to the Group by third parties, and the protection that might become available as a result of the grant of supplementary protection certificates, are highly uncertain.

The Group has various patents granted and pending in a number of jurisdictions in respect of its lead product candidates, BAREMSIS® and APD403. However, the rights already granted under any of the Group's currently issued patents and those that may be granted under future issued patents may not provide it with the proprietary protection or competitive advantages it is seeking. If the Group is unable to obtain and maintain patent protection for its product candidates and products, or if the scope of the patent protection obtained is not sufficient, competitors could develop and commercialise products similar or superior to those of the Group, and its ability to successfully commercialise its products may be materially adversely affected. In addition, if supplementary protection certificates are not available upon expiry of any of the Group's patents, competitors may be able to commercialise the products themselves earlier than they would have otherwise been able to do and the Group's ability to successfully commercialise its products may be materially adversely affected.

With respect to patent rights, the Group's management does not know whether any pending patent applications for product candidates will result in the issuance of patents, or whether such patents when issued will effectively prevent others from commercialising competitive technologies and products. Because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, issued patents that are owned or have been licensed from third parties may be challenged in the courts or international patent offices. Although the Group has not faced such challenges on its existing granted patents to date, there can be no assurance that such challenges will not arise in the future. Such challenges may result in the loss of patent protection, the narrowing of claims in such patents, or the invalidity or unenforceability of such patents, which could limit the Group's ability to prevent others from using or commercialising similar or identical technology and products, or limit the duration of the patent protection for its technology and products.

The patent prosecution process is expensive and time-consuming and the timing unpredictable, and the Group, or a licensor, may not be able to file and execute all necessary or desirable patent applications at a commercially reasonable cost or in a timely manner which may adversely affect the commercial value of the Group's product candidates. It is also possible that the Group or its licensors will fail to identify patentable aspects of inventions made in the course of development and commercialisation activities before it is too late to obtain patent protection for them. Further, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialised and supplementary protection certificates may not be granted to the Group for such products.

Publications of discoveries in scientific literature often lag behind the actual discoveries, and patent applications are typically not published until 18 months after filing, or in some cases not at all. Therefore, the Group cannot be certain that it is the first to make the inventions claimed in owned or licensed patents or pending patent applications, or that the Group or its licensors were the first to file for patent protection of such inventions. The Group is therefore subject to the risk that other parties will have superior claims for patent protection unknown to the Group at the time it files for patent protection that result in the Group's application being unsuccessful.

Protecting against the unauthorised use of patented technology and other intellectual property rights is expensive, difficult and may, in some cases, not be possible. In some cases, it may be difficult or impossible to detect third party infringement or misappropriation of intellectual property rights, even in relation to issued patent claims, and proving any such infringement may be even more difficult.

The Group may become involved in litigation to protect or enforce its intellectual property, which could be expensive, time-consuming and ultimately, unsuccessful.

Competitors may infringe the Group's patents or misappropriate or otherwise violate the Group's intellectual property rights. To counter infringement or unauthorised use, litigation may be necessary in the future to enforce or defend intellectual property rights, to protect trade secrets or to determine the validity and scope of intellectual property rights or the proprietary rights of others. Although the Group has not been involved in any such litigation to date, to the extent such litigation arises it can be expensive and time-consuming. Many of the Group's current and potential competitors have the ability to dedicate substantially greater resources to defend their intellectual property rights than the Group does. Accordingly, despite reasonable efforts, the Group may not be able to prevent third parties from infringing upon or misappropriating its intellectual property. Litigation could result in substantial costs and diversion of management resources, which could materially adversely affect the Group's business and results of operations. In addition, in an infringement proceeding, a court may decide that patents owned by or licensed to the Group are invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that the Group's patents do not cover the technology in question or that the patents should not have been issued. An adverse result in any litigation proceeding could put one or more Group patents at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some Group confidential information could be compromised by disclosure during this type of litigation. Due to all of the above, litigation in connection with protecting the Group's intellectual property rights, whether or not ultimately decided in the Group's favour, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Third parties may initiate legal proceedings alleging that the Group is infringing their intellectual property rights, the outcome of which may be uncertain and could have a material adverse effect on the Group's business and prospects.

The Group's commercial success will depend upon the Group's ability and the ability of its collaborators to develop, manufacture, market and sell its product candidates and to use proprietary technologies without infringing the proprietary rights of third parties. The Group may become party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to its products and technology. Third parties may assert infringement claims against the Group based on existing patents or patents that may be granted in the future or other intellectual property rights. Although no such claims have been asserted against the Group to date, there can be no assurance that such claims will not be asserted in the future. If the Group is found to infringe a third party's intellectual property rights, it could be required to obtain a license from such third party to continue developing and commercialising the relevant products and technology. However, it may not be able to obtain any required licence on commercially reasonable terms, or at all. Even if it is able to obtain a licence, it may be non-exclusive, thereby giving competitors access to the same products and technologies. Alternatively, the Group could be forced, including by court order, to cease commercialising the infringing technology or product. In addition, in any such proceeding or litigation, the Group could be found liable for monetary damages. A finding of infringement could prevent the Group from commercialising its product candidates or force it to cease some of business operations, which could materially adversely affect its business and prospects. Any successful claims by third parties that the Group has misappropriated their confidential information or trade secrets could have a similarly negative impact on the Group's business and prospects.

The Group may be subject to claims that its employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Most of the Group's employees, including senior management, were previously employed at other biotechnology or pharmaceutical companies and it is anticipated that the Group will continue to employ experienced personnel. Some of these employees, including each Senior Manager, may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although the Group tries to ensure that employees do not use the proprietary information or know-how of others in their work, the Group may be subject to claims that the Group or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of their former employers. If the Group fails in successfully defending any such claims as may arise, it may be obliged to pay monetary damages and may also lose valuable intellectual property rights or personnel.

Intellectual property disputes could cause the Group to spend substantial resources and distract personnel from normal operational responsibilities.

Even if resolved in the Group's favour, litigation or other legal proceedings relating to intellectual property claims may require the Group to incur significant expenses and could distract technical and/or management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the Company's share price. Such litigation or proceedings could substantially increase operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities and the Group may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Moreover, counterparties to any litigation may have greater financial resources than the Group and therefore be better able to sustain the costs of such litigation or proceedings.

Inability to protect the confidentiality of trade secrets could harm the Group's business and competitive position.

In addition to seeking patents for some of its technology and products, the Group also relies on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain its competitive position. The Group seeks to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as employees, corporate collaborators, third party scientific collaborators, contract manufacturers, consultants, advisors and other third parties. It also enters into confidentiality and invention or patent assignment agreements with its employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose proprietary information, including trade secrets, and the

Group may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is often unpredictable. In addition, some courts both within and outside the US may be less willing or unwilling to protect trade secrets. Moreover, if any of the Group's trade secrets were to be lawfully obtained or independently developed by a competitor, the Group would have no right to prevent such competitor from using that technology or information to compete with it. The loss of any of its trade secrets could harm the Group's competitive position and, consequently, materially adversely affect its business, financial condition, results of operations and prospects.

The Group's business and operations would suffer in the event of system failures at the Group or third parties on which the Group relies.

Despite the implementation of security measures, the Group's internal computer systems, and those of the contracted CROs and other third parties on which the Group relies, are vulnerable to damage from computer viruses, unauthorised access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in the Group's operations, it could result in a material disruption of its drug development programmes. For example, the loss of clinical trial data from completed, ongoing or planned clinical trials could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach was to result in a loss of or damage to Group data or applications, or inappropriate disclosure of confidential or proprietary information, the Group could incur liability and the further development of its product candidates could be delayed, which could materially adversely affect its business, financial condition, results of operations and prospects.

Potential product liability lawsuits against the Group could cause the Group to incur substantial liabilities and limit commercialisation of any products that the Group may develop and there can be no certainty that the Group can obtain adequate product liability insurance in order to protect it from potential claims.

The use of product candidates in clinical trials and the sale of any products for which the Group obtains marketing approval, including BAREMSIS®, exposes the Group to the risk of product liability claims. Future product liability claims might be brought against the Group by consumers, healthcare providers, pharmaceutical or biotechnology companies or others selling or otherwise coming into contact with the Group's products. On occasion, large judgments have been awarded in class action lawsuits based on therapeutics that had unanticipated adverse effects. If the Group cannot successfully defend against product liability claims, the Group could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of the Group's business reputation and significant negative media attention;
- withdrawal of participants from the Group's clinical trials;
- significant costs to defend the related litigation;
- diversion of management's attention from the Group's primary business;
- substantial monetary awards to patients or other claimants;
- inability to commercialise the Group's products or any product candidate;
- product recalls, withdrawals or labelling, marketing or promotional restrictions;
- decreased demand for the Group's products or any product candidate, if approved; and
- loss of revenue.

If the Group obtains marketing approval for BAREMSIS® or any other future product candidates, the Group intends to acquire insurance coverage to include the sale of commercial products if it is economical to do so (given the level of premiums and the risk and magnitude of potential liability). However, insurance coverage may be expensive and the Group may be unable to obtain product liability insurance on commercially reasonable terms or in amounts sufficient to reimburse the Group for any expenses or losses the Group may suffer. A successful product liability claim or series of claims brought against the Group, if judgments exceed the Group's insurance coverage, could materially and adversely affect the Group's business, prospects, financial condition and results of operations, including preventing or limiting the commercialisation of any product candidates the Group develops.

Inability to attract and retain highly qualified employees may limit the Group's growth and prospects.

Because of the specialised scientific, technical commercial and managerial nature of the Group's business, the Group relies on its ability to attract, retain, manage and motivate qualified scientific,

technical commercial and managerial personnel with relevant experience in the development and commercialisation of pharmaceutical products. The competition for qualified personnel in the pharmaceutical field is intense and as a result, the Group may be unable to continue to attract and retain qualified personnel necessary for the development of its business or to recruit suitable replacement personnel. The inability to hire or retain experienced personnel could inhibit the Group's ability to execute its business plan and materially adversely affect its business, financial condition, results of operations and prospects.

The Group will need to grow rapidly and it may experience difficulties in managing this growth.

At Admission the Group anticipates having six full-time employees. The Group expects to experience rapid growth in the number of its employees and the scope of its operations in connection with commercialisation of its product candidates. In particular, the Group plans to establish its own sales and marketing capabilities in the US to promote BAREMSIS® if and when it is approved. This potential growth will place a significant strain on the Group's management, operations and financial resources, and the Group may have difficulty managing this future potential growth. As the Group's development and commercialisation plans and strategies develop, additional managerial, operational, sales, marketing, financial and other resources will be required.

Future growth would impose significant and increasing challenges on members of management, including:

- identifying, recruiting, maintaining, motivating and integrating additional employees;
- building and managing an effective sales and marketing team;
- improving managerial, development, operational and finance systems and expanding facilities; and
- managing internal development efforts effectively while complying with contractual obligations to licensors, licensees, contractors and other third parties.

As the Group's operations expand, it will need to manage the commercial supply of BAREMSIS®, sales and marketing activities, licensing activities, development activities and hire, train and integrate additional management, administrative and sales and marketing personnel. It will also need to manage an increased number of relationships with various strategic partners, suppliers and other third parties. The failure to accomplish any of these tasks could adversely affect the Group's ability to commercialise its product candidates and successfully expand its business.

The Group's ability to compete and grow depends to a large extent upon the continued service of the current management team.

The Group is highly dependent on its current management team and in particular on the sales and marketing knowledge and contacts of its US-based Chief Commercial Officer. The services of the Group's management team are critical to the successful implementation of its product development and regulatory strategies and its ability to compete and grow depends in a large part upon the continued service of the management team. Members of the Group's management team may terminate their employment with the Group at any time subject to the terms of their employment contracts, which have notice periods of zero (US employees) to 12 months.

The loss of the services of one or more of the Group's management team and the inability to find and recruit suitable replacements in a timely manner could harm its ability to achieve the successful development or commercialisation of its product candidates, and consequently have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Employees may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could have a material adverse effect on the Group's business.

The Group is exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to: comply with pharmaceutical regulations, provide accurate information to regulatory authorities, comply with manufacturing standards, comply with national and international fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorised activities. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion and activities, sales commissions, customer incentive programmes and other business arrangements. Employee misconduct

could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to the Group's reputation.

It is not always possible to identify and deter employee misconduct, and precautions taken to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Group from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against the Group and it is not successful in defending itself or asserting its rights, those actions could have a material adverse effect on its business, financial condition, results of operations and prospects, including through the imposition of significant fines or other sanctions.

The Group is, and expects to continue to be, exposed to foreign currency exchange risk.

The Group's financial statements are prepared in pounds sterling and the Group intends to raise Euro-denominated equity finance. Given the Group's intention to commercialise its product candidates principally in the US, the Directors believe the majority of the Group's sales and marketing costs will arise in the US and be incurred in US dollars and the majority of its revenues will arise in the US and will be generated in US dollars. The Group's main discovery and development operational costs and its senior management costs are expected to be priced in a combination of pounds sterling, Euros and US dollars. As a result, the Group is exposed to both translational and transactional foreign currency exchange risk.

Translational foreign currency exchange risk arises when translating the value of the Company's non-UK assets and liabilities and the results of any non-UK subsidiaries into US dollars. To the extent that there are fluctuations in exchange rates in these currencies, this would have an impact on the Company's accounts. Transactional foreign currency exchange risk arises as a result of payments the Company makes or receives in local currencies and as a result of differences in exchange rates on the dates commercial transactions are entered into and the dates they are settled.

The Group intends to put in place hedging strategies to mitigate expected exchange rate impacts. However, there can be no certainty that the Group will be able to obtain sufficient exchange rate instruments, such as hedging products, forward exchange contracts or options to mitigate any adverse impact of exchange rate fluctuations, which could adversely affect the Group's financial condition and results of operations.

RISKS RELATED TO THIS OFFERING AND OWNERSHIP OF THE GROUP'S SHARES

A liquid market for the Ordinary Shares may fail to develop or, if it develops, be sustained.

Prior to the Global Offer there has been no public trading market for the Ordinary Shares. The Offer Price has been agreed between the Banks and the Company and may not be indicative of the market price for the Ordinary Shares following Admission. Although the Group has applied for admission of the Ordinary Shares to trading on the regulated market of Euronext Brussels, the Group can give no assurance that an active trading market for the Ordinary Shares will develop or, if developed, can be sustained following Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected.

The price of the Company's Ordinary Shares may be volatile, and all or part of an investment could be lost.

The future trading price of the Group's Ordinary Shares may be subject to fluctuations in response to various factors, some of which are beyond the Group's control. In addition to the factors discussed in this Part II (*Risk Factors*) and elsewhere in this prospectus, these factors include:

- the success of competitive products or technologies;
- regulatory actions with respect to the Group's products or competitors' products;
- actual or anticipated changes in the Group's growth rate relative to competitors;
- announcements by the Group or its competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- results of clinical trials of the Group's product candidates or those of competitors;
- regulatory or legal developments;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any product candidates or clinical development programs;
- the results of the Group's efforts to in-license or acquire additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in the Group's financial results or those of companies that are perceived to be similar to the Group's;
- fluctuations in the valuation of companies perceived by investors to be comparable to the Group's;
- share price and volume fluctuations attributable to inconsistent trading volume levels of the Ordinary Shares;
- announcement or expectation of additional financing efforts;
- sales of the Company's Ordinary Shares by the Company or significant shareholders;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors; and
- general economic, industry and market conditions.

In addition, the stock market in general, and shares of specialty pharmaceutical and biotechnology companies in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of the Company's share capital, regardless of actual operating performance. The realisation of any of the above risks or any of a broad range of other risks, including those described in this Part II (*Risk Factors*), could have a dramatic and material adverse impact on the market price of the Ordinary Shares.

The Group will incur increased costs as a result of operating as a public company and management will be required to devote substantial time to new compliance initiatives.

As a public company, the Company will incur significant legal, accounting and other expenses that it did not incur as a private company. Management and other personnel will need to devote time to compliance initiatives, diverting their attention from other activities. Moreover, compliance

requirements and regulations will increase legal and financial costs substantially and make some activities more time-consuming and costly. The increased costs will increase the Group's consolidated net loss. Management cannot predict or estimate the amount or timing of additional costs that may be incurred to respond to these requirements.

The Group does not anticipate paying any dividends in the foreseeable future and, therefore, investors will need to rely on capital appreciation, if any, for any return on their investment.

The Group has never declared or paid cash dividends on its shares. The Group currently intends to retain all of its future earnings, if any, to finance the growth and development of its business. In addition, the terms of any future debt agreements may preclude it from paying dividends. As a result, capital appreciation, if any, of the Ordinary Shares will be the sole source of gain for investors for the foreseeable future.

Future sales and issuances of Ordinary Shares or rights to purchase Ordinary Shares, including pursuant to any equity incentive plans, could result in additional dilution of the percentage ownership of Shareholders and could cause the Ordinary Share price to fall.

The Group may need significant additional capital in the future to continue planned operations. To raise capital, the Group may sell substantial amounts of Ordinary Shares or securities convertible into or exchangeable for Ordinary Shares. These future issuances of Ordinary Shares or share-related securities, together with the exercise of outstanding options, may result in material dilution to investors and new investors could gain rights, preferences and privileges senior to those of holders of share capital.

The market price of the Ordinary Shares could be negatively impacted by sales of substantial amounts of Ordinary Shares, in particular following the expiry of the lock-up period.

Pursuant to the Underwriting Agreement and the Lock-up Agreements, the Company, each of the Directors, Dr Gabriel Fox and the Lock-Up Shareholders has agreed that, subject to certain exceptions, during the period of 180 days (in the case of the Company and the Lock-Up Shareholders) and 365 days (in the case of the Directors and Dr Fox) from the date of Admission, it/they will not, without the prior written consent of the Banks, offer, sell or contract to sell, or otherwise dispose of any Ordinary Shares (or, in the case of the Lock-Up Shareholders, Existing Ordinary Shares) or any interest therein or enter into any transaction with the same economic effect as any of the foregoing. Sales of a substantial number of Ordinary Shares by investors with large shareholdings in the Company, the Company or the Directors or Senior Managers after these restrictions expire, or the knowledge that any of them will, or the perception that these sales may occur, could depress the market price of the Ordinary Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

The Ordinary Shares will be listed and traded on Euronext Brussels on an ''if-and-when-issued and/or delivered'' basis from the listing date until the closing date. Euronext Brussels NV/SA may annul all transactions effected in the Ordinary Shares if they are not issued and delivered on the closing date.

From the listing date until the closing date, the Ordinary Shares will be listed and traded on Euronext Brussels on an ''if-and-when-issued and/or delivered'' basis, meaning that trading of the Ordinary Shares will begin prior to the closing of the Admission. The closing date is expected to occur on the first Euronext Brussels trading day following the listing date. Investors that wish to enter into transactions in the Offer Shares prior to the closing date, whether such transactions are effected on Euronext Brussels or otherwise, should be aware that the closing may not take place on the expected date, or at all, if certain conditions or events referred to in the Underwriting Agreement (as defined herein) are not satisfied or waived or do not occur on or prior to such date. Euronext Brussels NV/SA may annul all transactions effected in the Ordinary Shares if they are not issued and delivered on the closing date. Euronext Brussels NV/SA cannot be held liable for any damage arising from the listing and trading on an ''if-and-when-issued and/or delivered'' basis as of the listing date until the closing date.

Shareholders may have difficulty in effecting service of process on the Company or the Directors in any territory outside the UK, including the US, in enforcing US or other international judgments in the UK or in enforcing US federal or other international securities laws in UK courts.

Most Directors are residents of the UK and substantially all of their assets are in Europe and as such outside the US. The Company is incorporated outside the US and substantially all of its assets are located outside the US at this time. As a result, it may not be possible for Shareholders to effect service of process within the US upon all of the Directors or on the Company, or to obtain discovery

of relevant documents and/or the testimony of witnesses in the US. US Shareholders may have difficulties enforcing in courts outside the US judgments obtained in US courts against some of the Directors or the Company (including actions under the civil liability provisions of the US federal securities laws). Shareholders may also have difficulty enforcing liabilities under the US federal securities laws in legal actions originally brought in jurisdictions located outside the US. Similar risks apply to Shareholders resident in other territories outside the UK.

Changes in tax legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders.

Any change in (or in the interpretation of) tax legislation could affect the Company's ability to provide returns to Shareholders. Statements in this document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change.

The taxation of an investment in the Company depends on the specific circumstances of the relevant investor. The nature and amount of tax which the Company is expected to pay and the reliefs expected to be available are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. Any changes in tax law, interpretation or practice could increase the amount of tax payable by the Company.

The Company expects to be classified as a passive foreign investment company (''PFIC''), for US federal income tax purposes for its current taxable year and may be so classified in future taxable years. Such classification could result in adverse US federal income tax consequences to US investors.

As described in section B of Part XIV (*Taxation*) of this Prospectus under the heading ''Certain U.S. Federal Income Tax Considerations'', the Company expects to be classified as a PFIC for its current taxable year and may be so classified in future taxable years. Unless a US shareholder makes one of the elections described under that sub-section ''Certain U.S. Federal Income Tax Considerations-Passive Foreign Investment Company Considerations'', which may or may not be available (and the availability as to which the Company makes no representations), US persons who hold the Ordinary Shares may be subject to adverse US federal income tax consequences on certain distributions and any gain with respect to the Ordinary Shares. Prospective US shareholders of Ordinary Shares should consult their own US tax advisers regarding the potential application of the PFIC rules.

The effect of comprehensive tax reform legislation on the Company and its subsidiaries, whether adverse or favourable, is uncertain.

The US government has recently enacted comprehensive tax legislation that includes significant changes to the taxation of business entities, referenced herein as the Tax Reform Act. These changes include, among others, a permanent reduction to the corporate income tax rate. Notwithstanding the reduction in the corporate income tax rate, the overall impact of this tax reform is uncertain. The overall impact of the Tax Reform Act on the Company and its subsidiaries, whether adverse or favourable, is also uncertain and may not become evident for some period of time. Prospective shareholders should consult their tax advisers with respect to such legislation and the potential tax consequences of investing in the Ordinary Shares.

Any sale, purchase or exchange of Ordinary Shares may become subject to the Financial Transaction Tax.

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the ''Draft Directive'') on a common financial transaction tax (''FTT'') in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia. In December 2015, Estonia withdrew from the group of states willing to introduce the FTT (the ''Participating Member States'').

Pursuant to the Draft Directive, the FTT will be payable on financial transactions, provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (*inter alia*) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1 per cent. of the taxable amount. The taxable amount for such transactions shall in general be determined by reference

to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Ordinary Shares will be subject to the FTT at a minimum rate of 0.1 per cent., provided the abovementioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Ordinary Shares. Any issuance of new Ordinary Shares should not be subject to the FTT.

The Draft Directive is still subject to negotiation among the Participating Member States and therefore may be changed at any time. Moreover, once the Draft Directive has been adopted (the "Directive"), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself.

Investors should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Ordinary Shares.

PART III – DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Dr Julian Gilbert (*Chief Executive Officer*) Patrick Vink (*Chairman*) Christine Soden (*Chief Financial Officer*) Pieter van der Meer (*Non-Executive Director*)[1] Professor Johan Kördel (*Non-Executive Director*)[1] Dr Alexander Pasteur (*Non-Executive Director*)[1] Dr Martin Edwards (*Non-Executive Director*)[1] Scott Byrd (*Non-Executive Director*) Dr John Brown (*Non-Executive Director*)[2,3] Ed Borkowski (*Non-Executive Director*)[2]
Company secretary	Christine Soden
Registered office and Directors' business address	Acacia Pharma Group plc Harston Mill Harston Cambridge CB22 7GG
Degroof Petercam	Bank Degroof Petercam NV/SA having its registered office at Nijverheidsstraat 44 1040 Brussels Belgium
RBC	RBC Europe Limited Riverbank House 2 Swan Lane London EC4R 3BF
Legal advisers to the Company as to English law	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Legal advisers to the Banks as to English, Belgian and US law and to the Global Offer as to US law	Linklaters LLP 1 Silk St London EC2Y 8HQ United Kingdom Linklaters LLP Graanmarkt 2 2000 Antwerp Belgium Linklaters LLP Rue Brederode/ Brederodestraat 13 1000 Brussels Belgium
Auditor	PricewaterhouseCoopers LLP Abacus House Castle Park Cambridge CB3 OAN

1 Each of Dr Alexander Pasteur and Dr Martin Edwards will resign as directors immediately prior to Admission. Pieter van der Meer and Professor Johan Kördel have indicated that they will step down from the Board at the 2019 Annual General Meeting.

2 Each of Dr John Brown and Ed Borkowski have been appointed subject to Admission.

3 Dr John Brown will take the role of Senior Independent Director.

Reporting Accountant	PricewaterhouseCoopers LLP 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART IV – EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND GLOBAL OFFER STATISTICS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and Date
Announcement of Offer Price and allocation	8:00 a.m. CET on 2 March 2018
Publication of the Prospectus	2 March 2018
Commencement of conditional dealings in Ordinary Shares on Euronext Brussels	9:00 a.m. CET on 5 March 2018
Admission and commencement of unconditional dealings in Ordinary Shares on Euronext Brussels	9:00 a.m. CET on 6 March 2018
Delivery of the Ordinary Shares to investors' securities accounts	6 March 2018
Despatch of definitive share certificates (where applicable)	By 13 March 2018

Notes:
(1) It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.
(2) The times and dates in the table above are indicative only and are subject to change without further notice. All times are Brussels times unless otherwise stated.
(3) No temporary documents of title will be issued.

GLOBAL OFFER STATISTICS

Offer Price per Ordinary Share	€3.60
Number of Ordinary Shares in issue immediately prior to Admission[(1)]	41,807,950
Number of New Ordinary Shares to be issued by the Company pursuant to the Global Offer[(2)]	11,111,111
Number of Ordinary Shares subject to the Over-allotment Option[(3)]	1,111,111
Number of Ordinary Shares in issue immediately following Admission[(2)]	52,919,061
Percentage of the Existing Ordinary Share capital[(1)] to be sold pursuant to the Global Offer	26.6%
Estimated net proceeds of the Global Offer receivable by the Company[(2)(4)] *(millions)*	€37.0
Expected market capitalisation of the Company at the Offer Price immediately following Admission[(2)(5)] *(millions)*	€190.5
Ticker Symbol	ACPH
ISIN for the Ordinary Shares	GB00BYWF9Y76
Company's LEI code	213800SLDKXWKT6E3381

Notes:
(1) Including those Ordinary Shares to be issued to Existing Shareholders prior to Admission as described in paragraph 3.9 of Part XV (*Additional Information*).
(2) Assuming no exercise of the Over-allotment Option.
(3) The maximum number of Ordinary Shares subject to the Over-allotment Option will be 10 per cent of the total number of Offer Shares.
(4) Net proceeds receivable by the Company are stated after deduction of underwriting commissions and other expenses of approximately €3.0 million.
(5) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Offer Price.

PART V – PRESENTATION OF INFORMATION

1. Notice to prospective investors

Prospective investors should rely only on the information in this Prospectus when deciding whether to invest in the Ordinary Shares. No person has been authorised to give any information or to make any representations in connection with the Global Offer other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors or any of the Banks. No representation or warranty, express or implied, is made by any of the Banks or any selling agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Banks or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any issue or sale of the Offer Shares pursuant to the Global Offer made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor, material mistake or inaccuracy relating to this Prospectus occurs or arises prior to Admission that may affect the ability of prospective investors to make an informed assessment of the Global Offer. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their subscriptions made prior to the publication of such supplement. Such withdrawal must be done within the time limits set out in the supplement (if any) (which shall not be shorter than two clear business days after publication of such supplement).

The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult its own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of the Offer Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Ordinary Shares under applicable legal, investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of any investment in Ordinary Shares for an indefinite period of time.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Banks or any of their respective representatives that any recipient of this Prospectus should subscribe for or purchase the Offer Shares.

Prior to making any decision whether to purchase any Offer Shares, prospective investors should ensure that they have read this Prospectus in its entirety and, in particular, Part II (*Risk Factors*), and not just rely on key information or information summarised in it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the merits and risks involved. Any decision to purchase Offer Shares should be based solely on this Prospectus.

Investors who purchase Offer Shares in the Global Offer will be deemed to have acknowledged that:

(i) they have not relied on any of the Banks or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision;

(ii) they have relied solely on the information contained in this Prospectus; and

(iii) no person has been authorised to give any information or to make any representation concerning the Group or the Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by any of the Company, the Directors or the Banks.

None of the Company, the Directors or the Banks or any of their representatives is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment by such offeree or purchaser.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks by any of the FCA, the National Bank of Belgium or the Belgian FSMA, or the regulatory regimes established thereunder or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regime would be illegal, void or unenforceable, neither of the Banks accepts any responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this Prospectus, including its accuracy, completeness or for any other statement made or purported to be made by it or on behalf of it, the Company, the Directors or any other person, in connection with the Company, the Ordinary Shares or the Global Offer and nothing in this Prospectus shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Each of the Banks accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

In connection with the Global Offer, each of the Banks and any of their respective affiliates, acting as an investor for its or their own account(s), may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in Ordinary Shares and other securities of the Company or related investments in connection with the Global Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, each of the Banks and any of their respective affiliates acting as an investor for its or their own account(s). Neither of the Banks intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. In addition, in connection with the Global Offer, certain of the Banks may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where Ordinary Shares are used as collateral, which could result in such Banks acquiring shareholdings in the Company.

The Banks and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees. The Banks and any of their respective affiliates may provide such services to the Company and any of its affiliates in the future.

2. Presentation of financial information

Unless otherwise indicated, the financial information included in this document is based on International Financial Reporting Standards and International Financial Reporting Standards Interpretations Committee interpretations as adopted by the European Union (''IFRS''), and those parts of the Companies Act applicable to the companies reporting under IFRS. IFRS as adopted by the European Union differs in certain aspects from International Financial Reporting Standards as issued by the International Accounting Standards Board.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. Further details are set out in paragraph 9 (Critical accounting policies) of Part X (*Operating and Financial Review*). It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in the notes to the financial information set out in Section B of Part XI (*Historical Financial Information*).

The Company's financial year runs from 1 January to 31 December. The financial information included in this Prospectus is not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations that would apply if the Shares were to be registered in the US. Compliance with such requirements would require the modification or exclusion of certain information included in this Prospectus and the presentation of certain information which is not included in this Prospectus.

The financial information presented in this document was not prepared in accordance with US Generally Accepted Accounting Principles (''US GAAP'') or audited in accordance with US Generally Accepted Auditing Standards (''US GAAS'') or the standards of the Public Company Accounting Oversight Board (''PCAOB Standards''). No opinion or any other assurance with regard to any financial information was expressed under US GAAP, US GAAS or PCAOB Standards and the financial information is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification, reformulation or exclusion of certain financial

measures. In addition, changes would be required in the presentation of certain other information. In particular, no reconciliation to US GAAP is provided.

3. Market, economic and industry data

This Prospectus includes market share, industry and scientific data and forecasts that the Company has obtained from industry publications, surveys and internal company sources. As noted in this Prospectus, the Company has obtained market data relating to the Group's business from providers, including:

- Bridgehead International Ltd. (''Bridgehead'') (e.g. Acacia Pharma Market Research, Bridgehead, March 2008);
- Life Science Strategy Group LLC (''LSSG'') (e.g. Acacia Pharma Market Research, LSSG, November 2014);
- Icon Group International Inc. (''ICON'') (e.g. Acacia Pharma Market Research, ICON, November 2014);
- National Hospital Discharge Survey, 2006; National Survey of Ambulatory Surgery, 2006; Source Healthcare;
- World Cancer Research Fund International, http://www.wcrf.org/int/cancer-facts-figures/worldwide-data 19/8/15; and
- Acacia Pharma Preliminary US BAREMSIS® Sales and Marketing Plan, November 2017.

Publications

This Prospectus includes scientific data from the following publications:

- Apfel CC, Läärä E, Koivuranta M, et al. (1999). A simplified risk score for predicting postoperative nausea and vomiting: conclusions from cross-validations between two centers. Anesthesiology 91(3): 693-700.
- Apfel CC, Korttila K, Abdalla M, et al. (2004). A factorial trial of six interventions for the prevention of postoperative nausea and vomiting. N Engl J Med 350(24): 2441-2451.
- ASPE (Office of the Assistant Secretary for Planning and Evaluation, US Department of Health and Human Services) Issue Brief, June 2014.
- Basch E, Prestrud AA, Hesketh PJ, et al. (2011). Antiemetics: American Society of Clinical Oncology clinical practice guideline update. J Clin Oncol 29(31): 4189-4198.
- Canal M, Espie P and Thenot JP (2002). Amisulpride: Metabolic and pharmacokinetic profile after 14C intravenous administration. Eur Neuropsychopharmacol 12(Supplement 3): 310-310.
- Candrilli S and Mauskopf J (2006). How Much Does a Hospital Day Cost? 11th Annual International Meeting of ISPOR. Philadelphia, PA.
- Chang P, Okamoto M, Chen J, et al. (2005). Cost-effectiveness analysis of ondansetron and prochlorperazine for the prevention of postoperative nausea and vomiting. J Manag Care Pharm 11(4): 317-321.
- Coulouvrat C and Dondey-Nouvel L (1999). Safety of amisulpride (Solian): a review of 11 clinical studies. Int Clin Psychopharmacol 14(4): 209-218.
- Edison analyst note on Tesaro, Deutsche Bank Securities Inc., February 2013.
- Edison analyst note on Tesaro, February 2014.
- Fortney JT, Gan TJ, Graczyk S, et al. (1998). A comparison of the efficacy, safety, and patient satisfaction of ondansetron versus droperidol as antiemetics for elective outpatient surgical procedures. S3A-409 and S3A-410 Study Groups. AnesthAnalg 86(4): 731-738.
- Gan TJ, Meyer TA, Apfel CC, et al. (2007). Society for Ambulatory Anesthesia guidelines for the management of postoperative nausea and vomiting. AnesthAnalg 105(6): 1615-1628.
- Gan TJ, Diemunsch P, Habib AS, et al. (2014). Consensus guidelines for the management of postoperative nausea and vomiting. Anesth Analg 118(1): 85-113.
- Gan TJ, Kranke P, Minkowitz HS, et al. (2017). Intravenous Amisulpride for the Prevention of Postoperative Nausea and Vomiting: Two Concurrent, Randomized, Double-blind, Placebo-controlled Trials. Anesthesiology 126(2): 268-275.

- Glass PS, Everett L, Redmond M, et al. (2013). Optimal PONV Management – SCOR Database. ASA Annual Meeting. San Francisco, CA.
- Habib AS and Gan TJ (2008). The use of droperidol before and after the Food and Drug Administration black box warning: a survey of the members of the Society of Ambulatory Anesthesia. JClinAnesth 20(1): 35-39.
- Herrstedt J, Sigsgaard T, Handberg J, et al. (1997). Randomized, double-blind comparison of ondansetron versus ondansetron plus metopimazine as antiemetic prophylaxis during platinum-based chemotherapy in patients with cancer. JClinOncol 15(4): 1690-1696.
- Herrstedt J, Summers Y, Daugaard G, et al. (2017). Amisulpride in the prevention of nausea and vomiting induced by cisplatin-based chemotherapy: a dose-escalation study. Support Care Cancer doi 10.1007/s00520-017-3825-2.
- Hesketh PJ, Grunberg SM, Gralla RJ, et al. (2003). The oral neurokinin-1 antagonist aprepitant for the prevention of chemotherapy-induced nausea and vomiting: a multinational, randomized, double-blind, placebo-controlled trial in patients receiving high-dose cisplatin–the Aprepitant Protocol 052 Study Group. J Clin Oncol 21(22): 4112-4119.
- Jefferies analyst note, 19 March 2015.
- Kantar Health. Payer Mix in Oncology: Understanding cancer pay mix is critical to understanding patient affordability as a component of launch planning.
- Koivuranta M, Läärä E, Snare L, et al. (1997). A survey of postoperative nausea and vomiting. Anaesthesia 52(5): 443-449.
- Kranke P, Eberhart L, Motsch J, et al. (2013). I.V. APD421 (amisulpride) prevents postoperative nausea and vomiting: a randomized, double-blind, placebo-controlled, multicentre trial. Br J Anaesth 111(6): 938-945.
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- MHRA: UK Pharmaceutical Assessment Report for amisulpride tablets, 2010.
- Navari RM, Qin R, Ruddy KJ, et al. (2016). Olanzapine for the Prevention of Chemotherapy-Induced Nausea and Vomiting. N Engl J Med 375(2): 134-142.
- Pizzi LT, Toner R, Foley K, et al. (2012). Relationship between potential opioid-related adverse effects and hospital length of stay in patients receiving opioids after orthopedic surgery. Pharmacotherapy 32(6): 502-514.
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- Rapoport BL, Chasen MR, Gridelli C, et al. (2015). Safety and efficacy of rolapitant for prevention of chemotherapy-induced nausea and vomiting after administration of cisplatin-based highly emetogenic chemotherapy in patients with cancer: two randomised, active-controlled, double-blind, phase 3 trials. Lancet Oncol 16(9): 1079-1089.
- Roila F, Molassiotis A, Herrstedt J, et al. (2016). 2016 MASCC and ESMO guideline update for the prevention of chemotherapy- and radiotherapy-induced nausea and vomiting and of nausea and vomiting in advanced cancer patients. Ann Oncol 27(suppl 5): v119-v133.
- Taubel J, Ferber G, Fox G, et al. (2017). Thorough QT study of the effect of intravenous amisulpride on QTc interval in Caucasian and Japanese healthy subjects. Br J Clin Pharmacol 83(2): 339-348.
- Warr DG, Hesketh PJ, Gralla RJ, et al. (2005). Efficacy and tolerability of aprepitant for the prevention of chemotherapy-induced nausea and vomiting in patients with breast cancer after moderately emetogenic chemotherapy. J Clin Oncol 23(12): 2822-2830.

Third Party Reports

All sources referenced in this Prospectus are publicly available or historically commissioned reports, and are not expert reports for the purposes of the Prospectus Rules. The Company has not independently verified any of the data from third party sources nor has it ascertained the underlying economic assumptions relied upon therein. Statements or estimates as to the Group's market position,

which are not attributed to independent sources, are based on market data or internal information currently available to the Company. The Company confirms that information sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published from third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Estimates extrapolated from this data involve risks and uncertainties and are subject to change based on various factors, including those discussed in Part II (*Risk Factors*).

4. Rounding

Certain numerical figures contained in this Prospectus, including financial information, market data and certain operating data such as the number of clinical hospital procedures and clinical results, have been subject to rounding adjustments for ease of presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

5. Currencies

Unless otherwise indicated in this Prospectus, all references to:

(a) ''pounds sterling'' or ''£'' are to the lawful currency of the UK;

(b) ''$'' or ''US dollars'' or ''US$'' are to the lawful currency of the US; and

(c) ''euros'' or ''€'' are to the lawful currency of the European Union (as adopted by certain member states).

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in pounds sterling. The functional currency of the Company is pounds sterling and the Group presents its consolidated financial statements in pounds sterling.

6. Interpretation

Certain terms used in this Prospectus, including capitalised terms, are defined in Part XVI (*Definitions*) and Part XVII (*Glossary*).

BAREMSIS® is the proprietary name for the Company's lead product candidate formerly referred to as APD421 and all references to BAREMSIS® in this Prospectus are to such product candidate. Following the FDA's review of BAREMSIS® as the Company's proposed proprietary name, it has notified the Company that in its view ''BAREMSIS'' could be confused with the name of a recently approved product. Therefore, the Company will be required to apply to market BAREMSIS® under a different proprietary name in the US. The Company maintains its registered trademark over BAREMSIS® for the pursuit of marketing efforts outside the US.

All references to legislation in this Prospectus are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

References to the singular in this Prospectus shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender where the context requires.

7. Forward-looking statements

Certain information contained in this Prospectus, including any information as to the Group's strategy, plans or future financial or operating performance, constitutes ''forward-looking statements''. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms ''believes'', ''estimates'', ''anticipates'', ''projects'', ''expects'', ''intends'', ''aims'',

''plans'', ''predicts'', ''may'', ''will'', ''seeks'' or ''should'' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, among other things, the Group's results of operations, financial condition, prospects, growth, strategies and the industry in which the Group operates.

Many factors may cause the Group's results of operations, financial condition, liquidity and the development of the industries in which it competes to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

Prospective investors are advised to read, in particular, the following parts of this Prospectus for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates: Part II (*Risk Factors*), Part VI (*Information on the Company and the Group*), Part X (*Operating and Financial Review*) and Part XI (*Historical Financial Information*). In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group's control. Forward-looking statements are not guarantees of future performance. Even if the Group's actual results of operations, financial condition and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company, the Directors and each of the Banks expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the Prospectus Rules or the Disclosure and Transparency Rules.

8. Enforcement of civil liabilities

The Company is a public limited company, incorporated in England and Wales. Most of the directors and executive officers of the Company are non-residents of the United States, and all or a substantial portion of the assets of the Company and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them in the US courts judgments obtained in US courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

9. Available information

The Company has agreed that, for so long as any of the Ordinary Shares are ''restricted securities'' within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the ''Exchange Act'') nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

10. Over-allotment and stabilisation

In connection with the Global Offer Degroof Petercam, acting as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Ordinary Shares on the regulated market of Euronext Brussels and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

11. No incorporation of website information

The contents of the Company's or the Group's websites or any website directly or indirectly linked to the Company's or the Group's websites do not form part of this Prospectus and investors should not rely on them.

PART VI – INFORMATION ON THE COMPANY AND THE GROUP

1. Business Overview

Acacia Pharma is a hospital pharmaceutical group founded in 2007 and based in Cambridge, UK with US operations based in Indianapolis, Indiana. The Group is focused on the development and commercialisation of new nausea and vomiting treatments for surgical and cancer patients.

The Group has identified important and commercially attractive nausea and vomiting unmet needs and has developed two antiemetic product candidates seeking to meet those needs, based on the same active ingredient, amisulpride, a dopamine antagonist. Its lead product candidate BAREMSIS® has been developed for the management of post-operative nausea and vomiting (PONV), specifically for (i) the rescue treatment of patients who suffer PONV despite having received prior preventative prophylaxis with standard antiemetics and (ii) the prophylaxis of PONV in combination with standard antiemetics in higher risk patients. APD403 is being developed for chemotherapy induced nausea and vomiting (CINV), in particular for the management of delayed nausea in the two to five days following chemotherapy.

Following the successful completion of four positive pivotal studies, a New Drug Application (NDA) has been submitted to the US FDA for BAREMSIS®, for the treatment and prophylaxis of PONV alone and in combination with standard antiemetics. The FDA accepted the NDA for filing December 2017 and has set a target of completing its review by 5 October 2018. Phase 2 clinical proof of concept studies have been successfully conducted investigating APD403 for the management of CINV.

The Group has retained all rights to commercialise both product candidates in all territories and plans to commercialise them directly in the US and establish licensing and/or distribution agreements with selected pharmaceutical partners outside the US. The Group is planning to build a specialist sales force in the US, initially targeting the promotion of BAREMSIS® to hospital-based anaesthetists and their surgical teams for rescue treatment of PONV. Subsequently BAREMSIS® will be promoted earlier in the treatment pathway, for the combination prophylaxis of PONV in higher-risk patients. Once BAREMSIS® is established in the US market, the Directors expect that initial sales and marketing infrastructure can be moderately increased in size to commercialise APD403 for CINV, targeting hospital and clinic-based oncologists.

Amisulpride, the active ingredient within BAREMSIS® and APD403, is currently marketed in certain countries outside the US for the management of schizophrenia and other psychoses. The Group has repurposed amisulpride for the management of nausea and vomiting and differentiated it by applying a change in route of administration and dose that is appropriate for the products' new medical uses. Core patents covering BAREMSIS® and APD403 have been granted to the Group in most major pharmaceutical territories, and additional patent applications are pending. For further information on the Group's patent position see section 8 of Part VI (*Information on the Company and the Group*).

The Group has financed its development activities by raising approximately £42.5 million of shareholder equity and debt capital, primarily from Lundbeckfond, Novo, F-Prime and Gilde. In addition, in 2016 the Group raised £8.5 million in a term loan facility with Silicon Valley Bank, £5.2 million of which was outstanding at 31 December 2017, at which date the Group had cash and cash equivalents of £3.1 million. The Group has also benefited from receipt of approximately £7.7 million since its inception in R&D tax credits.

2. Key Strengths

The Directors believe that the Group has the following key strengths:

2.1 Focus on PONV and CINV: large market opportunities with significant unmet medical needs

The Group's lead product candidate BAREMSIS®, addresses the post-operative care market. The Directors estimate that approximately 65 million antiemetic eligible surgical procedures are conducted each year in the US.[1] The goal of healthcare providers and payors is to manage patient throughput efficiently and minimise costs, while providing patients with a positive surgical experience. Opportunities therefore exist for the Group to provide anaesthetists and surgical teams with a product that can reduce the side effects of surgery, thereby reducing the time patients spend in expensive recovery rooms and in-patient hospital beds. Moreover, US hospitals are financially incentivised to improve the quality of care and consequent patient satisfaction. Appropriate

1 National Hospital Discharge Survey, 2006; National Survey of Ambulatory Surgery, 2006; Source Healthcare.

management of PONV is a key to improving patient satisfaction scores which directly impact the reimbursement a hospital receives under Medicare within current healthcare legislation, as well as reducing post-surgical patient recovery times. BAREMSIS® could therefore represent an opportunity to improve patient care whilst offering hospitals opportunities to both reduce costs and improve reimbursement. BAREMSIS® has been specifically developed to meet the key unmet needs within the management of PONV:

(i) the rescue treatment of patients who suffer PONV despite having received prior preventative prophylaxis with standard antiemetics; and

(ii) the prophylaxis of PONV in combination with standard antiemetics in higher risk patients.

APD403 is being developed for the management of nausea and vomiting in cancer patients receiving emetogenic chemotherapy. The cancer population continues to grow, due both to the increasing incidence of the condition in an ageing population and to the increasing longevity of cancer patients, as a result of earlier diagnosis and advances in cancer treatment. It is estimated that there were 14 million cancer cases worldwide in 2012 and this is expected to increase to 24 million in 2035.[2] The Directors believe there is an opportunity to provide hospital and clinic-based oncologists with a drug to better manage CINV which can enable optimal cancer treatment. APD403 is being specifically developed to meet what the Directors believe to be the key unmet need, late stage CINV, particularly late stage nausea.

2.2 Near-market and late-stage assets: an NDA has been submitted to the US FDA and accepted for filing for BAREMSIS® and positive Phase 2 clinical data generated on APD403

BAREMSIS® has been shown to be safe and effective for the treatment and prevention of PONV and an NDA has been submitted to the US FDA. It was accepted for filing December 2017 and the FDA has set a target of completing its review by 5 October 2018. The product label being sought for BAREMSIS® is for the management of PONV, including the rescue treatment of PONV in patients despite having received prior prophylaxis with standard antiemetics and in combination prophylaxis with standard antiemetics in higher risk patients, the two key commercial unmet needs. The Directors believe BAREMSIS® will have a strong competitive position, as, if approved, it will be the first product specifically labelled for these uses. In addition, the Directors are not aware of any other dopamine antagonists in clinical development for the management of PONV.

Two Phase 2 clinical studies have been completed on APD403 for the management of CINV and this product candidate is intended to be moved into Phase 3 studies, following the completion of an acute phase, dose-ranging Phase 2 study.

2.3 Global commercial rights retained: opportunity to exploit in the US with an efficient commercial infrastructure

The Group has retained all rights to its product candidates in all territories. The Directors believe that the Group's product candidates have significant revenue potential.

The conditions being addressed by the Group's product candidates are primarily managed by two groups of medical specialists: anaesthetists in the case of BAREMSIS® and oncologists in the case of the APD403. In the US 80 per cent of surgical procedures are performed in approximately 1,600 hospitals which the Company plans to address with an initial sales force of approximately 60 field sales representatives at launch, rising to 100 over 3 years, supported by approximately 40 sales management, medical and marketing personnel.[3] The Group expects this sales and marketing infrastructure could also be applied to commercialise APD403 (for CINV) to oncologists with a moderate increase in size.

2.4 Strong protection underpinned in the US by patent listing in the Orange Book and market exclusivity

Amisulpride, the active ingredient within both of the Group's product candidates, has never been approved for use in the US. BAREMSIS® will therefore qualify for a minimum of 5 years market exclusivity granted by the FDA upon approval of a new drug, with the potential for further extensions.

US patents have been granted describing the use of amisulpride for the management of PONV and CINV. Their initial terms run until 2031 and there is the possibility of patent term extensions being granted. The Company's granted patents cover the drug products BAREMSIS® and APD403 that it

2 World Cancer Research Fund International, http://www.wcrf.org/int/cancer-facts-figures/worldwide-data 19/8/15.

3 Acacia Pharma Preliminary US APD421 Sales and Marketing Plan, November 2017.

seeks approval for and as such can be listed in the Orange Book once the products are approved by the FDA, providing additional protection.

The patent families for BAREMSIS® and APD403 have been granted widely in major pharmaceutical territories, including but not limited to, Europe, Japan and China. For further information on the Group's patent position see section 8 of this Part VI (*Information on the Company and the Group*).

2.5 Strong management with demonstrable track record, supported by a syndicate of leading healthcare investors and KOLs

The Group's management team has extensive experience in the discovery, development and commercialisation of hospital pharmaceutical products, in drug repurposing, and in corporate and financial control in public and private companies. Members of the management team and Board successfully commercialised the branded post-operative pain product OFIRMEV®, which was launched into the US in a generic market, providing a similar value proposition to that proposed for BAREMSIS®, to the same key customers (anaesthetists, surgical teams and directors of pharmacy). The team has successfully raised approximately £42.5 million in financing and brought BAREMSIS® from inception to NDA filing.

The Group has been and remains supported by a strong syndicate of specialist healthcare investors comprising Gilde, Lundbeckfond, Novo and F-Prime. These shareholders have committed to participate in the Global Offer

The Group has developed strong links with key opinion leaders, who have input into the Group's development programmes, providing a strong platform for validating clinical results and the opportunity for influential publications of the study results. The Company has worked with ten out of twenty of the authors of the International Consensus Guidelines on PONV[4] in connection with the development of BAREMSIS®.

3. Strategy

The Group aims to become a leading hospital pharmaceutical organisation, providing products for hospital-based anaesthetists and their surgical teams and hospital and clinic-based oncologists, initially through the development and US commercialisation of its nausea & vomiting product opportunities. The key elements of this strategy are as follows.

3.1 Complete the registration of BAREMSIS® for the management of PONV

The Group submitted an NDA to the US FDA for the marketing approval of BAREMSIS® for the management of PONV, including the rescue treatment of PONV in patients who have received prior prophylaxis and combination prophylaxis in higher risk patients, the two key commercial unmet needs. The NDA was accepted for filing December 2017. The company will work with the FDA to answer any questions that arise throughout the review of the dossier with the aim of having it approved in 2018. The FDA has set a PDUFA date of 5 October 2018 to complete its review.

3.2 Directly commercialise BAREMSIS® in the US

The US is currently the largest market for pharmaceutical products and the Group intends to establish its own sales and marketing infrastructure there, initially targeting hospital-based anaesthetists and their surgical teams. Assuming the targeted label is obtained, the Group will focus initially on establishing BAREMSIS® as a safe and effective rescue treatment for patients who suffer PONV despite prior prophylaxis with standard antiemetics. The Directors believe that once surgical teams have experience of the efficacy and pharmacoeconomic benefits of BAREMSIS® for rescue treatment, the product will be used earlier in the treatment pathway as part of a combination prophylaxis regimen for higher risk patients and those patients undergoing surgery where PONV could significantly adversely impact recovery or surgical outcomes.

The Group's preliminary US commercialisation plans for BAREMSIS® assume an employee base of approximately 100, including an initial hospital sales force comprised of approximately 60 sales representatives at commercial launch (anticipated to be in the second quarter of 2019) rising to 100 over three years. Because a substantial portion of the prescribing activity arises in a relatively limited number of institutions, the Directors believe that the Group can successfully promote its products with such a sales force by focusing on those institutions that account for a substantial proportion of the hospital surgical market.

4 Gan et al., 2014, pages 85 to 113.

The adoption of hospital products requires the product firstly to be accepted on any institution's formulary of approved products before the product can be prescribed. This acceptance onto formulary typically requires the hospital's Pharmacy & Therapeutics Committee ("P&T Committee") to be persuaded of the clinical and pharmacoeconomic benefits of the product.

3.3 Establish commercialisation partnerships outside the US

Markets outside the US are generally smaller and the processes for adoption of hospital products and establishing pricing and reimbursement can vary country by country. To focus its resources on the commercial opportunity in the US, the Group intends to enter into licensing and/or distribution agreements outside the US where it is able to and where commercially viable, with selected pharmaceutical partners which already have the appropriate expertise and sales and marketing infrastructure. Initially the Group will focus on major pharmaceutical markets such as parts, or all, of Europe, with the aim of initiating discussions during 2018.

3.4 Leverage the future commercial infrastructure through the addition of complementary products

The Group intends to continue the development of APD403 for CINV. A US NDA submission could be made from 2022 assuming development plans progress to the Group's expectations. With only a moderate increase in size of approximately 40 further employees, the initial sales infrastructure could also commercialise APD403.

Once BAREMSIS® is established in the US market, the Group intends to assess externally sourced opportunities to exploit its US hospital sales and marketing infrastructure, including in-licensing or acquiring complementary products or product candidates.

4. Product pipeline and commercial opportunities

The Group's product candidates are presented in detail below, describing the condition, market opportunity and unmet need, and the product candidate's development status and future plans.

4.1 BAREMSIS®

(a) Nausea and vomiting

Nausea (feeling sick) is an unpleasant sensation of wanting to vomit. Vomiting (emesis or being sick) is the forceful expulsion of the contents of the stomach out through the mouth. Nausea and vomiting are mediated by collections of neurones in the brainstem, which receive signals from around the body, including from the gut; the vestibular apparatus in the ear, which controls balance; the cerebral cortex; and an area at the base of the brain called the area postrema, which can detect poisons in the bloodstream. Stimuli which can provoke nausea and vomiting are known as emetogenic, and can include toxins in the stomach or bloodstream (from bad food, chemicals or medicines, for example), excessive or disruptive movement, shocking or unpleasant sights or smells or even simply the thought or anticipation of such things. When emetogenic signals are received in the brainstem, further signals are sent via the nervous system to trigger the act of vomiting by the gut and/or the sensation of nausea.

The nerve pathways involved in nausea and vomiting involve several different neurotransmitters, including dopamine, serotonin (5-HT), acetylcholine, histamine and neurokinin-1 (also known as substance P). Drugs which can block the receptors used by these neurotransmitters, such as dopamine D2-antagonists, serotonin 5-HT_3 antagonists, antihistamines, NK1-antagonists, and so on, may be able to prevent or treat nausea and vomiting. Unfortunately, it is not possible to predict which one, or more, of these pathways will be involved in any patient and therefore which will have to be blocked to stop the nausea and vomiting response. As a consequence, the management of clinically important forms of nausea and vomiting, such as PONV and CINV, has evolved using combinations of antiemetic drugs from different mechanistic classes in an attempt to block as many of the pathways as possible. The management of PONV and CINV is described in more detail in sections 4.1(c) and 4.2(b) of this Part VI (*Information on the Company and the Group*).

(b) Post-operative nausea and vomiting (PONV)

PONV is a common complication of surgery, occurring in approximately 30 per cent of surgical patients and up to 80 per cent of high-risk patients. Typically, two thirds of patients with PONV have nausea and one third have vomiting. The risk of PONV is higher for women, non-smokers, those who have experienced prior motion sickness or PONV, and those receiving post-operative opioid pain control. PONV is associated with the use of volatile anaesthetic gases and opioid analgesics and is particularly common following gynaecological, abdominal, breast, eye and ear

operations, especially those lasting an hour or more. PONV most often starts in the first three hours after the end of anaesthesia, with a decreasing trend over 24 hours.[5]

PONV is a significant issue for patients and healthcare providers. It has been ranked as the most undesirable of all surgical complications by patients and contributes significantly to patient anxiety and distress.[6] PONV can also delay hospital discharge, result in readmission after in-patient procedures and lead to day-case patients being admitted to hospital, all of which can result in significantly increased healthcare costs.[7] For example, in a study of 402 patients at Thomas Jefferson Hospital in Philadelphia, a reported 36 per cent of orthopaedic surgery patients experienced nausea or vomiting and had an associated 0.7 day increase (23 per cent) in their length of stay.[8] With an estimated cost of a non-ICU hospital day of $2,319, the economic cost of nausea and vomiting in these patients exceeds $1,600.[9]

(c) Current management of PONV

The PONV Consensus Guidelines[10] recommend that patients are assessed for their risk of suffering from PONV using a simple scoring system (one point for each of the four major risk factors for PONV (i) female, (ii) non-smoker, (iii) prior history of PONV or motion sickness and (iv) expected use of post-operative opioid pain control)[11] and are managed accordingly. It is recommended that patients at moderate-risk of PONV (two risk factors) be given a prophylactic antiemetic to stop PONV occurring. In higher risk patients (three or four risk factors) it is recommended that multiple prophylactic antiemetics from different pharmacological mechanisms of action are given.

The mainstay of PONV prophylaxis (prevention) is the class of 5-HT_3 antagonists. Market research commissioned by the Group in the US indicates that ondansetron is the most frequently used 5-HT_3 antagonist, administered to approximately 85 per cent of those patients who receive any PONV prophylaxis.[12] In clinical trials, ondansetron has delivered a relative risk reduction compared to placebo in the range of 14 to 28 per cent.[13] In higher risk patients, a second antiemetic with a different mechanism of action is recommended to be added to the 5-HT_3 antagonist, the corticosteroid dexamethasone being the most common.[14] Dexamethasone, when added to ondansetron, has been shown to deliver a relative risk reduction of approximately 25 per cent compared to ondansetron alone.[15] This still leaves a significant number of patients whose PONV is not effectively managed, leaving an opportunity for an effective and safe antiemetic with a third mechanism of action that can be used prophylactically in combination with 5-HT_3 antagonists and dexamethasone in higher risk patients.[16] The use of antiemetics other than 5-HT_3 antagonists and corticosteroids (e.g. metoclopramide, promethazine and scopolamine) is limited due to safety concerns and/or sparse efficacy data.[17] For example, droperidol, a dopamine antagonist, is an effective antiemetic and was formerly considered by experts to be the best available drug for preventing PONV.[18] However, since 2001, its use in the US has been greatly reduced[19] following the inclusion in its prescribing information of a boxed warning relating to cardiac toxicity, including serious and even fatal heart rhythm disturbances, arising from prolongation of the QT-interval.[20] In addition, it can cause extrapyramidal side effects (''EPS''), or movement disorders, and sedation.

Approximately 32 per cent of patients who are given PONV prophylaxis will still experience nausea and/or vomiting after their operation. In such cases, the PONV Consensus Guidelines recommend rescue treatment using an antiemetic with a different pharmacological mechanism of action to those that were previously given prophylactically.[21] Despite these recommendations, market research conducted by the Group indicates that, in 69 per cent of cases, further ondansetron (a 5-HT_3

5 Gan et al., 2014, pages 85 to 113.
6 Koivuranta et al., 1997; Apfel et al., 1999, pages 693 to 700; Macario et al., 1999.
7 Gan et al., 2014, pages 85 to 113.
8 Pizzi et al., 2012, pages 502 to 514.
9 Candrilli, 20 to 24 May, 2006.
10 Gan et al., 2014, pages 85 to 113.
11 Apfel et al., 1999, pages 693 to 700.
12 Acacia Pharma Market Research, November 2014, LSSG.
13 Fortney et al., 1998; Apfel et al., 2004; Gan et al., 2011
14 Acacia Pharma Market Research, November 2014, LSSG.
15 Apfel et al., 2004, pages 2441 to 2451.
16 Acacia Pharma Market Research, November 2014, LSSG.
17 Acacia Pharma Market Research, November 2014, LSSG.
18 Gan et al., 2007, pages 1615 to 1628.
19 Habib et al., 2008, pages 35 to 39.
20 Droperidol Summary of Product Characteristics.
21 Gan et al., 2014, pages 85 to 113.

antagonist) is given as a rescue after it has already failed to achieve adequate prophylaxis, even though the ondansetron prescribing information clearly states that this is not an effective strategy. The Directors believe that this practice is driven by the lack of safe and effective medications from other classes approved or suitable for PONV rescue. For example, corticosteroids such as dexamethasone take a significant time to become effective as antiemetics and are therefore too slow-acting to be useful for rescue therapy; while the antihistamine promethazine causes sedation and can be challenging to administer intravenously, as it causes significant tissue damage in the event of extravasation; metoclopramide is a weak antiemetic, has a poor side effect profile, is not recommended in prescribing guidelines and has no rescue indication. The Directors therefore believe there is an opportunity for an effective and safe antiemetic with a third mechanism of action that can be used to rescue patients with established PONV who have not responded to prior prophylaxis with standard antiemetics.

The popularity among physicians of the dopamine antagonist mechanism of action led the Group to explore the possibility of developing an efficacious and safe dopamine antagonist which could provide the new antiemetic that is needed for the more effective management of PONV. The Directors believe that BAREMSIS® is such a candidate following clinical studies which have shown it avoids the safety concerns that limited the use of droperidol, whilst still being effective in reducing nausea and vomiting. The Directors believe BAREMSIS® therefore has the potential to be used: (i) to rescue patients with PONV who have not responded to standard antiemetic prophylaxis; and (ii) to prevent PONV in combination prophylaxis with standard antiemetics in higher risk patients.

(d) Competing product candidates in development

The Directors believe that there are no new agents in Late Stage clinical development for the management of PONV and that BAREMSIS® is the only dopamine antagonist in clinical development for PONV.

(e) BAREMSIS® product description

BAREMSIS® (formerly referred to as APD421) comprises a low-dose (10 mg or 5 mg), intravenous injection formulation of amisulpride, a selective dopamine antagonist that is currently approved in Europe, Australia, South America and other countries, but not the US, as an oral treatment for the management of schizophrenia and other psychoses (50 mg – 400 mg given up to 1.2 g a day). Prior to Acacia Pharma's submission of the BAREMSIS® NDA, amisulpride had never been submitted for approval in the US for any therapeutic indication. BAREMSIS® will be differentiated from the existing marketed amisulpride products where they exist outside the US by its intravenous route of administration and dose.

Market research conducted with anaesthetists in the US and Europe indicated PONV was an unmet need.[22] The dopamine antagonist droperidol was anaesthetists' drug of choice for the management of PONV until it received a ''boxed warning'' for cardiac issues associated with QT prolongation in 2001.[23] As a consequence, the Group sought a dopamine antagonist that had been marketed without any cardiac safety concerns that could potentially be repurposed for the management of PONV. The Group also sought a dopamine antagonist with low potential for sedation and EPS.

A target profile was established with criteria related to efficacy (including a plasma half-life sufficient for 24-hour cover), safety (including absence of significant cardiac and CNS toxicity), ease of use and the ability to commercially protect the product candidate. Existing dopamine antagonists were reviewed using literature searches, databases (both commercial and public) and database mining tools. The Group focused on a subset of drugs called ''atypical antipsychotics'' as they are known to have a lower potential for EPS. Approximately 20 atypical dopamine antipsychotics were considered, three were shortlisted and amisulpride was chosen for further evaluation. Amisulpride has been used clinically for almost 30 years at a wide dose range of 50-1,200 mg/day and extensive literature shows a very low incidence of toxicity, no worse than inactive placebo in a large number of clinical trials. In a review of 11 clinical trials involving 1,247 patients, of whom 905 were treated with an average daily dose of 670 mg for acute exacerbations of schizophrenia, no serious toxicity was reported. In particular, no cardiac disorder and only a low rate of EPS were reported, which was not significantly different from placebo treatment.[24] The low potential of amisulpride to cause cardiac toxicity was further confirmed by the Group in an electrophysiological study which showed that the blockade by

22 Acacia Pharma Market Research, Bridgehead International, 2008.

23 Gan et al., 2007, page 1620.

24 Coulouvrat et al., 1999, pages 209 to 218.

amisulpride of the cardiac hERG channel, an important determinant of rhythm disturbances, was 440 times weaker than by droperidol.

Having determined that amisulpride appeared to have the appropriate safety profile, the Group conducted pre-clinical efficacy studies confirming the drug's antiemetic potential and has confirmed it in subsequent clinical studies. The Group filed patent applications describing the new use of amisulpride for the management of PONV in major pharmaceutical territories. These applications have subsequently been granted in key pharmaceutical territories, such as the US and Europe. Additional selection patent applications have now been filed based on data generated in Phase 3 clinical trials. Further information on the status of the Group's patents and patent applications can be found in section 9 of this Part VI (*Information on the Company and the Group*).

(f) BAREMSIS® development status

The primary clinical development of BAREMSIS® has been completed, with the safety and efficacy of BAREMSIS® in the management of PONV having been evaluated in 3,359 patients and healthy volunteers, of whom 1,969 received BAREMSIS®. Data from the clinical programme have been used to support the submission of an NDA to the US FDA for the proposed indications:

(1) Treatment of established PONV in patients who have received antiemetic prophylaxis with an agent of a different class or no prior prophylaxis (at a dose of 10 mg); and

(2) Prevention of post-operative nausea and vomiting (PONV), either alone or in combination with other antiemetics (at a dose of 5 mg).

The eight clinical studies included in the submission and the planned clinical study are described below.

Pivotal Clinical Studies

DP10019. Phase 3 treatment study in patients who have received prior antiemetic prophylaxis, conducted in the US, Canada and Europe.

This study was a double-blind randomised comparison of 5 mg and 10 mg BAREMSIS® and placebo as treatment for established episodes of PONV in patients who had received prior PONV prophylaxis and was conducted at 23 centres in the US, Canada, Germany and France. A total of 702 adult patients who developed PONV after surgery involving a general anaesthetic, despite having received prior antiemetic prophylaxis, were randomised on a 1:1:1 basis to receive a single intravenous injection of 5 mg or 10 mg BAREMSIS® or a matching placebo (defined as the mITT population). The primary endpoint was the successful treatment of the episode of PONV, with Complete Response (CR) defined as no recurrence of vomiting (excluding the first 30 minutes after treatment) and no requirement for further antiemetic rescue medication, in the 24-hour period after treatment. In the mITT population, BAREMSIS® 10 mg was superior to placebo in terms of CR (41.7 per cent vs 28.5 per cent, p=0.003 after adjustment for multiplicity). The 5 mg dose of BAREMSIS® was somewhat superior to placebo but the benefit generally did not reach statistical significance.

mITT population	Placebo		5 mg BAREMSIS®		10 mg BAREMSIS®	
Number of subjects	235		237		230	
Primary Endpoint Complete Response†	**67**	**28.5%**	**80**	**33.8%**	**96**	**41.7%****
Secondary Endpoints						
Vomiting	67	28.5%	43	18.1%**	36	15.7%***
Rescue medication use	163	69.4%	155	65.4%	127	55.2%***
Nausea burden‡ 0-180 mins	7629		6995		5638***	

**p⩽0.01 ***p⩽0.001 (one-sided p values)

† No emesis in 30 min-24 hours after treatment or use of rescue medication in 0-24 hours after treatment.

‡ Area under the curve of nausea scores

The proportion of patients reporting one or more treatment-emergent adverse events was lower in both the 5 mg and 10 mg BAREMSIS® groups (42.2% and 43.0% respectively) than the placebo group (48.1%). There was no material difference between the groups in the incidence of serious, severe or life-threatening adverse events. Patients in the BAREMSIS® group whose PONV occurred in the post-anaesthesia care unit (PACU), an especially high-cost area of the hospital, spent on average 141 minutes in the PACU compared to 176 minutes for those in the placebo group, a reduction of 35 minutes. The overall duration of hospital stay was on average 50 hours for the BAREMSIS® group compared to 56 hours for the placebo group.

The Directors believe this study confirms that a 10 mg dose of intravenous BAREMSIS® can safely and effectively treat established episodes of PONV in surgical patients who have had prior PONV prophylaxis, leading to reduced hospital occupancy, and that BAREMSIS® would therefore be an attractive clinical and commercial choice in that patient population. The Directors believe this is the first ever randomised trial that has shown successful rescue of PONV in patents that have previously failed antiemetic prophylaxis.

DP10018. Phase 3 treatment study in the absence of prior antiemetic prophylaxis conducted in the US and Europe.

This study was a double-blind randomised comparison of 5 mg and 10 mg BAREMSIS® and placebo as treatment for established episodes of PONV in patients who had not received prior PONV prophylaxis and was conducted at 21 centres in the US, Canada, Germany and France. A total of 560 adult surgical patients who developed PONV after surgery involving a general anaesthetic, having received no prior PONV prophylaxis, were randomised on a 1:1:1 basis to receive a single intravenous injection of 5 mg or 10 mg BAREMSIS® or a matching placebo (defined as the mITT population). The primary endpoint was the Complete Response (CR), defined as successful treatment of the episode of PONV, with no recurrence of vomiting (excluding the first 30 minutes after treatment) and no requirement for further antiemetic rescue medication, in the 24 hour period after treatment. In the mITT population, BAREMSIS® 5 mg and BAREMSIS® 10 mg both achieved CR in 31.4 per cent of patients, compared to 21.5 per cent for placebo (p=0.016 after adjustment for multiplicity). Rescue medication use was significantly lower in both BAREMSIS® groups than placebo, as was the amount of nausea experienced by patients in the first 180 minutes after treatment.

mITT population	Placebo		5 mg BAREMSIS®		10 mg BAREMSIS®	
Number of subjects	181		191		188	
Primary Endpoint Complete Response†	**39**	**21.5%**	**60**	**31.4%***	**59**	**31.4%***
Secondary Endpoints						
Vomiting	62	34.3%	64	33.5%	57	30.3%
Rescue medication use	135	74.6%	121	63.4%**	119	63.3%**
Nausea burden‡ 0-180 mins	7559		6470*		6512*	

*p⩽0.025 **p⩽0.01 (one-sided p values)

† No emesis in 30 min-24 hours after treatment or use of rescue medication in 0-24 hours after treatment.

‡ Area under the curve of nausea scores

The proportion of patients reporting one or more treatment-emergent adverse events was lower in both the 5 mg and 10 mg BAREMSIS® groups (39.8% and 42.0% respectively) than the placebo

group (53.0%). There was no material difference between the groups in the incidence of serious, severe or life-threatening adverse events.

The Directors believe this study confirms that both a 5 mg and 10 mg dose of intravenous BAREMSIS® can safely and effectively treat established episodes of PONV in surgical patients who have not had prior PONV prophylaxis.

DP10017. Phase 3 combination prophylaxis study conducted in the US and Europe.

This study was a double-blind randomised comparison of a standard antiemetic (such as ondansetron or dexamethasone) in combination with either BAREMSIS® at 5 mg or matching placebo as prophylaxis of PONV in higher risk, adult, surgical patients, conducted at 29 centres in the US, Germany and France. A total of 1,147 adult surgical patients with three or four PONV risk factors, undergoing in-patient or out-patient surgery under general anaesthesia lasting at least one hour, were randomised on a 1:1 basis to receive a standard antiemetic in combination with a single intravenous injection of either 5 mg BAREMSIS® or a matching placebo and a standard antiemetic (defined as the mITT population). The primary efficacy endpoint was Complete Response (CR), defined as no episodes of vomiting or retching or requirement for antiemetic rescue medication in the 24 hours after the end of surgery. Nausea was regularly assessed and any spontaneously reported nausea recorded. The groups were well balanced for baseline characteristics, including overall risk profile. In the mITT population, BAREMSIS® was significantly superior to placebo in terms of CR (57.7 per cent vs. 46.6 per cent, $p < 0.001$), representing a 21 per cent relative risk reduction (RRR). Individual rates of emesis, nausea and rescue medication use were all significantly lower in the BAREMSIS® group than the placebo group. The time to failure (emergence of PONV) was statistically significantly longer in the BAREMSIS® group compared with the placebo group ($p < 0.001$).

mITT population	Placebo + standard antiemetic		5 mg BAREMSIS® + standard antiemetic	
Number of subjects	575		572	
Primary Endpoint Complete Response†	**268**	**46.6%**	**330**	**57.7%*** **
Secondary endpoints				
Vomiting	115	20.0%	79	13.8%**
Rescue medication use	284	49.4%	234	40.9%**
Significant nausea	274	47.7%	212	37.1%***
Any nausea	335	58.3%	286	50.0%**

**$p \leqslant 0.01$ ***$p \leqslant 0.001$ (two-sided p values)

† No emesis or use of rescue medication in 0-24 hours after surgery.

Somewhat fewer patients in the BAREMSIS® group experienced one or more treatment-emergent adverse events (44.9%) than in the placebo group (52.7%). There was no material difference between the groups in the incidence of serious, severe or life-threatening adverse events.

The Directors believe this study confirms that a 5 mg dose of intravenous BAREMSIS® added to commonly used anti-emetics is more effective than commonly used anti-emetics on their own, with no safety concerns arising from the combination use, and that BAREMSIS® would therefore be an attractive clinical choice as part of a combination antiemetic regimen for preventing PONV in surgical patients at higher risk of suffering PONV.

DP10015. Phase 3 monotherapy prophylaxis study conducted in the US.

This study, now published in the literature[25] in conjunction with study DP10014, was a randomised, double-blind, placebo-controlled Phase 3 study, comparing 5 mg BAREMSIS® to placebo as prevention of PONV, conducted at nine centres in the US, of which eight contributed evaluable patients. A total of 342 adult surgical patients undergoing procedures expected to last at least one hour under standard inhalational anaesthesia, with two or more risk factors for PONV, were randomised on a 1:1 basis to receive a single intravenous injection of 5 mg BAREMSIS® or a matching placebo, given over 1-2 minutes at the time of induction of anaesthesia. The primary efficacy endpoint was complete response, defined as no episodes of vomiting or retching or requirement for antiemetic rescue medication in the 24 hours after the end of surgery. Nausea was regularly assessed and any spontaneously reported nausea recorded. The groups were well balanced for baseline characteristics, including overall risk profile. In the modified intent to treat (mITT)

25 Gan et al., 2017.

analysis of all 342 dosed patients, BAREMSIS® was significantly superior to placebo in terms of complete response (44.3 per cent vs. 32.5 per cent, p=0.013), with BAREMSIS® showing a 17.5 per cent relative risk reduction. Secondary endpoints, including incidence of rescue medication use, time to PONV and time to first use of rescue medication, were significantly improved by BAREMSIS®. The incidence of rescue medication use was reduced from 66.9 per cent to 54.5 per cent (p=0.010), as shown in the table below, while median time to onset of PONV (failure of prophylaxis) increased from 341 minutes with placebo to 752 minutes with BAREMSIS® (p=0.004) and median time to first rescue medication use increased from 371 to 859 minutes (p=0.003).

mITT population	Placebo		5 mg BAREMSIS®	
Number of subjects	166		176	
Primary Endpoint Complete Response†	**54**	**32.5%**	**78**	**44.3%***
Secondary Endpoints				
Vomiting	37	22.3%	35	19.5%
Rescue medication use	111	66.9%	96	54.5%**
Significant nausea	82	49.4%	69	39.2%*
Any nausea	102	61.4%	94	53.4%

*p≤0.05 **p≤0.01 (two-sided p values)

† No emesis or use of rescue medication in 0-24 hours after surgery.

There was no significant difference in the overall rate of adverse events between BAREMSIS® and placebo treated subjects and no notable side effects were reported with BAREMSIS®. In particular, no extrapyramidal toxicity or significant other central nervous system or cardiovascular toxicity were reported. The only difference in any safety parameter was that serum prolactin was increased post-operatively to a greater extent in the BAREMSIS® group than in the placebo group, a well-known effect of dopamine-antagonists. The average rise was small, the mean post-treatment value in the BAREMSIS® group still being within the normal range for non-pregnant females, and was not associated with any clinical consequences.

The Directors believe this study confirms that a 5 mg dose of intravenous BAREMSIS® is safer than other dopamine antagonist antiemetics currently in use and is effective from a clinical and commercial perspective by preventing PONV in surgical patients at moderate to higher risk of suffering PONV and would therefore be an attractive clinical choice for PONV prophylaxis. By way of comparison, widely used antiemetics, such as dexamethasone and ondansetron, have been shown in clinical trials to deliver a relative risk reduction of between 15 and 30 per cent over placebo in the prevention of PONV.

Supporting Clinical Studies

DP10006. Phase 2 dose ranging, monotherapy prophylaxis study.

This study, now published in the literature,[26] was a randomised, double-blind, placebo-controlled, dose-ranging Phase 2 study, conducted in ten sites in France, Germany and the US. A total of 215 subjects at moderate to higher risk of PONV (defined as having at least two of the four major risk factors for PONV) and undergoing elective, in-patient surgical operations lasting at least an hour under general anaesthesia, were randomised to receive one of three doses (1 mg, 5 mg and 20 mg) of BAREMSIS® or a matching placebo, given as a single intravenous injection at the induction of anaesthesia (defined as the mITT population). The primary endpoint was complete response (defined as no episodes of vomiting or retching and no requirement for antiemetic rescue medication) during the 24 hours after the end of surgery. Complete response was less frequent in the placebo group (17/54, 31.5 per cent) than in all the BAREMSIS® groups (1 mg: 30/58, 51.7 per cent; 5 mg: 30/50, 60.0 per cent; 20 mg: 23/53, 43.4 per cent). The benefit reached statistical significance for the 1 mg (p=0.048) and 5 mg (p=0.006) groups, but not the 20 mg group. The 5 mg dose gave a relative risk reduction of 42 per cent compared to placebo. A statistically significant benefit was also seen for the 5 mg BAREMSIS® dose in terms of vomiting (reduced from 35.2 to 14.0 per cent, p=0.006), nausea (reduced from 74.1 to 46.0 per cent, p=0.002), significant nausea (reduced from 48.1 to 24.0 per cent, p=0.005) and use of rescue medication (reduced from 66.7 to 38.0 per cent, p=0.002). BAREMSIS® was very well tolerated by subjects at all three dose levels, with no significant difference in the rate of adverse events for any dose of BAREMSIS® compared to placebo treated subjects. In particular, no

26 Kranke et al., 2013.

extrapyramidal toxicity or significant other central nervous system or cardiovascular toxicity was reported. There was evidence of a ''U-shaped'' dose response curve similar to that observed in pre-clinical studies. The Directors believe that this study demonstrates that both a 1 mg and a 5 mg dose of intravenous BAREMSIS® are safe and can prevent PONV in surgical patients at moderate to higher risk of suffering PONV.

DP10014. Phase 3 monotherapy prophylaxis study conducted in Europe.

This study was a randomised, double-blind Phase 3 study of essentially identical design to study DP10015, and has been published in the literature[27] in conjunction with that study. It was conducted at six centres in Germany and four in France and involved 347 adult, surgical patients randomised on a 1:1 basis to receive either 5 mg BAREMSIS® or placebo (defined as the mITT population). The efficacy endpoint considered most relevant by FDA was complete response, defined as no episodes of vomiting or retching and no requirement for antiemetic rescue medication during the 24 hours after the end of surgery. In the mITT population, complete response occurred more frequently in the 5 mg BAREMSIS® group than in the placebo group (59.2 per cent vs. 50.0 per cent, p=0.043). The incidence of nausea was significantly lower in the BAREMSIS® group than the placebo group (44.4 per cent vs. 55.1 per cent; p=0.023). The incidences of emesis, significant nausea and rescue anti-emetic use were all lower in the BAREMSIS® group than in the placebo group but the difference in each case did not reach statistical significance. There were no significant differences in the safety profile of BAREMSIS® and placebo. The Directors believe this study supports the safety and efficacy of BAREMSIS® as prophylaxis of PONV.

DP10013. Thorough QT study.

This study, now published in the literature,[28] was a randomised, double-blind, four-period, crossover, ''thorough QT'' study to investigate the effect of intravenous BAREMSIS® on cardiac conduction compared to placebo, in which 40 healthy adult subjects received 5 mg BAREMSIS®, infused over two minutes, and 40 mg BAREMSIS®, infused over eight minutes. It was conducted in a specialist Phase 1 unit in the UK. For each subject, the QT interval was placebo-corrected and compared to baseline at multiple time points between two minutes and 24 hours after the start of the BAREMSIS® infusion. Following the 5 mg dose, the highest average change in QTc compared to baseline was 5.0 ms (upper bound of two-sided 90 per cent or one-sided 95 per cent confidence interval: 7.1 ms), occurring at eight minutes after the start of infusion. This is well below the regulatory threshold of concern, specified in ICH guidance document E14 in the following terms: ''A negative 'thorough QT/QTc study' is one in which the upper bound of the 95 per cent one-sided confidence interval for the largest time-matched mean effect of the drug on the QTc interval excludes 10 ms. This definition is chosen to provide reasonable assurance that the mean effect of the study drug on the QT/QTc interval is not greater than around 5 ms''. By 30 minutes, the average change was down to 2.1 ms. This is considered to indicate a very low clinical risk of torsade de pointes. After the supratherapeutic 40 mg dose, the highest average change in QTc was 23.4 ms. This QTc profile is very similar to that of ondansetron, the most widely used antiemetic for PONV management, which showed a highest average QTc prolongation of 19.5 ms at a dose eight times greater than the standard PONV dose. Using linear regression, it was extrapolated that a 10 mg dose of BAREMSIS® would prolong the QT interval by a maximum of 7.9 ms (upper bound of confidence interval: 9.1 ms), again below the regulatory threshold of concern. The Directors believe this study shows that BAREMSIS® at either 5 or 10 mg does not carry a significant risk of inducing disturbances of heart rhythm, differentiating BAREMSIS® from other dopamine antagonists.

DP10020. Phase 1 metabolism and elimination study.

This clinical pharmacology study investigated the metabolism and elimination of radio-labelled BAREMSIS®, given intravenously to six healthy volunteers. The study was conducted at a specialist Phase 1 unit in the Netherlands. The mean recovery of radioactivity in excreta was 96.4% (range 92.0-98.5%), of which 73.6% (range 70.6-79.2%) was recovered from urine and 22.8% (range 18.9-25.7%) from faeces. BAREMSIS® was predominantly excreted unchanged in urine and faeces, accounting for 57.5% of the dose excreted in urine in the first 48 hours and 20.6% of the dose excreted in faeces in the first 96 hours. Four metabolites were detected, formed by oxygenation, N-dealkylation, oxygenation plus di-dehydrogenation or methylation plus dehydrogenation and oxygenation plus dehydrogenation. The metabolites together represented 15.0% of the dose excreted in urine in the first 48 hours and 6.1% of the dose excreted in faeces in the first 96 hours. Excretion was

27 Gan et al., 2017.
28 Taubel et al., 2017.

initially rapid, with about two-thirds of the drug eliminated within 12 hours, primarily in urine. Urinary excretion was 94% complete after 24 hours. Thereafter, excretion was slower and predominantly in the faeces, with 76% of faecal excretion occurring in the period 24-72 h. Excretion was essentially complete by 96 hours after dosing. These data are consistent with data on intravenous amisulpride previously published in the literature.[29]

Clinical Pharmacokinetics of BAREMSIS®

Comprehensive data on the clinical pharmacokinetics of BAREMSIS® have been generated in the above study programme and in standard pre-clinical experiments.

BAREMSIS® has a half-life of 4-5 hours, ensuring that adequate blood levels are present for 24 hours after administration. The peak plasma concentration of amisulpride delivered by a single 5 mg and 10 mg dose is 200 ng/mL and 357 ng/mL, respectively. This is less than that delivered by a single 200 mg oral tablet of amisulpride (424 ng/mL),[30] a dose currently approved in many countries worldwide. The total exposure delivered by BAREMSIS®, measured by the area under the concentration-time curve, is 154 ng.h/mL for a 5 mg dose and 228 ng.h/mL for a 10 mg dose, an order of magnitude lower than the 3,549 ng.h/mL delivered by a single 200 mg oral dose of amisulpride.

BAREMSIS® exhibits low plasma protein binding and neither inhibits nor induces the cytochrome P450 enzyme system. This makes the probability of drug-drug interactions involving BAREMSIS® low.

Planned Clinical Work in 2018

One further clinical study is planned for execution in the first half of 2018, to enhance knowledge about BAREMSIS®, support future marketing efforts and, if required, support negotiations with the FDA regarding the detailed labelling of BAREMSIS®.

DP10022. Phase 1 clinical pharmacology study on PK and QT effects of 10 mg BAREMSIS®, scheduled to be completed Q2/2018.

The objectives of this clinical pharmacology study, in around 30-40 healthy volunteers, are to a) gather additional data on the specific PK and QT effects of 10 mg BAREMSIS®, to confirm the data extrapolated from 5 mg and 40 mg doses in the thorough QT study DP10013; b) generate PK data on repeat administrations of 10 mg BAREMSIS®, to support what management believes may be a common treatment regimen in clinical practice; and c) obtain drug interaction data with respect to ondansetron and cimetidine. The study is planned to be conducted in a specialist Phase 1 trials unit in Europe.

(g) BAREMSIS® regulatory path to approval

The Group submitted an NDA seeking approval from the US FDA to market BAREMSIS® for the management of PONV in October 2017. The NDA was accepted for filing December 2017 and the FDA has set a target of completing its review by 5 October 2018.

The proposed label for BAREMSIS® includes the following therapeutic indications:

– BAREMSIS® single 10 mg dose: treatment of established PONV in patients who have received antiemetic prophylaxis with an agent of a different class or no prior prophylaxis;
– BAREMSIS® single 5 mg dose: prevention of post-operative nausea and vomiting (PONV), either alone or in combination with other antiemetics.

The Directors believe this to be the optimal initial label for securing rapid adoption of BAREMSIS® onto hospital formularies in the US, based on research with a sample of hospital pharmacy directors and P&T committee members. The Directors are not aware of any other antiemetic with such a broad label in PONV.

The NDA dossier submitted to the FDA contains data from the eight completed clinical trials described above. It also contains data from a comprehensive suite of non-clinical toxicology studies, agreed with the FDA and including acute toxicity, genotoxicity, fertility and early embryonic development and abuse potential studies. These studies demonstrated an absence of amisulpride toxicity relevant for humans.

In addition, a standard dossier of chemistry, manufacturing and controls data has been submitted. BAREMSIS® comprises amisulpride formulated in pH adjusted aqueous buffer, filtered into

29 Canal et al., 2002.
30 MHRA: UK Pharmaceutical Assessment Report for amisulpride tablets, 2010.

stoppered glass vials and terminally sterilised. Twenty batches of BAREMSIS® have been manufactured at a range of strengths and scales, including two batches of 5 mg dose BAREMSIS® at the full, proposed commercial scale of 130 litres and seven pilot scale batches at ten per cent or more of the size of the proposed commercial scale. Based on the strong stability data generated to date, demonstrating no significant physical or chemical changes after four years' storage at standard ambient conditions and one year under accelerated conditions, which are supportive of a shelf-life of three years at room temperature, the Directors do not believe that a significant risk exists to this aspect of the application.

A paediatric study plan has also been agreed with the FDA in accordance with US regulations and has been included in the NDA submission.

(h) BAREMSIS® commercial opportunity

The Directors estimate that approximately 65 million antiemetic eligible surgical procedures that require injectable analgesia, primarily opioids, are conducted each year in the US.[31] The Directors believe that use of injectable analgesia is a good surrogate for those procedures that could require antiemetics. Use of injectable analgesia is indicative of a relatively invasive procedure and the use of opioids, the most common type of analgesia, is in itself a risk factor for PONV.[32] Based upon market research commissioned by the Group, the Directors estimate that approximately 49 million PONV prophylaxis treatments and approximately 16 million rescue events occur each year in the US, resulting in a total available market of approximately 65 million antiemetic treatment events per year.[33]

Global consensus treatment guidelines recommend prophylaxis antiemetic therapy for patients that are at moderate to high-risk of PONV.[34] According to market research commissioned by the Group in 2014 in the US, 40 per cent of surgical patients are considered at moderate-risk of PONV (26 million) and 28 per cent are at high-risk (18 million) and therefore eligible for combination antiemetic prophylaxis.[35] Data collected by the Society for Ambulatory Anesthesia (SAMBA) Clinical Outcomes Registry in the US provide similar estimates for the distribution of moderate-risk (45 per cent) and high-risk (25 per cent) patients.[36]

Physicians also reported in market research that up to 31 per cent of surgical patients who receive antiemetic prophylaxis suffer breakthrough episodes of PONV and receive rescue treatment, typically ondansetron.[37] In a pivotal study of 4,123 patients published in the New England Journal of Medicine, 40% of patients across risk and treatment strata required rescue antiemetic therapy.[38] Based upon these studies and clinical trials conducted with BAREMSIS®, the Directors estimate that 32% of patients (approximately 16 million patients) require rescue treatment for PONV each year. Current literature indicates that patients requiring rescue antiemetic therapy receive an average of 2 rescue doses per treatment event (approximately 32 million doses).[39]

The Group intends to market BAREMSIS® for targeted patient populations, initially in patients requiring rescue treatment of PONV despite having received prior prophylaxis and subsequently for higher risk patients requiring combination prophylaxis. Therefore, the total target available market for rescue treatment and combination prophylaxis comprises an estimated 34 million treatment events (comprised of 16 million rescue events and 18 million prophylaxis events) and an estimated 50 million doses (comprised of 32 million rescue doses and 18 million prophylaxis doses) each year in the US.

The current US PONV market consists primarily of generic drugs, principally ondansetron and dexamethasone. US hospitals are typically not reimbursed separately for pharmaceuticals administered to the in-patient population (approximately 42 per cent of targeted surgical procedures) but rather are reimbursed a fixed fee for each surgical procedure conducted within a diagnosis related group (DRG). However, injectable medications administered in an out-patient setting (approximately 58 per cent of targeted procedures) could be eligible for separate reimbursement. While the Group anticipates that BAREMSIS® will be utilised in both in-patient and out-patient settings and therefore subject to the

31 National Hospital Discharge Survey, 2006; National Survey of Ambulatory Surgery, 2006.
32 Gan et al., 2014, pages 85 to 113.
33 National Hospital Discharge Survey, 2006; National Survey of Ambulatory Surgery, 2006; Acacia Pharma Market Research, November 2014, LSSG; Apfel et al., 2004.
34 Gan et al., 2014, pages 85 to 113
35 Acacia Pharma Market Research, November 2014, LSSG.
36 Glass et al., 2013.
37 Acacia Pharma Market Research, November 2014, LSSG.
38 Apfel et al., 2004.
39 Chang et al., 2005.

respective reimbursement environments for each, the reimbursement strategy has been to assume that there would be no separate reimbursement for the drug and that both inpatient and outpatient surgical centres would utilise the drug and manage the costs out of the bundled payment received for the procedure due to the pharmacoeconomic and clinical benefits associated with its utilisation.

In the market research conducted by the Group in Q4 2014, using a target product profile similar to BAREMSIS®, physicians indicated an intention to adopt such a product in their practice for rescue treatment and prophylaxis treatment of moderate and high-risk patients. Physicians indicated that they would expect a maximum utilisation rate of such a product of 61 per cent for rescue treatment and prophylaxis of their higher risk patients, based on a target product profile anticipating a relative risk reduction of 22 per cent and 23 per cent respectively.[40]

In the second half of 2014, the Group commissioned a study of hospital pharmacy directors and physician members of hospital formulary committees to determine the pricing and market access opportunity for BAREMSIS® for the rescue treatment and prevention of PONV in the US.[41] Respondents indicated that a price of $80 they expected to place a drug with a target product profile similar to BAREMSIS® on formulary for rescue treatment in over 80 per cent of hospital beds. Respondents were willing to pay $60 for combination prophylaxis treatment of high risk patients.[42] The company currently anticipates therefore pricing a 10 mg dose of BAREMSIS® for rescue treatment at $80 and a 5 mg dose for combination prophylaxis at $40. Further detailed pricing work will be conducted as part of the pre-marketing activities to further validate these assumptions.

Data generated in DP10019, the Phase 3 rescue treatment study, indicated that patients receiving BAREMSIS® were able to move out of the highly expensive post-anaesthesia care unit (PACU) into general hospital rooms 35 minutes more quickly, and one in four patients left hospital a day earlier. Given that each minute in the PACU is estimated to cost $8.19[43] and the average cost of an inpatient hospital stay is $2,319 per day in the US[44], this would equate to an estimated savings of $670 for each rescue patient dosed with BAREMSIS® priced at $80, an eight times return to the hospital.

4.2 APD403

(a) Chemotherapy-induced nausea and vomiting (CINV)

CINV is one of the most common and feared side effects of cancer chemotherapy.[45] In patients receiving highly emetogenic chemotherapy (''HEC''), such as cisplatin for lung and bladder cancers and the combination of an anthracycline and cyclophosphamide in women with breast cancer, the incidence of CINV is over 90 per cent. There are also many moderately emetogenic chemotherapy (''MEC'') agents and regimens which can cause CINV in between 30 per cent and 90 per cent of patients. Nausea and vomiting can occur on the day of chemotherapy (acute CINV) and can persist for two to five days after chemotherapy (delayed CINV). CINV has a significant effect on quality of life and can compromise patient health. Severe CINV may necessitate a delay or reduction in chemotherapy and can ultimately lead to the withdrawal of treatment. The goal of CINV management is the prevention, rather than treatment, of symptoms.[46]

(b) Current management of CINV

Therapeutic guidelines for the management of CINV have been published by several major oncology organisations, including the American Society of Clinical Oncology (ASCO), the European Society for Medical Oncology (ESMO), the Multinational Association of Supportive Care in Cancer (MASCC) and the National Comprehensive Cancer Network. Current guidelines[47] recommend the use of triple therapy, comprising a 5-HT_3 antagonist (e.g. ondansetron), a corticosteroid (e.g. dexamethasone) and an NK-1 antagonist (e.g. aprepitant, or its intravenous prodrug fosaprepitant), in patients receiving HEC. All three agents are given immediately prior to chemotherapy to prevent acute CINV and dexamethasone and oral aprepitant are given for two to four days thereafter to prevent delayed CINV. A single higher dose of intravenous fosaprepitant on day one has been shown to be as effective as three daily doses of oral aprepitant. For patients receiving MEC, the guidelines

40 Acacia Pharma Market Research, November 2014, LSSG.
41 Acacia Pharma Market Research, November 2014, ICON.
42 Acacia Pharma Market Research, November 2014, ICON.
43 Habib A, Curr Med Res Opin 2006; 22(6): 1093-1099 (cost adjusted for inflation to Jan 2016 using CPI data for Inpatient Hospital Services).
44 Kaiser Family Foundation http://kff.org/other/state-indicator/expenses-per-inpatient-day/ (accessed 23 February, 2016).
45 Edison analyst note on Tesaro, February 2013, page 12.
46 Roila et al., 2016.
47 Basch et al., 2011, pages 4189 to 4198.

recommend the use of the 5-HT_3 antagonist palonosetron in combination with a corticosteroid. For patients who still suffer CINV despite receiving prophylaxis, guidelines recommend consideration of dopamine D2 receptor antagonists as rescue therapy.

The use of three-drug prophylaxis can control acute CINV in 80 to 90 per cent of patients receiving HEC.[48] However, control of delayed CINV is much less satisfactory, with failure occurring in 30 to 50 per cent of patients, primarily due to nausea rather than vomiting.[49] Therefore, the Directors consider management of nausea in the delayed phase of CINV to be a major unmet medical need.

A number of studies have demonstrated benefits for the dopamine antagonists metopimazine and olanzapine in delayed CINV. However, these drugs are not approved for the management of CINV and have side effects which could limit their use.[50] In contrast, based on the results of the studies to date, APD403 has a favourable safety profile and data recently generated by the Group indicate that APD403 could improve outcomes in delayed CINV without compromising patient safety.

(c) Competitive products

The Directors are aware of one product that has recently been approved for the management of CINV, CINVANTI™, IV aprepitant (Heron Therapeutics). CINVANTI™ is an alternative formulation of Ivemend®, fosaprepitant, an NK-1 antagonist marketed by Merck. As a result, it is expected to compete directly with and be substituted for Ivemend®.

The Directors are not aware of any proprietary dopamine antagonists in development for CINV.

(d) APD403 product description

APD403 is a product candidate for the management of CINV comprising the dopamine antagonist amisulpride, the same active ingredient in BAREMSIS®. Amisulpride has never been submitted for approval in the US but has been approved in approximately 50 countries in Europe and elsewhere in the world. The Group anticipates that APD403 will be given as an intravenous injection immediately before cancer patients receive their emetogenic chemotherapy to prevent acute CINV, and as an oral tablet to take at home for three days subsequent to prevent delayed CINV. Therefore, in those countries where amisulpride is available for other uses, APD403 will be differentiated from the existing marketed products by route of administration and dose.

The Group's rationale for investigating amisulpride for the management of PONV is described in section 4.1(e) of this Part VI (*Information on the Company and the Group*). As dopamine antagonists have historically been effective at managing nausea, the main unmet need in CINV, but have not been included in CINV prophylaxis standard of care regimens, the potential for amisulpride to improve the management of CINV was considered. The pre-clinical emesis studies referred to in section 4.1(f) indicated that amisulpride could indeed have utility in CINV. This pre-clinical antiemetic effect has now been confirmed in clinical studies in cancer patients. The Group has filed patent applications describing the new use of amisulpride for the management of CINV in major pharmaceutical territories. These applications have been granted in key pharmaceutical territories such as the US and Europe.

(e) APD403 Development Status

APD403 has been evaluated in two clinical studies.

DN10007. Open-label Phase 2a proof-of-concept study.

This study, now published in the literature,[51] was an open-label, non-randomised, ascending dose Phase 2a study, conducted in three centres in Denmark and one in the UK and designed to establish clinical proof of concept of APD403 as an antiemetic in cancer patients receiving the HEC agent cisplatin at a dose of at least 50 mg/m2. The primary endpoint of the study was complete response in the acute phase of CINV, defined as the absence of emesis and no requirement for rescue antiemetic therapy in the 24 hours after chemotherapy; occurrence of nausea was recorded as a secondary endpoint. A single dose of APD403 was given to 28 subjects just prior to cisplatin chemotherapy at the dose levels 2.5 mg (five subjects), 7.5 mg (five subjects) and 20 mg (18 subjects). Although there were no complete responses at the 2.5 or 7.5 mg dose levels, two complete responses were seen in the cohort receiving 20 mg amisulpride and a noteworthy absence of nausea was also reported. As a result, it was decided to recruit a further cohort of 23 subjects to receive 20 mg APD403 in

48 Poli-Bigelli et al., 2003, pages 3090 to 3098; Hesketh et al., 2003, pages 4112 to 4119.
49 Warr et al., 2005, pages 2822 to 2830.
50 Herrstedt et al., 1997; Navari et al., 2016.
51 Herrstedt et al., 2017.

combination with a standard intravenous dose of ondansetron. In that cohort, 19 subjects (83 per cent) had a complete response. Very little nausea was seen in the cohort and no significant side effects were reported.

The Directors believe this study shows that APD403 at 20 mg, when combined with a standard dose of intravenous ondansetron, is well tolerated and effective at preventing nausea and vomiting in the first 24 hours after cisplatin chemotherapy and proves in principle that APD403 could be a useful antiemetic in patients receiving chemotherapy.

DN10016. Phase 2, dose ranging study in delayed CINV completed March 2015.

This was a randomised, double-blind, dose-ranging Phase 2 study conducted in 25 centres in the UK, Denmark and Germany, involving 328 cancer patients receiving HEC (either cisplatin at a dose of 70 mg/m2 or greater or a combination of an anthracycline and cyclophosphamide for breast cancer). The primary objective was to characterise the dose response of APD403 in the delayed phase of CINV. Patients were randomised to receive a placebo or one of three doses of APD403 (10, 20 or 40 mg) orally on days 2, 3 and 4 after chemotherapy, having received the same acute-phase antiemetic prophylaxis of intravenous ondansetron plus 20 mg of intravenous amisulpride immediately before chemotherapy.

One-fifth of the study population was randomised to a ''positive control'' group which received the three-drug prophylactic regimen recommended by major oncology organisations such as ASCO and ESMO, comprising intravenous ondansetron, dexamethasone and fosaprepitant prior to chemotherapy followed by oral dexamethasone on days two, three and four. This group was intended as a useful efficacy benchmark, as the response rate in such a mixed population was difficult to predict from historical data in the literature; formal statistical testing against the APD403 groups was not planned. The primary endpoint was delayed phase complete response, defined as no vomiting or retching and no requirement for antiemetic rescue medication in the period 24-120 hours after the administration of chemotherapy.

In the per-protocol population, APD403 at 10 mg was significantly superior to placebo in terms of delayed phase complete response (46 per cent vs. 20 per cent, p=0.006 after adjustment for multiplicity). Complete response in the overall phase (0-120 hours) was also significantly improved by APD403 (36 per cent vs 17 per cent, p=0.015). Nausea occurred in the 24-120-hour period in 82 per cent of patients in the placebo group compared to 63 per cent in the APD403 10 mg group (p=0.025); and 63 per cent of the placebo group had delayed phase emesis compared to 46 per cent in the APD403 10 mg group (p=0.040). As expected, the two-antiemetic experimental regimens were not as effective as the three-antiemetic ''benchmark''; however, the difference in delayed and overall efficacy was no more than would be predicted given the additional antiemetic, amounting to a 13 percentage point difference in delayed phase complete response and 17 percentage points in overall phase complete response. In terms of nausea there was very little difference between the two groups: in the benchmark group, 65 per cent of patients had nausea at some time in the 0-120-hour period compared to 69 per cent in the APD403 10 mg group. The greatest difference between the benchmark and APD403 groups was efficacy in the acute phase, with 75 per cent of the three-drug benchmark group achieving complete response compared to 47 per cent across the four groups which received only APD403 and ondansetron, illustrating the benefit of the additional IV antiemetic given prior to chemotherapy. This difference mirrored results seen in published trials when an NK1-antagonist was added to ondansetron plus dexamethasone. Because delayed phase response has been shown to be strongly associated with acute phase response, a sub-analysis of outcomes in the subset of patients achieving complete response in the acute phase was pre-planned. In this key subset, the incidence of delayed phase complete response in the APD403 10 mg group (75 per cent) was similar to that in the benchmark group (70 per cent) and significantly better than that in the placebo group (44 per cent, p=0.022). The benefit in terms of absence of nausea was especially marked: 68 per cent for APD403 10 mg, 28 per cent for placebo (p=0.009) and 55 per cent for the benchmark. Rates of no emesis and no use of rescue medication were similar for the APD403 10 mg and benchmark groups; the superiority over placebo did not reach significance.

	Placebo	Amisulpride 10 mg	Amisulpride 20 mg	Amisulpride 40 mg
Number of subjects	65	59	67	64
Primary Endpoint **Complete Response in delayed phase**[†]	13 (20.0%)	27 (45.8%)**	21 (31.3%)	20 (31.3%)
Secondary endpoints				
Complete Response overall (0-120 h)	11 (16.9%)	21 (35.6%)*	17 (25.4%)	17 (26.6%)
Vomiting/retching (24-120 h)	41 (63.1%)	27 (45.8%)*	37 (55.2%)	37 (57.8%)
Nausea[†] (24-120 h)	53 (81.5%)	37 (62.7%)*	47 (70.1%)	47 (73.4%)

*$p \leqslant 0.05$ **$p \leqslant 0.01$ (two-sided p values)
[†] No emesis or use of rescue medication in 24-120 hours after chemotherapy
[‡]VAS score $>$ 5 mm

The data obtained to date has led the Directors to infer that oral APD403 at 10 mg/day may be as effective as dexamethasone in the delayed phase of CINV and could therefore add significantly to the current standard of care. The 20 mg and 40 mg doses of APD403 were generally better than placebo but not as efficacious as 10 mg, which is consistent with previous results showing a ''bell-shaped'' dose-response for the product. No significant differences were seen in adverse events, vital signs or laboratory parameters between any of the APD403 groups and placebo, except for a modest, dose-dependent increase in mean prolactin levels after treatment. The Directors believe this study shows that APD403 at 10 mg on days two to four after HEC is safe and effective at preventing delayed phase CINV and supports further study of APD403 in CINV.

(f) APD403 regulatory path to approval

Further development of the APD403 oral formulation and definition of the optimal acute phase dose of IV APD403 in a Phase 2 dose ranging study will be undertaken in 2018 and 2019 to pave the way for pivotal Phase 3 studies in CINV. At a Type B meeting in August 2015 to discuss Phase 3 plans, the FDA indicated that two positive Phase 3 studies in patients receiving highly emetogenic cisplatin chemotherapy plus additional data to confirm an acceptable safety profile in patients receiving a combination of an anthracycline and cyclophosphamide will likely be required to obtain regulatory approval. The Group intends to target a label for APD403 of prevention of nausea and vomiting associated with chemotherapy, including but not limited to highly emetogenic chemotherapy. Precise clarification of FDA requirements for Phase 3, and whether any additional trials or data over and above what is indicated above are needed in order to obtain the optimal product labelling, will be sought when data from the next Phase 2 study are available. It is currently expected that pivotal Phase 3 studies will be initiated in the second half of 2020 and completed early in 2022, leading to a regulatory filing by mid-2022.

(g) APD403 commercial opportunity

Approximately 6.6 million doses of 5-HT_3 antagonists were administered on the first day of chemotherapy in the US in 2011. Approximately four million of these were used for the management of CINV associated with HEC.[52] Worldwide therapeutic guidelines recommend ''triple therapy'' comprising a 5-HT_3 antagonist (e.g. ondansetron), a corticosteroid (e.g. dexamethasone) and an NK-1 antagonist (e.g. aprepitant, rolapitant) as the standard of care for CINV in ''all'' patients receiving HEC and ''appropriate'' patients receiving MEC. The Therapeutic Guidelines further clarify that ''appropriate'' definition of MEC includes carboplatin-containing regimens, such as those used for breast cancer treatment.[53] Therefore, the Group estimates that the number of chemotherapy regimens for which ''triple therapy'' CINV prophylaxis is required is approximately five million per annum in the US.

52 Morgan Stanley analyst note on Tesaro, 2012, Deutsche Bank analyst note on Tesaro, 2013, Edison analyst note on Tesaro, 2014, NCCN Guidelines for antiemesis, 2014.
53 Roila et al., 2016.

The two most widely prescribed branded antiemetics for CINV are Aloxi® (palonosetron), a 5-HT_3 antagonist, and Emend®/Ivemend®(aprepitant/fosaprepitant), an NK-1 antagonist. As of October 2017, the wholesale acquisition cost (''WAC'') of Aloxi® was $453 per cycle, although the product is heavily discounted with an average selling price (''ASP'') of approximately $200/cycle and may soon be available generically in the US. During the same time period, Emend® had a WAC of $705 per cycle for oral therapy and $306 per cycle for intravenous injection with minimal discounting across both presentations.[54] Varubi® (rolapitant) is priced in the same range (WAC $562) with worldwide peak sales potential of $600 million per year in the US and EU combined to $752 million per year worldwide.[55] Sustol®, launched in Q4 2016, has a WAC of $495 and a peak sales estimate of $430 million.[56] Merck and Co. reported global 2016 sales of Emend® of $549 million.[57] Aloxi® net sales in FY2016 were $412 million in the US[58].

Reimbursement for CINV therapies can vary dependent upon product form and patient type (e.g. Medicare vs. private pay insurance).[59] The majority of US cancer patients are covered by Medicare.[60] In this population, most products administered in physician offices and hospital out-patient settings are reimbursed at ASP + six per cent.[61] Reimbursement among private pay insurers varies widely across products and is often negotiated with each manufacturer.

Market research involving over 250 community and hospital-based oncologists was commissioned by the Group in Q3 2015 to assess physicians' initial reaction to a target product profile for APD403 in line with the results from the Phase 2 dose ranging study. Based upon a product profile describing only the results of a single phase 3 HEC study, these oncologists indicated that they expect to use APD403 in approximately 45 per cent of HEC patients and 34 per cent of MEC patients and further indicated that over 80 per cent of the use of APD403 would be in combination with the physician's current standard of care.

The Directors believe that should the Phase 3 studies confirm the initial results for APD403 (relative risk reduction of 30-38 per cent, compared to relative risk reductions of 12-44 per cent for aprepitant and 22-34 per cent for rolapitant calculated on the basis of available literature[62]), the drug would be sold at a price similar to that of the current branded products Varubi® and Emend® and it is likely to be used in those patients currently recommended in the guidelines to receive ''triple therapy.'' If approved, the Group intends to promote APD403 for use in combination with the current standard of care treatments to improve response rates to antiemetic therapy. To support the launch of APD403 in the US, the Group plans to moderately expand and leverage the commercial operation initially focused on BAREMSIS® with marketing and sales professionals that have extensive oncology and/or CINV experience.

5. Commercialisation Strategy And Operations

5.1 Overview

The Group intends to commercialise its products directly in the US and establish licensing and/or distribution agreements with selected pharmaceutical partners outside the US, such as in Europe. Products such as BAREMSIS® are primarily prescribed by hospital-based specialist physicians, such as anaesthetists, provided the product is on approved formulary lists at the relevant hospital. The Directors believe that a focused US sales force targeting anaesthetists and their surgical teams will be an appropriate approach to marketing of BAREMSIS®. The US infrastructure established for BAREMSIS® could be moderately increased to accommodate APD403 once approved and other complementary products that may be identified.

5.2 Commercialisation strategy and operations in the US

US healthcare financing and the reimbursement system

A goal of healthcare providers and payors in the US is to manage patient throughput in hospitals and clinics efficiently and minimise costs, whilst providing patients with good medical care and a

54 Acacia Pharma Market Research, November 2014, ICON.
55 Edison analyst note on Tesaro, February 2014, page 7.
56 Wall Street Journal 21/16/15; Leerink note 28 May 2015.
57 Merck and Co Inc. Annual Report, 2016.
58 Eisai Annual Report, 2016.
59 The Patient Protection and Affordable Care Act, 2010, 42 C.F.R. § 405.
60 Kantar Health, page 2, Figure 2.
61 ASPE, June 2014.
62 Poli-Bigelli et al., 2003, pages 3090 to 3098; Hesketh et al., 2003, pages 4112 to 4119; Warr et al., 2005, pages 2822 to 2830; Rapoport et al., 2015.

positive experience. Much of the cost of US healthcare is financed through private health insurance and government funded programmes such as Medicare and Medicaid. The Medicare system includes restrictions on the procedures and products that will be funded and the rates at which hospitals and physicians will be reimbursed for delivery thereof. Similarly, private insurers set reimbursement policies. Where hospitals deliver an inpatient medical procedure, they typically receive a fixed rate of reimbursement as designated by the diagnosis related group (DRG) from Medicare or the relevant private insurance system regardless of the amount or type of drugs or other products used for the procedure and the length of stay in the hospital, and each hospital seeks to optimise its own finances through the establishment of a formulary committee which considers which products should be used, having regard to efficacy, safety, patient outcomes, cost and hospital efficiencies. The Group intends to seek to maximise the adoption of BAREMSIS® by initially focusing on promoting the inclusion of the product to these hospital formulary committees and then expanding its adoption and utilisation through targeted sales and marketing programmes.

Access and adoption

Before physicians can prescribe a drug in the hospital, the drug must generally first be placed on the hospital's list of approved products, known as a formulary. When evaluating a product for formulary inclusion, hospitals evaluate the product's safety, efficacy, cost and reimbursement, as well as the expected savings and overall impact on cost-effectiveness and quality of care compared to existing practice. The formulary adoption process for new drugs in the hospital setting typically takes nine to 12 months to gain approval. The Directors believe that formulary adoption is a critical component of commercial success for BAREMSIS® and growth in revenues is likely to correlate with the rate of formulary adoption. Formulary adoption will be driven by a number of factors, including the safety and efficacy of the drug, its pricing and the pharmacoeconomic benefits of its use.

Commercialisation plans

Based upon members of the Group's management team and Board's recent success in commercialising the branded post-operative pain product OFIRMEV® in the US, within a generic market, promoting a similar value proposition to that proposed for BAREMSIS® (efficient throughput of post-operative patients having an enhanced surgical experience), to the same key customers (anaesthetists, surgical teams, and directors of pharmacy), the Group intends to seek to maximise the adoption of BAREMSIS® by initially focusing on promoting the inclusion of the product on hospital formularies for use in rescue treatment of patients who have received the current standard of care prophylaxis regimen and failed. Based upon market research commissioned by the Group, this is where the greatest need currently exists (as evidenced by the current practice of re-dosing a medication, ondansetron, for rescue when the prescribing information for the drug clearly states that this is not an effective strategy). BAREMSIS® would be the first and only drug to be approved for rescue treatment of patients who have failed antiemetic prophylaxis as it has been demonstrated to be a safe and effective option that also provides pharmacoeconomic benefits with regard to patient throughput. The Directors therefore believe that a focus on rescue treatment at launch will provide the most successful path toward formulary and market adoption. Initially Group's commercial team will focus on promoting the drug to anaesthetists and their surgical teams for the approximately 16 million patients that fail antiemetic prophylaxis treatment each year. Once clinicians have had positive clinical experience successfully using the drug in rescue treatment the Group plans to expand promotion of BAREMSIS® for prophylaxis in those approximately 18 million patients per year at higher risk for PONV.

Hospital P&T Committees are usually made up of the heads of service lines throughout the hospital and the director of pharmacy. For the review of BAREMSIS®, the key decision makers on the committee are expected to be the members representing anaesthesia, surgery, and pharmacy. The Directors believe it is important to identify and work with these key decision makers by providing the clinical and pharmacoeconomic data needed to enable them to make an appropriate and informed decision. To identify, access and educate these key individuals, the Directors further believe it will be important to employ experienced local sales representatives with deep institutional knowledge and relationships in the target hospitals, partnered with experienced and knowledgeable institutional account executives and field medical team members. The hospital formulary review process is typically initiated after launch and involves numerous steps. As a result, the Group expects the average time to formulary approval for targeted accounts to be approximately nine to 12 months after launch. Most accounts also require an additional period of time (approximately three months) to codify and implement the formulary approval. The Directors believe the Group can effectively launch and drive adoption of BAREMSIS® with the following key initiatives:

- building a sales force, institutional account executive team and field medical team with extensive hospital launch experience and strong relationships with targeted institutions;
- providing hospital customers with data and information supporting the cost effectiveness of BAREMSIS® and its impact on overall quality of care; and
- partnering with hospitals to focus utilisation of BAREMSIS® in those patients most likely to derive clinical benefit, i.e. patients requiring rescue who were initially treated with 5-HT_3s and/or corticosteroids.

The Group's planned sales and marketing infrastructure

Acacia Pharma Inc., an indirectly wholly owned subsidiary of the Company, was incorporated in 2015 and will be the entity employing the planned commercial team. Acacia Pharma Inc. has employed two senior commercial staff over the last two years and conducted initial market research, branding development and supply chain activities. Immediately following the Global Offer, Acacia Pharma Inc. anticipates establishing office facilities and hiring further key staff as further described in sections 2.3, 3.2 and 5.2 of this Part VI (*Information on the Company and the Group*).

The Directors intend to establish a commercial and medical affairs organisation in the US, comprising experienced sales representatives, account executives and Medical Science Liaisons, as well as marketing, operations, and managed markets professionals to support its initial product launches and which could be efficiently leveraged to market its follow-on products. The Directors believe that the Group can successfully promote its products with a focused sales force targeting the relatively small number of hospitals that account for a substantial portion of the prescribing activity. An estimated 88 per cent of the most commonly used IV antiemetics (ondansetron and dexamethasone) are purchased by hospitals. Approximately 1,600 hospitals perform nearly 80 per cent of hospital-based surgical procedures.[63] Given the limited number of centres, the Group plans to build a sales force of approximately 60 sales representatives initially focused on anaesthetists and surgical teams in these institutions in order to build formulary access, rising to 100 over three years. To support the launch of APD403, the Group plans to expand the sales force by approximately 40 representatives and extend promotion to the leading oncology clinics in the US. Approximately 600 oncology clinics account for over 90 per cent of Aloxi® and Emend® sales to clinics annually.[64]

Prior to Approval

The Group's commercialisation plans include building the commercial leadership team in the US immediately after the Global Offer with key supporting staff being added throughout the remainder of 2018. The Group will seek to employ highly experienced professionals who understand the intricacies of promoting a branded product in a generic market to key customers (anaesthetists, surgeons, surgical support teams, and pharmacy). The planned total US headcount will grow incrementally throughout 2018 in preparation for launch recruiting around 6 staff in Q1, 9 in Q2 and 18 in Q3, for a total of headcount of approximately 34 prior to the approval of BAREMSIS®. The key workstreams in preparation for launch include: refining the account targeting and optimizing the sales force deployment, conducting additional market research studies to prepare the promotional messaging, identifying and working with key opinion leaders, preparing pharmacoeconomic data to support utilization, developing promotional materials to be used at launch by the sales force, developing the sales training materials needed for successfully launching the product, identifying and pre-recruiting experienced hospital sales professionals.

After Approval

Upon approval of BAREMSIS®, the Group's commercial plans assume the addition of a further 8 support staff to further prepare for launch and support the field staff, with the 60 hospital sales representatives recruited for training and launch activities in the 1-2 months before launch. They will be focused on gaining formulary access for BAREMSIS® in the targeted accounts for use in PONV rescue. The Group intends to expand the sales force within 3 years by an additional 40 representatives and commensurate sales leadership as formulary access and demand for the product in the key targeted accounts grows.

63 Acacia Pharma Preliminary US BAREMSIS® Sales and Marketing Plan, November 2014.
64 Heron, Intrinsiq data from July 2012 to July 2013

5.3 Commercialisation Strategy outside the US

In markets outside the US, such as Europe, the Group intends to establish licensing and/or distribution agreements where possible with selected pharmaceutical partners where appropriate and commercially viable.

6. Regulatory Overview

Prior to marketing a medicinal product, a new drug approval or marketing authorisation (also commonly known as a product licence) must be obtained. Government authorities in the US, Europe and most other jurisdictions where the Group intends to distribute its licensed products extensively regulate, among other things, the research, development, clinical testing, manufacture, approval, distribution, marketing and post-marketing surveillance of pharmaceutical product candidates. Obtaining regulatory approvals and ensuring subsequent compliance with applicable laws and regulations can be a lengthy process involving substantial financial and managerial resources. Regulatory requirements and procedures vary from jurisdiction to jurisdiction and the timing and success of efforts to obtain regulatory approvals can be highly uncertain. Development of a successful product candidate, from identification, through pre-clinical testing and clinical studies, to registration, can take more than ten years.

The regulatory body managing the approval and use of medicines in the US is the Food and Drug Administration (FDA). The FDA is a consumer protection agency which protects the public from unsafe foods, drugs, medical devices, cosmetics, and other potential hazards. It also protects the rights and safety of patients in clinical trials of new medical products, monitors the promotional activities of drug and device manufacturers, regulates the labelling of all packaged foods, and monitors the safety of the nation's blood supply. In assessing an NDA, the FDA undertakes its closest scrutiny of all during the drug approval process. Its principal goal during review is to determine whether the benefits of the new drug outweigh the risks. To reach this determination, the FDA examines the documentation provided by the sponsor and looks at samples of the drug. The FDA itself does not do research for a new medical product. Instead, it evaluates the results of studies undertaken by the manufacturer. If inadequacies are discovered in the NDA, the FDA may require additional information, further testing, or modified labelling. In cases where it is difficult to establish clearly whether the benefits of the drug outweigh the risks, a panel of outside experts is often consulted. If the FDA approves the drug, the sponsor may begin manufacturing and marketing the drug immediately. The FDA does not stop monitoring a drug once it has been marketed. It continues to evaluate the drug's safety and effectiveness through its program of post market surveillance. This program can consist of surveys, the testing of product samples, and the analysis of reported adverse reactions.

A typical FDA development programme includes requirements to conduct pre-clinical studies to evaluate a product candidate's safety profile through laboratory and in-vitro testing, followed by a series of clinical studies: first, Phase 1 studies where healthy volunteers are exposed to the product candidate in a highly controlled setting to establish safe dosing limits; followed by Phase 2 studies, where a product candidate is investigated with patients suffering from the target disease or condition, to investigate preliminary evidence of efficacy; and then Phase 3 studies which are specifically intended to provide adequate evidence of effectiveness and to establish the benefit to risk ratio to support an application for marketing approval. The Group has consulted regularly with the FDA throughout the development programme of BAREMSIS® in order to ensure the programme has been conducted in accordance with FDA guidance and requirements and is likely to result in an approval with the desired product label.

6.1 Regulation of a New Drug

Detailed procedures involved in obtaining approval for a new drug vary from one jurisdiction to another, but a substantial degree of harmonisation has been achieved between the US, Europe and Japan as a result of the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use ("ICH"). In general, it is necessary to submit a dossier including all manufacturing, pre-clinical and clinical data to support the application. Two adequate, well controlled trials are generally needed as evidence of effectiveness in a particular indication, though where an indication is closely related to one already approved for that product, a single trial may suffice. In most cases, broadly the same dossier can be used to support a licensing application in multiple territories, such as an NDA in the US and a marketing authorisation application in Europe.

Once the licensing application is submitted, the FDA (in the US) or other regulatory authority may require further information before accepting the application. Once an application is accepted, the regulatory authority will undertake a formal review process, the timing of which will vary by jurisdiction. In the US, the FDA aims to review and determine at least 90 per cent of NDAs for standard drugs no later than 10 months after the applications are accepted for filing.[65] The review process may be extended by the regulatory authority's requests for additional information or clarification. Following the review process, the regulatory authority may grant the approval as requested, may deny approval, may grant a narrower approval than that sought, or as a condition of approval may impose restrictions that could potentially affect the commercial success of a drug or require post-approval commitments (such as post-marketing studies). Once approved, products are subject to continuing regulation and, if ongoing regulatory requirements are not met or if safety problems occur after the product reaches the market, the regulatory authority could potentially withdraw or amend the product approval, require changes in indications or labelling, or require additional clinical trials or post-marketing studies.

6.2 Regulatory Procedures for Repurposed Drugs

Some of the research and development steps described above may not be required with a repurposed drug as regulatory authorities may allow companies to rely upon appropriate, pre-existing information, including data published in scientific literature. Typically, doing so may reduce the amount of pre-clinical and Phase 1 testing required, as the known safety profile may be sufficient to support human efficacy testing without the need for much or any additional work, which can allow a more rapid clinical proof of concept. In addition, the scale of Phase 2 and Phase 3 testing may be capable of reduction, as pre-existing safety data may be used to supplement the clinical programme.

For example, section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act (generally known as the "505(b)(2) pathway") in the US and Article 10a of Directive 2001/83/EC in Europe provide for the use of pre-existing data published on a compound. This can be useful for a repurposed drug, as it can enable a reduction in the size of the safety database that has to be generated in the clinical programme and may obviate or reduce the need for pre-clinical, clinical pharmacology, dose-ranging or other supportive data.

Notwithstanding the above, the Directors believe the pre-clinical and clinical studies conducted by the Group on BAREMSIS® contain all required toxicology, clinical pharmacology, safety and efficacy data on a standalone basis to support approval of a new chemical entity. To improve still further the benefit-risk ratio for BAREMSIS®, the Company has taken advantage of the 505(b)(2) provisions to include additional, supporting safety data from the published literature in its NDA filing.

7. Development and Manufacturing Operations

The Group currently operates an outsourced business model managed by an experienced in-house team partnering with external organisations. The Group therefore has the flexibility to apply resources to specific projects as needs arise and adapt those resources as projects progress and evolve. The Group intends to continue to outsource a significant part of its discovery and development work as well as outsourcing the manufacture of its products to third party contract manufacturers. The Directors have identified a number of suitable manufacturers in order to reduce the risk of reliance on sole-source suppliers.

The manufacturing process for BAREMSIS® is uncomplicated with the product consisting of a buffered aqueous solution of the active ingredient, amisulpride, in a single-use, terminally sterilised glass vial. A commercial manufacturing partner has been qualified and commercial scale batches have been manufactured. The expected cost to manufacture BAREMSIS® is approximately $3.10 per 5 mg vial, depending on volumes produced. Real-time stability studies completed to date support a 48-month shelf life at room temperature. The Group has determined this to be a commercially acceptable shelf-life. The Group's plans assume continued fostering of manufacturing and supply chain partnerships to maximise the quality and reliability of supply for its products.

Third party contractors used to date include:

(a) Sequani Limited, Cyprotex Discovery Ltd and Porsolt Partners SA for preclinical pharmacology and toxicology services;

65 FDA: PDUFA Reauthorization Performance Goals and Procedures Fiscal Years 2013 Through 2017.

(b) Premier Research Group Ltd, Quotient Clinical Limited, SynteractHCR Deutschland GmBH, Syne Qua Non Ltd, Quanticate International Ltd, Diamond Pharma Services Ltd, PRA Health Sciences Inc., Quantics Biostatistics and Richmond Pharmacology Ltd for clinical operation services, such as clinical trial site initiation and monitoring, data management, statistical analysis, bioanalysis and pharmacovigilance;

(c) Envigo Ltd, Strategic Bioscience Corporation Inc. and Onix Life Sciences Ltd for regulatory services, such as the filing of clinical trial authorisation requests, Investigational New Drug submissions, the NDA and periodic drug safety updates with national regulatory authorities;

(d) Icrom SpA, Patheon Inc., Aesica Formulation Development Ltd and Quay Pharmaceuticals Ltd for active pharmaceutical ingredient supply and formulation development and manufacture of medicinal products for clinical trial and commercial use; and

(e) Packaging Coordinators Inc. for packaging, labelling and supply of investigational medicinal products to clinical trial sites.

At Admission the Group anticipates having 6 full-time employees. By the end of 2018, the Group's plans include growth in its development and corporate/administration teams in the UK to comprise approximately 8 full-time employees and its US commercialisation and administration team to comprise approximately 38 full-time employees with further growth in sales and marketing teams as product candidates near or reach approval.

8. Future Funding Requirements

The Group intends to raise additional capital following approval by the FDA of BAREMSIS® in order to:

(a) fund activities relating to the launch and commercialisation of BAREMSIS®, including hiring an initial hospital sales force comprising of approximately 60 sales representatives at commercial launch (expected to be in the second quarter of 2019), rising to 100 over 3 years;

(b) fund ongoing development activities, including further post-marketing and Phase 4 studies to strengthen product positioning as well as conducting a paediatric programme for BAREMSIS®;

(c) advance the clinical development of APD403, including the completion of a Phase 2 dose ranging study expected to be undertaken in 2019 in advance of pivotal Phase 3 studies in CINV; and

(d) fund general and administrative support for these operations.

None of the above activities and spending requirements are expected to occur during the period of 12 months from the date of publication of this Prospectus.

9. Intellectual Property

9.1 Summary of the Group's Intellectual Property Portfolio

The Group has a number of patents and has filed patent applications in various jurisdictions relating to BAREMSIS® and APD403. These patents relate to a ''new use'' of a known drug. The Group is also the proprietor of registered trademarks in the UK, European Community and the US in respect of certain marks. Following the FDA's review of BAREMSIS® as the Company's proposed proprietary name, it has notified the Company that in its view ''BAREMSIS'' could be confused with the name of a recently approved product. Therefore, the Company will be required to apply to market BAREMSIS® under a different proprietary name in the US. The Company maintains its registered trademark over BAREMSIS® for the pursuit of marketing efforts outside the US.

9.2 Patents

(a) Background

A patent is a right registered on a national basis, enforceable by its registered owner, to prevent others commercially practising the invention which is the subject of the patent. The intention underlying the grant of patents is to reward and encourage technological innovation. The grant of a patent does not, however, guarantee that the registered proprietor has the right to exploit the invention subject to the patent. For example, a third party may have patent rights in the same area of technology. See Part II: *''Risk Factors-Risks Relating to the Group's Business and Industry – Third parties may initiate legal proceedings alleging that the Group is infringing their intellectual property*

rights, the outcome of which may be uncertain and could have a material adverse effect on the Group's business and prospects''.

The invention to which any patent relates must be clearly and completely disclosed in the specification set out in the patent as granted and meet the requirements for patentability established by legislation in the country in which the patent is granted.

The precise criteria of patentability differ in detail from country to country but enjoy a large measure of harmonisation as a result of a number of international treaties such as the European Patent Convention (the ''EPC'').

Although there are different routes to patent protection, in order to seek protection on an international scale in the most efficient manner, the Group files patent applications under the Patent Co-operation Treaty (''PCT''), which can be entered for examination by the patent office in any of the countries that are signatories to the PCT (currently 152 countries). Once filed, a PCT application is searched by a designated International Searching Authority which, in the case of the Group's applications, will be the European Patent Office (''EPO''). On request, a Patent Office Examiner conducts an international preliminary examination, which acts as an initial patent examination in the various designated countries. The international application then fragments into a series of national patent applications (or regional patent applications, such as in the case of a European patent application), which themselves enter the relevant national and regional examination processes towards grant. After the international phase of a PCT application is over, a ''family'' of related patent applications for the same invention arises for examination before the patent authorities of the chosen countries or regions.

The patent examination process typically takes from two to five years from filing, depending on the jurisdiction and the nature of the issues raised. Once a patent has been granted, it is not immune from challenge. The validity of patents can be called into question either in specific proceedings for that purpose or as part of a defence to an infringement action undertaken against a third party, depending on the jurisdiction. Any such challenge in one country will not necessarily affect the national patents within the same family in any other country.

Generally speaking, patents can last for up to 20 years, calculated from the application date (usually the PCT filing date) in each country, providing that any renewal fees necessary to maintain the patent in force are paid in due time (annually in most countries). The right to enforce a patent against a third party exists as from the date of grant; in certain jurisdictions damages can be claimed in respect of the period before the date of grant if there has been infringement of a valid claim in the application, from the date of its publication by the relevant patent office.

(b) Obtaining Patent Protection for Repurposed Drugs (new use IP)

As indicated above, the Group seeks patent protection for a new use of a known drug (known as a ''second medical use patent'').

If such a patent is granted then, generally, any third party offering the known drug for sale with an associated label listing the patented indication as an approved use will infringe the patent.

The Group not only seeks to gain second medical use patent protection for its product candidates, but also seeks to ensure they are differentiated from the original marketed product via a new route of delivery and dose that are appropriate for the Group's new indication. This type of product differentiation helps to ensure that the currently marketed products which contain the known drug cannot be used in a manner not approved by the healthcare regulator (known as ''off label'') in the indication developed and protected by the Group. In the case of the Group's lead product BAREMSIS® for PONV, amisulpride is yet to be approved in the US by the FDA for any prior use, so there are no concerns about such off-label use. In Europe, amisulpride has been approved as an anti-psychotic in the form of an oral tablet whereas an intravenous injection is required to manage PONV.

(c) The Group's Intellectual Property Strategy

Patent Filing Procedure used by the Group

By filing a patent application in the United Kingdom followed by an international application claiming priority therefrom, the Group seeks protection for its inventions. The Group's international applications are generally searched by the EPO in its capacity as a designated PCT International Searching Authority to identify relevant pre-existing technology. The international applications are published 18 months after the earliest priority date, following which and if it is appropriate and

beneficial to do so, the Group generally requests that international preliminary examination is conducted by the EPO.

In taking advantage of the PCT system, the Group initially designates all possible countries. Subsequently, the number of countries may be reduced to a greater or lesser extent, depending upon the Group's perception of the importance of the invention, but in most cases it pursues protection for the core IP in member countries of the EPC and in Australia, Brazil, Canada, China, Israel, Japan, Mexico, New Zealand, Republic of Korea, South Africa and the US.

(d) The Patent Portfolio

Summary of Patent Cases

The table below summarises, the patent portfolio (of pending patent applications and granted patents) associated with the Group's product candidates BAREMSIS® and APD403. There have been no third party challenges to any of the Group's patents and applications to date.

Project	Application numbers	Earliest Priority Date	Initial term	Status
PONV	PCT/GB2011/050472	03/2010	03/2031	Granted in US, Australia, Mexico, New Zealand, South Korea, Israel, South Africa, Japan, China, Hong Kong and by the EPO. Pending in other countries where applications have been made.
PONV	PCT/GB2017/053288 PCT/GB2018/050374 GB1720607.9	11/2016 02/2018 12/2017	11/2037 02/2038 12/2038	Pending Pending Pending
CINV	PCT/GB2011/050472	03/2010	03/2031	Granted in US, Australia, New Zealand, South Korea, Israel, South Africa, Japan, China, Hong Kong and by the EPO. Pending in other countries where applications have been made.
CINV	PCT/GB2016/050998	04/2015	04/2036	Pending in all countries where applications have been made.

BAREMSIS® – PONV

This invention relates to amisulpride for the management of PONV. It was the subject of a British patent application filed in March 2010, and International patent application number PCT/GB2011/050472 filed on 10 March 2011, and published in September 2011. A patent has been granted under the EPC, with claims directed to amisulpride for use in PONV. The patent has been granted in all available EPC-contracting states. In the US, three patents have been granted so far, with claims relating to: a method of treating PONV using a mixture containing equal amounts of enantiomers of amisulpride, at a dose of 2.5 mg to 20 mg; a method of treating PONV using amisulpride, at a dose of 1 mg to 20 mg; and relating to a method of treating PONV using amisulpride at a dose of less than 50 mg. A continuation application was filed in the US, which may be used to pursue broader claims. Patents granted on applications in this family are expected to remain in force until March 2031, subject to the payment of renewal fees. A number of patient selection patent applications have been filed based on data generated in the Phase 3 clinical programme. These applications are pending, but if granted could extend protection to 2038. Upon FDA approval of amisulpride, the Group's granted patents are listed in the Orange Book. The Orange Book is a database of drug products approved on the basis of safety and effectiveness by the FDA. The effect of being listed in the Orange Book is that an Abbreviated New Drug Application (''ANDA'') (generic) applicant is required to file a certification regarding each relevant patent listed in the Orange Book, stating either that the patent has expired or that it is invalid (a ''Paragraph IV filing''). A Paragraph IV filing is considered to be a technical act of patent infringement and gives the patent holder the right to initiate a patent infringement suit. If the owner of a listed patent sues for patent infringement within 45 days of receipt of notice of the Paragraph IV filing, the FDA is barred from approving the ANDA for 30 months (the 30-month stay).

APD403 – CINV

This invention was also initially the subject of British patent application filed in March 2010, and International patent application number PCT/GB2011/050472 filed on 10 March 2011, and published in September 2011. A patent has been granted under the EPC, with claims directed to amisulpride for

use in CINV. The patent has been granted in all available EPC-contracting states. In the US, there are two granted patents. The first patent that has been granted has claims directed to a method of treating CINV using amisulpride at a dose of 1 to 40 mg in combination with any other antiemetic agent. The second patent has claims directed to amisulpride (either alone or in combination) at a dose of 2.5 mg to 20 mg. Patents granted on applications in this family are expected to remain in force until March 2031, subject to the payment of renewal fees. Upon FDA approval of amisulpride, the Group's granted patents are listed in the Orange Book (see above for an explanation of the effect of being listed in the Orange Book). The Group also has a series of pending national applications derived from International patent application PCT/GB2016/050998 (priority date of April 2015) for a CINV kit and combination therapy for nausea and vomiting. The International Preliminary Report on patentability (issued by the EPO) indicated that there is patentable subject matter in that application.

(e) Summary of trade mark registrations and applications

The Group has a registered trade mark (number 3075213) (Series of 2) in the UK covering its Group logo. The Group logo is also registered as a trade mark in the European Union (EUTM) and in the US (as designations of International trade mark registration no. 1266446; the US designation has also been allocated local registration no. 4980399).

The Group also has UK trade mark registrations for BAREMSIS (number 3072417) and EFFIBAR (number 3072419).

The name BAREMSIS is also registered as a trade mark in the European Union (EUTM), Switzerland, Japan, Norway and THE US (as designations of International trade mark registration no. 1244190; the US designation has also been allocated local registration no. 4876473).

The name EFFIBAR is also registered as a trade mark in the European Union (EUTM) and in the US (as designations of International trade mark registration no. 1244191; the US designation has also been allocated local registration no. 4876474).

Trade mark applications for BARHEMSYS (no. 3292068) and BARREMSYS (no. 3292073) are pending in the UK. Trade mark applications for BARHEMSYS (no. 87/808035) and BARREMSYS (87/808041) are also pending in the US.

9.3 *Data Exclusivity*

US

In the US, the Group expects its products to be protected by data exclusivity (see the glossary for a brief explanation) for a period of five years from the time of FDA approval of the product candidate. Data exclusivity extends from the date of product approval, and this protection period runs concurrently with any remaining patent term protection for the product. The effect of this is that data exclusivity provides additional protection to the patentee where the remaining period of the patent is less than the period in which data exclusivity applies at the date of FDA approval or if the patent term comes to an end prior to its expiry (for example, as a result of a revocation action).

European Union

In the European Union, the first applicant for approval of a use for a medicinal product is, in effect, protected from competition by ten years of data exclusivity from the date of grant of the marketing authorisation. An additional one year may be obtained in a number of circumstances, for example where the applicant is granted a marketing authorisation for a significant new indication for the medicinal product in question. This protection period runs concurrently with the remaining life of the patent for the medicinal product. This provides additional protection to the patentee where the remaining period of the patent is less than the period in which data exclusivity applies at the date of regulatory approval or if the patent term comes to an end prior to its expiry. The Group's products may benefit from data exclusivity once the relevant marketing authorisation has been granted in the European Union.

9.4 Supplementary Protection Certificates

Supplementary Protection Certificates ("SPCs") provide certain rights to the proprietor of a drug that has been patented and approved in Europe. SPCs may be filed on the basis of either a first regulatory approval in Europe of a new molecular entity or an approval of a new clinical indication for a known drug. If granted, an SPC can extend the patent protection for an approved drug beyond the standard 20 years. The duration of an SPC is equal to the time that has elapsed between the

filing date of the patent and the first regulatory approval of the drug in any European country, minus 5 years, but the maximum duration of any SPC is 5 years. Therefore, upon approval of amisulpride in Europe for the new clinical indication, the Group may be granted SPCs in respect of such indications. If the drug which is the subject of an SPC application has undergone specific paediatric clinical trials, then it is possible to extend the duration of the SPC for another 6 months (paediatric extension).

10. Insurance

The Group maintains a level of insurance which is customary for its industry to cover any ongoing clinical trials in each territory in which it operates and usual business operations. The Group maintains appropriate product liability insurance for its current activities and as its product candidates move towards commercialisation, the Group will seek to obtain appropriate levels of insurance cover.

11. Information and Communication Technology

The Group ensures regular back-ups of its data are made and sorted and audits key third party contractors to seek understanding of their security and back-up procedures both before entering into contracts and during the lifetime of such contracts. The Group contracts data management services in relation to its clinical trials to an accredited external data management provider. The Group intends to introduce more comprehensive enterprise management systems over the next 12 months to ensure timely and secure management of its data on a worldwide basis and enable prompt and reliable reporting of its operating and financial progress.

PART VII – DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. DIRECTORS

1.1 Current members of the Board of Directors

Name	Position	Age
Dr Julian Gilbert	Chief Executive Officer	56
Patrick Vink	Non-Executive Chairman	54
Christine Soden	Chief Financial Officer & Company Secretary	60
Scott Byrd	Non-Executive Director	48
Pieter van der Meer	Non-Executive Director	47
Professor Johan Kördel	Non-Executive Director	55
Dr Alexander Pasteur	Non-Executive Director	47
Dr Martin Edwards	Non-Executive Director	61

The business address of each Director is Acacia Pharma Group plc, Harston Mill, Harston, Cambridge CB22 7GG, UK.

Biographies of directors

Dr Julian Gilbert

Julian has 30 years of commercial and technical experience in the pharmaceutical industry gained at a number of companies including Chiroscience, Mundipharma International Ltd, British Technology Group and Smith Kline & French (now GlaxoSmithKline). Prior to co-founding the Operating Company, he was co-founder and Commercial Director of Arakis Ltd which was sold to Sosei in 2005 for £107 million. Arakis Ltd successfully developed a pipeline of clinical opportunities and out-licensed its lead project to Novartis AG (repurposed glycopyrronium for chronic obstructive pulmonary disease (COPD) now branded Seebri® and Ultibro® Breezhalers®). Julian is one of the inventors on the new use glycopyrronium patent and led the out-licensing to Novartis AG. He has a degree in pharmacy and a PhD in pharmaceutics both from the University of Nottingham.

Dr Patrick Vink

Dr Patrick Vink is the independent Non-Executive Chairman of Acacia Pharma. Patrick spent over three years at Cubist Pharmaceuticals, which he joined in 2012 as senior vice-president and head of international business operations and where he afterwards served as executive vice-president and chief operating officer. Prior to joining Cubist Pharmaceuticals, Patrick served as senior vice president, global head of hospital business and global head of biologics at Mylan Inc., which he joined in 2008, helping to establish the company's operations in Switzerland. Patrick has held several leadership positions across the pharmaceutical industry, including head of global business franchise biopharmaceuticals for Novartis Sandoz; vice-president for international business for Biogen and head of worldwide marketing, cardiovascular and thrombosis for Sanofi-Synthelabo. Patrick served as a member of the executive committee of the European Federation of Pharmaceutical Industries and Associations (EFPIA) between 2013 and 2015. He is currently active as an advisor to the life sciences sector and serves as a member of the board of directors of several companies including Concordia International Corp, Piqur AG and Spero Therapeutics.

Christine Soden

Christine joined the Group as a Director in February 2015, and became CFO with effect from July 2015. She is a chartered accountant. Following senior finance roles with life sciences companies including Oxagen Limited and Medeva plc, she served as the chief financial officer of the UK-listed companies Optos plc, British Technology Group plc ("BTG") and Celltech-Chiroscience plc. She was a non-executive director of the AIM-listed medical device company, Electrical Geodesics Inc. having previously served as its chief financial officer. Christine has substantial experience with technology and commercialisation stage companies and is a non-executive director of e-therapeutics plc, Fertility Focus Limited and Futurenova Limited.

Scott Byrd

Scott has been involved with the Group since February 2015, serving as Chief Operating Officer until 31 October 2017 when he resigned his executive role and was appointed as a Non-Executive Director.

Scott now serves as President and CEO of Outpost Medicine which is focused on new treatments for urologic and gastrointestinal disorders. Prior to joining Acacia Pharma, he was president and chief executive officer of SAB Strategic Advisors, LLC and has 23 years of experience in the pharmaceutical industry. He was the chief commercial officer and senior vice president of Cadence Pharmaceuticals Inc. from June 2009 until its acquisition by Mallinckrodt Pharmaceuticals plc in March 2014. Previously, Scott served in a variety of US and global roles in sales, marketing, finance, manufacturing and strategic planning at Eli Lilly and Company starting in January 1992. Scott holds a B.S. in mechanical engineering from Bradley University and an M.B.A. from Harvard Business School.

Pieter van der Meer

Pieter is co-founder and managing director at Gilde Healthcare Partners B.V. (''Gilde B.V.''), where he has focused on investments in (bio)pharmaceutical and medtech companies. Pieter joined Gilde B.V. in 1998 after several years working with KPMG Management Consulting where he led due diligence projects in the pharmaceutical and environmental sector. Pieter holds an MSc in chemistry from Leiden University, where he specialised in bio-organic synthesis and molecular modelling and also holds a degree in commercial economics. Pieter led investments in Ablynx NV, Agendia B.V., BG Medicine Inc., CropDesign NV, Inpharmatica Ltd, Lumicks B.V. and NightBalance B.V. He represented Gilde B.V. on the board of Ablynx NV, Agendia B.V., BG Medicine Inc., CropDesign NV and Inpharmatica Ltd. and is currently on the boards of Lumicks B.V., NightBalance B.V. and Gilde B.V.

Professor Johan Kördel

Johan is a Senior Investment Director at Lundbeckfond Ventures. Previously he was co-founder and chief executive officer of Sound Biotech ApS and co-founder and senior vice president of research and business development of Biovitrum AB. Prior to these positions he worked for almost a decade in the pharmaceutical company Pharmacia with management, research, early development, portfolio management, business development and alliance management. Johan is a director of Amplyx Pharmaceuticals Inc., Enterome SA, Iconic Therapeutics Inc., Reneo Pharmaceuticals Inc., SARomics Biostructures AB and VHSquared Ltd. He is an associate professor in Physical Chemistry at the University of Lund, Sweden.

Dr Alexander Pasteur

Alexander is a partner at F-Prime Capital Partners. Alexander joined F-Prime in 2012 and manages the London office. He focuses on investments in pharmaceuticals, healthcare IT and services that are based in Europe. As well as Acacia Pharma the private companies in this portfolio currently include Pulmocide Limited, Orchard Therapeutics Limited and Oviva AG. Alex has more than ten years investing experience in the healthcare sector. He previously worked at MVM Life Science Partners LLP in the US and Europe and was responsible for investments in Cara Therapeutics Inc., Vantia Limited and Xention Pharma Limited. Alex earned an MA in natural sciences and a PhD in chemistry from Cambridge University.

Dr Martin Edwards

Martin is employed as a senior partner at Novo Ventures, the venture capital team of Novo Holdings A/S. He is currently chairman of Vantia Ltd and a director of F2G Ltd, Karus Ltd, Harmony Biosciences Inc, Inozyme Pharma Inc, Tarsa Therapeutics Inc and Nuvelution Pharma Inc. Prior to this, Martin was chief executive officer of ReNeuron Ltd. from 1998 to 2003, taking the company public in 2001. He was world-wide head of drug development for Novo Nordisk from 1994 to 1998, senior vice president at Novo Nordisk (USA) from 1992 to 1994 and chief medical officer/ vice president at Zymogenetics from 1989 to 1992.

Dr Martin Edwards and Dr Alexander Pasteur will resign from the Board immediately prior to Admission. Pieter van der Meer and Professor Johan Kördel have indicated that they will step down from the Board at the 2019 Annual General Meeting.

1.2 Future Appointments

Ed Borkowski will join the Board as an independent Non-Executive Director and Chairman of the Audit Committee on Admission.

Dr John Brown will join the Board as an independent Non-Executive Director and Chairman of the Remuneration Committee on Admission.

Edward Borkowski (age 58)

Ed is a Certified Public Accountant with significant experience in senior roles in a number of healthcare companies. He has served as the Chief Financial Officer of Concordia International, Amerigen Pharmaceuticals, ConvaTec Healthcare, CareFusion Corporation and Mylan and in a variety of finance positions at Pharmacia, American Home Products, Cyanamid and at Arthur Andersen. He is currently chairman of AsurRx BioPharma, Inc. and a non-executive director of Codiagnostics, Inc. and Wherevertv Broadcasting Corp, Inc. Ed holds a Bachelor of Science in Economics and Political Science from Allegheny College and a Master in Business Administration in Finance and Accounting from Rutgers University.

Dr John Brown (age 62)

Dr Brown has extensive experience in the life sciences sector. He is Chairman of Synpromics Ltd, BioCity Group and the Cell and Gene Therapy Catapult. Previously he was Chairman of Kyowa Kirin International plc, BTG plc, Axis-Shield plc, Touch Bionics Ltd and CXR Biosciences Ltd and a Non-executive Director of Quantum Pharma plc. In the public sector he is Chairman of the Roslin Foundation, a Fellow, Trustee and Treasurer of the Royal Society of Edinburgh, a Member of MRC Council and an Honorary Professor of the University of Edinburgh. He was made CBE in 2011.

2. SENIOR MANAGERS

In addition to the Executive Directors, each of the following persons is a senior manager and member of the Group's Executive Management Team:

Name	Position
Dr Gabriel Fox	Chief Medical Officer
Mike Bolinder	Chief Commercial Officer, Acacia Pharma Inc.

Dr Gabriel Fox

Gabriel has served in a variety of roles in clinical development, medical affairs and global marketing since joining the pharmaceutical industry in 1997. Working at NeXstar Pharmaceuticals Inc (acquired by Gilead Sciences Inc) and at F. Hoffmann-La Roche global headquarters in Basel, Switzerland, Gabriel was involved in a number of major anti-cancer drugs and cancer supportive care products, including Herceptin®, Avastin®, Tarceva®, Kytril® and AmBisome®, undertaking a wide range of tasks including clinical trial management, key opinion leader development, publication planning and worldwide marketing affiliate support. In his most recent position prior to joining Acacia Pharma in 2008, Gabriel was Head of Global Oncology Marketing at Roche. Gabriel undertook his medical training at Cambridge University.

Mike Bolinder

Mike joined Acacia Pharma in August 2015 as Vice President of Marketing and was subsequently promoted to Chief Commercial Officer in November 2017. He has more than 15 years of experience in the pharmaceutical industry. Prior to Acacia Pharma, Mike served as the Head of Marketing and Commercial Strategy for the Hospital Division at Mallinckrodt Pharmaceuticals (via the Cadence Pharmaceuticals, Inc. acquisition) which commercialized Ofirmev®, a post-operative pain control product promoted to anaesthetists and surgical teams. Prior to joining Cadence Pharmaceuticals, Inc., he worked at Eli Lilly and Company for 11 years in various sales and marketing roles of increasing responsibility across multiple therapeutic areas and successful product launches. Mike earned his bachelor's degree from Florida State University with double majors of International Business and Spanish.

3. CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance. As a company incorporated in the European Union, the shares of which are admitted to trading on the regulated market of Euronext Brussels, the Directors are aware that the Company should at least apply the corporate governance code applicable in the member state of its registered office or of its listing and that it has

the freedom to choose which of the two potentially applicable codes it wishes to apply if the codes are different.

Since the 2009 Belgian Code on Corporate Governance, dated 12 March 2009, applies to Belgian companies admitted to trading on a regulated market, the Board has resolved not to apply the Belgian Code on Corporate Governance but to apply the UK Corporate Governance Code (the "Code") as it was deemed more appropriate, in view of the fact that the Company was incorporated in England and Wales.

As at the date of this Prospectus the Company does not fully comply with the Code because to date the Code has not applied to the Company. However, from Admission the Company intends to comply with the Code. The Board will also take account of institutional shareholder governance rules and guidance on disclosure and shareholder authorisation of corporate events. The Board intends to meet at least six times a year and may meet at other times as required or otherwise at the request of one or more of the Directors.

The Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The Code recommends that at least half the board of directors of a UK listed company (excluding the chairman) should comprise "independent" non-executive directors, being individuals determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the directors' judgement. It also recommends that a UK listed company's remuneration and audit committees should comprise at least three independent non-executive directors, and that its nomination committee should comprise a majority of independent directors. In the case of smaller companies, being those below the FTSE350 (which the Company expects to be), the Code provides that there should be at least two independent directors.

On Admission, the Board will comprise 8 members, including two Executive Directors, five Non-Executive Directors and the Non-Executive Chairman. Patrick Vink, the Non-Executive Chairman, is considered to be independent for the purposes of the Code since his interests in the share capital of the Company, through vested pre-Admission options and Ordinary Shares, is not considered material. Scott Byrd is not considered independent as a result of his previous employment in an executive role with the Group and ownership of options in respect of Ordinary Shares. Pieter van der Meer and Professor Johan Kördel are not considered to be independent for the purposes of the Code as a result of their roles at Gilde and Lundbeckfond respectively, each of which is a Significant Shareholder. The Company regards Dr John Brown and Ed Borkowski as independent Non-Executive Directors for the purposes of the Code. Therefore, on Admission the Company will be compliant with the Code recommendation that, as a smaller company, it has at least two independent non-executive directors. It has been agreed that Pieter van der Meer and Professor Johan Kördel will step down from the Board at the 2019 Annual General Meeting.

The Code recommends that the Board should appoint one of its independent non-executive directors to be the senior independent director (the "SID"). The SID should be available to Shareholders if they have concerns that the normal channels of Chairman, Chief Executive Officer or other Executive Directors have failed to resolve or for which such channels of communication are inappropriate. Dr John Brown will take the role of SID on the Board.

4. BOARD COMMITTEES

As envisaged by the Code, the Board has established three committees: Audit, Remuneration and Nomination Committees, each with written terms of reference. If the need should arise, the Board may set up additional committees as appropriate.

4.1 Audit Committee

The Audit Committee has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will normally meet at least three times a year at the appropriate times in the reporting and audit cycle.

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend

meetings. The responsibilities of the Audit Committee covered in its terms of reference include the following: external audit, financial reporting, internal controls and risk management. The terms of reference also set out the authority of the committee to carry out its responsibilities.

The Code recommends that the Audit Committee comprises at least three members (or two, in the case of smaller companies) who are all independent non-executive directors and includes one member with recent and relevant financial experience. The Audit Committee will on Admission comprise three members, two of whom will be independent Non-Executive Directors: Ed Borkowski, Dr John Brown and Professor Johan Kördel. The committee will be chaired by Ed Borkowski who is independent and is considered to have recent and relevant financial experience.

4.2 Remuneration Committee

The Remuneration Committee has responsibility for determining the specific remuneration packages for each of the Executive Directors and certain senior executives of the Group, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for senior management, and the implementation of share option, or other performance related schemes. It will normally meet at least three times a year.

The terms of reference of the Remuneration Committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements for quorum and the right to attend meetings. The responsibilities of the Remuneration Committee covered in its terms of reference include the following: determining and monitoring policy on and setting levels of remuneration, termination, performance-related pay, pension arrangements, reporting and disclosure, share incentive plans and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its responsibilities.

The Code recommends that the Remuneration Committee comprises at least three members (or two, in the case of smaller companies) who are all independent non-executive directors one of whom may be the Chairman (but who may not chair the Remuneration Committee). The Remuneration Committee will on Admission comprise four members two of whom will be independent Non-Executive Directors: Dr John Brown, Ed Borkowski, Pieter van der Meer and Scott Byrd. The committee will be chaired by Dr John Brown.

4.3 Nomination Committee

The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, taking into account the skills and expertise that will be needed on the Board in the future. The Nomination Committee's terms of reference deal with such things as membership, quorum and reporting responsibilities. The Nomination Committee will normally meet at least twice a year.

The Code recommends that a majority of the members of the Nomination Committee should be independent non-executive directors. The Nomination Committee will on Admission comprise four members, the majority of whom will be independent Non-Executive Directors: Patrick Vink, Dr John Brown, Ed Borkowski and Pieter van der Meer. The committee will be chaired by Patrick Vink.

5. TAKEOVER REGULATION

The City Code on Takeovers and Mergers (the "City Code") is issued and administered by The Panel on Takeovers and Mergers (the "Takeover Panel"). The Company is subject to the City Code and therefore its Shareholders are entitled to the protections afforded by the City Code.

PART VIII – CAPITALISATION AND INDEBTEDNESS

You should read the following tables together with Part X (*Operating and Financial Review*) and Section B of Part XI (*Historical Financial Information*) of this Prospectus.

The following tables set out the Group's capitalisation and indebtedness as at 31 December 2017. This statement of capitalisation and indebtedness has been prepared under the IFRS accounting policies that are consistent with those used in preparing the Group's historical financial information for the three years ended 31 December 2017 set out in Section B of Part XI (*Historical Financial Information*) of this Prospectus.

The capitalisation of the Group has been extracted without material adjustment from the historical financial information in Section B of Part XI (*Historical Financial Information*) of this Prospectus. The indebtedness information as at 31 December 2017 has been extracted without material adjustment from the Group's accounting records underlying the historical financial information in Section B of Part XI (*Historical Financial Information*) of this Prospectus as at 31 December 2017.

The following tables do not reflect the impact of the Global Offer, the conversion of the convertible shares and the convertible loan note or the repayment of the term loan on the Group's capitalisation and indebtedness. Please refer to Section B of Part XII (*Unaudited Pro Forma Statement of Net Assets*) of this Prospectus for an analysis of the illustrative impact of the Global Offer, the conversion of the convertible shares and the convertible loan note and the repayment of the term loan on the consolidated net assets of the Group.

Capitalisation and indebtedness

	31 December 2017 £000's
Total current debt	
Guaranteed	—
Secured	5,185
Unguaranteed / unsecured	15,171
Total current debt	20,356
Total non-current debt (excluding current portion of the long term debt)	
Guaranteed	—
Secured	—
Unguaranteed / unsecured	—
Total non-current debt	—

Notes:

The Group's does not have any capitalised issue costs.

The Group's secured liabilities relate to the Silicon Valley Bank term loan which is secured by fixed and floating charges over all of the assets of the Group.

The Group has no guaranteed debt.

The Group's unsecured / unguaranteed liabilities relate to the convertible loan notes and convertible shares.

Shareholders' equity

	31 December 2017 £000's
Share capital	701
Share Premium	4,513
Total capitalisation	5,214

Notes:
There has been no material change in the capitalisation of the Group since 31 December 2017.
Shareholders' equity does not include other reserves or accumulated loses.

The following table sets out the net consolidated financial indebtedness of the Group as at 31 December 2017.

Net indebtedness

	31 December 2017 £000's
Cash	3,070
Cash equivalents	—
Cash and cash equivalents	3,070
Total liquidity	3,070
Current Financial Receivable	
Current bank debt	(5,185)
Current portion of non current debt	—
Other current financial debt	(15,171)
Current financial debt	(20,356)
Net current financial indebtedness	**(17,286)**
Non-current bank loans	—
Other non-current financial debt	—
Non current financial indebtedness	—
Net financial indebtedness	**(17,286)**

Notes:
The Group has no indirect or contingent indebtedness as at 31 December 2017.
The Group's does not have any capitalised issue costs.
The Group's bank debt relates to the Silicon Valley Bank term loan.
The Group's other current financial debt relates to the convertible loan notes and convertible shares.

PART IX – SELECTED FINANCIAL INFORMATION

The selected financial information set forth below shows the Group's historical financial information and other operating information as at and for the years ended, 31 December 2015, 2016 and 2017. The statement of comprehensive income, statement of financial position and cash flow statement data set forth below has been extracted without material adjustment from, and should be read in conjunction with, Section B of Part XI (Historical Financial Information). The selected financial information should also be read in conjunction with Part X (Operating and Financial Review).

1. Consolidated statement of comprehensive income

	For the year ended 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Continuing operations:			
Research and development expenditure	(10,079)	(13,605)	(1,479)
Administrative expenses	(2,388)	(837)	(1,534)
Operating loss	**(12,467)**	**(14,442)**	**(3,013)**
Finance income	19	7	2
Finance expense	(2,648)	(1,855)	(3,510)
Loss before income tax	**(15,096)**	**(16,290)**	**(6,521)**
Taxation credit	2,222	2,793	349
Loss and total comprehensive loss for the year	**(12,874)**	**(13,497)**	**(6,172)**
Basic and diluted losses per Ordinary Share	(483)p	(506)p	(232)p

2. Consolidated statement of financial position

	As at 31 December		
	2015 £'000	2016 £'000	2017 £'000
Assets			
Current Assets			
Other receivables	336	539	154
Current income tax assets	2,166	2,793	349
Cash and cash equivalents	5,462	6,884	3,070
Total Current Assets	**7,964**	**10,216**	**3,573**
Total Assets	**7,964**	**10,216**	**3,573**
Equity and Liabilities			
Equity attributable to equity holders			
Share capital	678	701	701
Share premium	—	4,513	4,513
Profit and loss account	65,541	52,041	45,886
Share-based payments reserve	121	144	253
Merger reserve	(69,136)	(69,136)	(69,136)
Total Equity	**(2,796)**	**(11,737)**	**(17,783)**
Liabilities			
Non-current liabilities			
Term loans, amounts payable after one year	—	4,972	—
	—	**4,972**	—
Current liabilities			
Trade and other payables	2,942	5,138	1,000
Liability component of convertible shares	7,818	9,134	11,140
Term loans, amounts payable within one year	—	2,709	5,185
Convertible loan notes	—	—	4,031
	10,760	**16,981**	**21,356**
Total Liabilities	**10,760**	**21,953**	**21,356**
Total Equity and Liabilities	**7,964**	**10,216**	**3,573**

3. Consolidated cash flow statement

	For the year ended 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Cash flows from operating activities:			
Cash used in operations	(10,839)	(12,368)	(6,542)
Income tax credit received	1,106	2,166	2,793
Net cash used in operating activities	**(9,733)**	**(10,202)**	**(3,749)**
Cash flows from investing activities:			
Interest received	19	7	2
Net cash generated from investing activities	**19**	**7**	**2**
Cash flows from financing activities:			
Proceeds of issuance of convertible loan	—	—	3,400
Proceeds of issuance of preference shares	12,541	4,585	—
Issue costs of preference shares	—	(49)	—
Amounts borrowed under term loan	—	8,500	—
Payment of transaction costs on term loan	—	(85)	—
Amounts repaid under term loan	—	(1,000)	(3,000)
Interest and fees paid on loan	—	(275)	(368)
Net cash generated from financing activities	**12,541**	**11,676**	**32**
Effect of exchange rate movements on cash held	—	(59)	(99)
Net (decrease)/increase in cash and cash equivalents	**2,827**	**1,422**	**(3,814)**
Cash and cash equivalents at beginning of the year	2,635	5,462	6,884
Cash and cash equivalents at end of the year	**5,462**	**6,884**	**3,070**

PART X – OPERATING AND FINANCIAL REVIEW

The following review of the Group's financial condition and operating results should be read in conjunction with the historical financial information set out in Section B of Part XI (Historical Financial Information), and with the information relating to the business of the Group included elsewhere in this document, including Part VI (Information on the Company and the Group). In addition to historical information, the following review and other parts of this Prospectus contain forward-looking statements based on the Directors' current expectations and assumptions about the Group's future business. These forward-looking statements involve risks and uncertainties. The Group's actual results could differ materially from those contained in the forward-looking statements as a result of a number of factors including, but not limited to, the risk factors set out in Part II (Risk Factors) and the factors stated in the paragraph entitled "Forward-looking statements" in Part V (Presentation of Information). Prospective investors should read the whole of this document. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods.

The insertion of Acacia Pharma Group Limited as the holding company of Acacia Pharma Limited on 15 September 2015 did not meet the definition of a business combination in accordance with IFRS3 "Business Combinations" as Acacia Pharma Group Limited was a shell company and did not meet the definition of a business. Accordingly, upon consolidation, the transaction was accounted for as a reorganisation of Acacia Pharma Limited without any fair value uplift. The consolidated historical financial information included in Section B of Part XI (Historical Financial Information) are presented using the historical carrying values of the acquired entity, Acacia Pharma Limited, but reflecting the share capital of Acacia Pharma Group Limited. The Consolidated Statements of Comprehensive Income and Cash Flow assume the transaction was effected on 1 January 2015.

The following discussion focuses on the audited historical financial information of the Group for the three years ended 31 December 2017 prepared in accordance with the requirements of the PD Regulation in accordance with IFRS as adopted by the European Union and on the basis of preparation as described in Note 1 (Summary of significant accounting policies-Basis of Preparation) in Section B of Part XI (Historical Financial Information).

1. Overview

Acacia Pharma is a hospital pharmaceutical group founded in 2007 and is based in Cambridge, UK with US operations based in Indianapolis, Indiana. The Group is focused on the development and commercialisation of new nausea and vomiting treatments for surgical and cancer patients.

The Group has identified important and commercially attractive nausea and vomiting unmet needs and has developed two antiemetic product candidates seeking to meet those needs, based on the same active ingredient, amisulpride, a dopamine antagonist. Its lead product candidate BAREMSIS® has been developed for the management of post-operative nausea and vomiting (PONV), specifically for (i) the rescue treatment of patients who suffer PONV despite having received prior preventative prophylaxis with standard antiemetics and (ii) the prophylaxis of PONV in combination with standard antiemetics in higher risk patients. APD403 is being developed for chemotherapy induced nausea and vomiting (CINV), in particular for the management of delayed nausea in the two to five days following chemotherapy.

Following the successful completion of four positive pivotal studies, a New Drug Application (NDA) has been submitted to the US FDA for BAREMSIS®, for the treatment and prophylaxis of PONV alone and in combination with standard antiemetics. The FDA accepted the NDA for filing December 2017 and has set a target of completing its review by 5 October 2018. Phase 2 clinical proof of concept studies have been successfully conducted investigating APD403 for the management of CINV.

The Group has retained all rights to commercialise both product candidates in all territories and plans to commercialise them directly in the US and establish licensing and/or distribution agreements with selected pharmaceutical partners outside the US. The Group is planning to build a specialist sales force in the US, initially targeting the promotion of BAREMSIS® to hospital-based anaesthetists and their surgical teams for rescue treatment of PONV. Subsequently, the Group intends to promote BAREMSIS® for use earlier in the treatment pathway, for the combination prophylaxis of PONV in higher-risk patients. Once BAREMSIS® is established in the US market, the Directors expect that the initial sales and marketing infrastructure can be moderately increased in size to commercialise APD403 for CINV, targeting hospital and clinic-based oncologists.

Amisulpride, the active ingredient within BAREMSIS® and APD403, is currently marketed in certain countries outside the US for the management of schizophrenia and other psychoses. The Group has repurposed amisulpride for the management of nausea and vomiting and differentiated it by applying a change in route of administration and dose that is appropriate for the product's new medical uses. Core patents covering BAREMSIS® and APD403 have been granted to the Group in most major pharmaceutical territories, and additional patent applications are pending. For further information on the Group's patent position, see section 8 of Part VI (*Information on the Company and the Group*).

The Group has financed its development activities by raising approximately £42.5 million in shareholder equity and debt capital, primarily from Lundbeckfond, Novo, F-Prime and Gilde. In addition, in 2016 the Group raised £8.5 million in a term loan facility with Silicon Valley Bank, £5.2 million of which was outstanding at 31 December 2017, at which date the Group had cash and cash equivalents of £3.1 million. The Group has also benefited from the receipt of approximately £7.7 million in R&D tax credits since its inception.

2. Financial Operations Overview

2.1 Revenue, distribution and cost of goods

The Group currently has no products approved for sale, and it has not generated any revenue to date. Following the successful completion of four positive pivotal studies, an NDA was submitted for BAREMSIS®, for the rescue treatment and prophylaxis of PONV alone and in combination with other antiemetics with the FDA. The FDA accepted the NDA for filing December 2017 and has set a target of completing its review by 5 October 2018. The Group does not expect to generate revenue from product sales before at least the second quarter of 2019, the earliest point at which it believes BAREMSIS® could be approved and launched for sale. Additionally, the Group expects that, if it does achieve regulatory approval for the sale of BAREMSIS®, revenue from product sales will be modest in the initial period following launch, while hospital formulary access is obtained before increasing gradually over time if the product gains market access and acceptance.

The Group expects to incur losses for the foreseeable future and the Directors expect these losses to increase as the Group begins to commercialise any approved products.

The commercial plans of the Group include generating revenue from a combination of direct product sales (expected to be principally in the US) and licence fees, milestone payments and royalties resulting from establishing licensing and/or distribution arrangements in respect of its products with partners in selected non-US territories. The Group does not currently have any such licensing or distribution arrangements in place. The Group expects that any revenues it may generate will fluctuate from year to year as a result of the amount and timing of payments that the Group receives upon the sale of its products and the timing and value of any partnership deals it enters into, to the extent that any products are approved and are successfully commercialised. As the Group's commercialisation plans are focused principally on the US, the Group expects that, assuming it moves to the commercialisation of any of its product candidates, the majority of its revenue and commercialisation costs will be denominated in US dollars.

The revenue that the Group may generate from the sale of any products approved for sale will be primarily determined by the volume of products sold as well as the price the Group is able to achieve for such products. The commercial success of BAREMSIS® and any of the Group's other future products will depend on the rate and degree of market acceptance of these products among physicians, patients, health care payors and the medical community. If approved for marketing, the commercial success of BAREMSIS® and any of the Group's future products will depend upon the acceptance of such products as safe and effective by the medical community and patients and the products' pharmacoeconomic benefits. In particular, BAREMSIS® will not be available for use by surgical teams until it has been accepted by their hospital's Pharmacy & Therapeutics ("P&T") committee and included on the formulary of approved products within that hospital. The rate and speed of acceptance will directly impact on the commercial success of the product. The market acceptance of the Group's products could be affected by a number of other factors, including:

- the timing of receipt of marketing approvals;
- the safety and efficacy of the products, as well as the acceptance by physicians and patients of the products as safe and effective;
- the cost-effectiveness and availability of coverage on formularies and adequate reimbursement for the products;

- the success of existing products addressing the Group's target markets or the emergence of equivalent or superior products;
- changes in the standard of care for the targeted indications for any product candidate;
- sales, marketing and distribution effort;
- potential product liability claims;
- relative convenience, ease of administration and other perceived advantages over alternative products and therapies;
- the resources and the effectiveness of potential partners;
- prevalence and severity of adverse events or publicity; and
- limitations, precautions, warnings and other wording in the summary of product characteristics, patient information leaflet, package labelling or instructions for use.

Hospitals and third party payors are increasingly exerting pressure on pricing and reviewing the cost-effectiveness of medical products, therapies and services, and the downward pressure on health care costs has become intense in many jurisdictions. In the US, hospitals are financially incentivised to improve the quality of care and consequent patient satisfaction, as well as patient throughput. Appropriate management of PONV is a key to improving patient satisfaction scores which directly impact the reimbursement a hospital receives under Medicare within current healthcare legislation, as well as reducing post-surgical patient recovery times.

Each of these factors will have an impact on the Group's revenues if and when it receives regulatory approval to market one or more of its product candidates.

The Group has entered into contracts for the manufacture by third parties of BAREMSIS® with an expected cost of approximately $3.10 per 5 mg vial, depending on volumes produced. The overall expense for cost of goods will increase with volumes of product sold and the price per vial may be impacted by volumes sold and the ability to manufacture 10 mg vials at a lower cost than two 5 mg vials. The Group intends to develop a 10 mg vial of BAREMSIS® at an expected cost of $4 to $5 per vial.

The Group expects to contract with third-party logistics and wholesaler groups to manage the storage, supply and billing for BAREMSIS®. The Group's commercial plans assume an estimated cost of approximately 15% of the gross sales price and the total expense for logistics is expected to increase directly in line with sales revenues.

2.2 Research and development expenditure

To date, the Group has devoted substantially all of its resources to research and development efforts relating to its product candidates, including carrying out pre-clinical research and development, conducting clinical studies, providing general and administrative support for these operations and protecting the Group's intellectual property. The Group recognises research and development expenses in its statement of comprehensive income as they are incurred.

The Group's research and development expenses consist primarily of:

- clinical research and development activities, which include fees incurred under agreements with CROs, investigative sites and consultants to carry out the clinical studies;
- research and development activities relating to formulation development and pre-clinical development activities, which include fees incurred under agreements with CROs, investigative sites and consultants that conduct a substantial portion of the non-clinical studies; and
- other costs associated with non-clinical activities, regulatory approvals (such as filing fees for the FDA and other regulatory bodies) and business development.

Conducting a significant amount of research and development has been central to the Group's business to date. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of Late Stage clinical studies.

The costs of clinical studies may vary significantly over the life of a project owing to factors that include, but are not limited to, the following:

- per subject study costs;
- the number of subjects that participate in the studies;

- the number of sites included in the studies;
- the number of countries in which the study is conducted;
- the length of time required to enroll eligible subjects;
- the drop-out or discontinuation rates of subjects;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of subject follow-up;
- the nature of the condition the product is intended to treat; and
- the efficacy and safety profile of the product candidate.

The Group's research and development expenses were highest in 2015 and 2016 when there was significant expenditure on Phase 3 studies for BAREMSIS®, with costs reducing in 2017 upon completion of those studies. The Group expects research and development expenses to increase again in the future should decisions be taken to complete the Phase 2 and Phase 3 studies for APD403.

Because of the numerous risks and uncertainties associated with product development, the Group is unable to determine with certainty the duration and completion costs of the future clinical studies of its product candidates. The Group will determine which programmes to pursue and how much to fund each programme in response to the scientific and clinical success of each product candidate, as well as an assessment of each product candidate's commercial potential.

2.3 Administrative expenses and sales and marketing expenses

Administrative expenses consist principally of salaries and related costs for personnel in executive, finance and business development functions. Other administrative expenses include rent, travel and entertainment, patent filing and maintenance costs, costs relating to the defense and enforcement of the Group's IP and professional fees for legal, consulting, auditing and tax services. Administrative expenses in 2015 were higher than in the subsequent year as a result of significant expenditure with respect to preparation for a potential initial public offering and listing of the Company's shares which was not consummated, primarily because of a significant adverse change in market sentiment towards biotechnology and pharmaceutical companies in the fourth quarter of 2015, as evidenced by the significant decline in the value of stock market indices such as the NASDAQ Biotechnology Index. The Group anticipates that its general and administrative expenses will increase in future periods, reflecting an expanding infrastructure in preparation for commercial operations (including a significant increase of its employee base) and increased professional fees (including fees of accountants, lawyers and other advisers) associated with the Global Offer and with being a public listed company following completion of the Global Offer and Admission.

The Group expects to incur increased expenses associated with promotional activities for BAREMSIS® and building a sales and marketing team and expects that some of these expenses will be incurred prior to receiving regulatory approval for BAREMSIS®. In particular, the Group expects to increase its employee base significantly as it moves to the commercialisation of BAREMSIS®. The Group expects to expand its employee base from six employees as at Admission to approximately 46 employees by the end of 2018 in preparation for the launch of BAREMSIS® and to enhance its administrative infrastructure, and by a further approximately 70 sales and marketing employees, 60 of which are expected to be direct sales representatives, immediately prior to launch of BAREMSIS®. If the product is successful, the Group expects to expand its sales and marketing infrastructure by a further 50 employees two to three years after launch of BAREMSIS® and by a further approximately 40 employees to support the launch of APD403 (assuming, in each case, that the product candidates proceed to commercialisation). The anticipated fully loaded cost of a sales representative in the US is currently approximately $320,000 per annum, including salary, bonuses, sales management, training, travel and other costs. The Group anticipates that the expected increase in the employee base will result in a significant increase in personnel expenses in the near to medium term. Furthermore, the Group expects to incur significant additional costs in commercialising BAREMSIS®, including the costs of market research, scientific and medical meetings, KOL education and support.

2.4 Finance income and expense

Finance income consists of interest income earned on the Group's cash and cash equivalents as well as its short-term investments. Finance expense consists of charges under the term loan facility completed in February 2016, finance charges on the Company's A ordinary shares, B preferred shares and C preferred shares relating to the deemed dividend and interest accruing on such shares, in each case at 8% per annum in the periods under discussion, with accumulated dividends capped at 50% of

the original amount subscribed for the shares. In November 2017, the Company issued £3.4 million of convertible loan notes bearing interest at 8%. The Finance expense in 2017 includes amounts in this respect.

All of the outstanding S ordinary shares, A ordinary shares, B preferred shares and C preferred shares will automatically convert into Ordinary Shares on a 1-for-1 basis immediately prior to Admission, and the accrued dividends on such shares will be settled through a pro-rata allocation of additional Ordinary Shares calculated based on the Offer Price, rather than a cash payment. The D preferred shares and the convertible loan notes and any accrued interest thereon will automatically convert into Ordinary Shares on a 1.5-for-1 basis immediately prior to Admission.

2.5 Taxation

The Group is loss making and therefore has not paid any corporation tax. The Group is entitled to claim tax credits in the United Kingdom for certain qualifying research and development expenditure. The level of such tax credits is dependent on the size of the company, as determined in accordance with criteria established by HMRC. During the period under review, the Group qualified for the ''small or medium-sized enterprise'' scheme (currently available for companies with less than 500 employees and either (i) an annual turnover not exceeding €100 million or (ii) gross assets not exceeding €86 million). The amount included in the Group's statement of comprehensive income as taxation represents the research and development tax credits receivable by the Group for the year, which the Group receives in cash usually 3 to 4 months after the relevant year end. Certain additional research and development and other expenditure (beyond that entitling the Group to claim tax credits) has generated tax losses which may be available to the Group to the extent that it has an obligation to pay corporation tax in the future.

3. Results of Operations

The historical financial information for the three years ended 31 December 2017 has been extracted from the Group's consolidated historical financial information presented in Section B of Part XI (Historical Financial Information) of this Prospectus.

The table below sets forth certain key line items from the Group's statement of comprehensive income for the periods indicated:

Consolidated Statement of Comprehensive Income

	For the year ended 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Continuing operations:			
Research and development expenditure	(10,079)	(13,605)	(1,479)
Administrative expenses	(2,388)	(837)	(1,534)
Operating loss	**(12,467)**	**(14,442)**	**(3,013)**
Finance income	19	7	2
Finance expense	(2,648)	(1,855)	(3,510)
Loss before income tax	**(15,096)**	**(16,290)**	**(6,521)**
Taxation credit	2,222	2,793	349
Loss and total comprehensive loss for the year	**(12,874)**	**(13,497)**	**(6,172)**
Basic and diluted losses per Ordinary Share	(483)p	(506)p	(232)p

3.1 Research and development expenditure

Research and development costs decreased by £12.1 million, or 89 per cent, from £13.6 million in the year ended 31 December 2016 to £1.5 million in the year ended 31 December 2017. This decrease was due primarily to the timing and extent of Phase 3 clinical study activity on BAREMSIS® where the clinical studies were substantially completed in 2015 and 2016.

Research and development costs increased by £3.5 million, or thirty five per cent, from £10.1 million in the year ended 31 December 2015 to £13.6 million in the year ended 31 December 2016. This increase was due primarily to the timing and extent of Phase 3 clinical study activity on BAREMSIS®. During the two years, four Phase 3 clinical studies were conducted.

3.2 Administrative expenses

Administrative expenses increased by £0.7 million, or 88 per cent, from £0.8 million in the year ended 31 December 2016 to £1.5 million in the year ended 31 December 2017. This increase was due primarily to increased sales and marketing activities and increased professional costs relating to the planned Admission.

Administrative expenses decreased by £1.6 million, or 67 per cent, from £2.4 million in the year ended 31 December 2015 to £0.8 million in the year ended 31 December 2016. This decrease was due primarily to the inclusion of £1.6 million of one-off costs in 2015 in respect of the Company's aborted initial public offering.

3.3 Finance expense

Finance expense increased by £1.6 million, or 89 per cent, from £1.9 million in the year ended 31 December 2016 to £3.5 million in the year ended 31 December 2017. This increase was due primarily to interest of £0.6 million arising on the convertible loan notes issued in November 2017 and increases in the finance charges on the term loan and compound financial instruments.

Finance expense decreased by £0.7 million, or 30 per cent, from £2.6 million in the year ended 31 December 2015 to £1.9 million in the year ended 31 December 2016. This decrease was due primarily to the incurrence of £0.5 million of expenses in respect to the term loan offset by a reduction of £1.4 million in finance charges with respect to the B and C preferred shares as a result of changes in the estimated date such dividends would be payable.

3.4 Taxation

Tax credits decreased by £2.5 million, or 89 per cent, from £2.8 million in the year ended 31 December 2016 to £0.3 million in the year ended 31 December 2017. This decrease was due primarily to the decrease in qualifying research and development expenditure incurred during the year.

Tax credits increased by £0.6 million, or 27 per cent, from £2.2 million in the year ended 31 December 2015 to £2.8 million in the year ended 31 December 2016. This increase was due primarily to the increase in qualifying research and development expenditure incurred during the year.

3.5 Loss for the period

As a result of the above factors:

- the loss for the year ended 31 December 2017 decreased by £7.3 million, or 54 per cent, from £13.5 million in the year ended 31 December 2016 to £6.2 million in the year ended 31 December 2017; and
- the loss for the year ended 31 December 2016 increased by £0.6 million, or 5 per cent, from £12.9 million in the year ended 31 December 2015 to £13.5 million in the year ended 31 December 2016.

4. Liquidity and Capital Resources

4.1 Sources and uses of funds

The Group has incurred losses since inception and resulting negative cash flows from operating activities for the years ended 31 December 2015, 2016 and 2017. A capital reduction in 2015 generated profit and loss account reserves of £100.9 million.

As at 31 December 2017, the Group had accumulated profit and loss account reserves of £45.9 million with balances brought forward of £52.0 million being reduced by losses of £6.2 million incurred in the year. As at 31 December 2016, the Group had accumulated profit and loss account reserves of £52.0 million with balances brought forward of £65.5 million being reduced by losses of £13.5 million incurred in the year.

At 1 January 2015, the Group had an accumulated deficit of £22.4 million. In September 2015 the Group underwent a restructuring and capital reduction. As a consequence, as at 31 December 2015, the Group had profit and loss account reserves of £65.5 million and a deficit on its merger reserve of £69.1 million.

The Group does not anticipate commercialising any of its product candidates before 2019 at the earliest. The Group anticipates that it will continue to incur losses for the foreseeable future as it continues the development and potential commercialisation of its product candidates and incurs additional costs associated with it being a public listed company.

The Group's principal liquidity needs are to:

- bring BAREMSIS® to approval and prepare commercial launch in the US by completing additional market research, conducting promotional activities and the building and training of a sales and marketing infrastructure; and
- fund its ongoing research and development activities relating to BAREMSIS® and APD403, including conducting a paediatric programme for BAREMSIS®, clinical studies for APD403, providing general and administrative support for these operations and protecting the Group's intellectual property.

The Group's funding requirements, both near and long term, will depend on many factors, including but not limited to:

- the outcome, timing and cost of regulatory approvals, including in the case of product candidates BAREMSIS® or APD403 in particular, the potential for the FDA or comparable international regulatory authorities to require that more or different studies need to be performed than currently expected;
- the ability to successfully commercialise BAREMSIS®, if approved and the rate of adoption of BAREMSIS® on hospital formularies;
- the cost of establishing and maintaining sales, marketing and distribution capabilities for BAREMSIS®, APD403 or any other product candidates for which the Group may receive regulatory approval;
- the amount of sales and other revenues the Group can generate from any approved products, including the sales price and availability of adequate third party reimbursement;
- the initiation, progress, timing, costs and results of clinical trials for the Group's product candidates;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights; and
- the effect of competing technological and market developments and the time and cost to respond to them.

From its inception, the Group has funded its operations primarily through private placements of equity, raising approximately £42.5 million (either by way of cash subscription or convertible loans) since its establishment in 2007:

- approximately £3.4 million in November 2017 through the issue of convertible loan notes;
- approximately £4.5 million in December 2016 through the issue of 1,125,000 D preferred shares;
- approximately £10.1 million in July 2015 and February 2016 through the issue of 2,531,250 C preferred shares;
- approximately £2.5 million in February 2015 through the issue of 2,500,833 B preferred shares;
- approximately £5.5 million in June 2014 through the issue of 5,501,832 B preferred shares;
- approximately £7.0 million in August 2013 through the issue of 7,075,396 B preferred shares; and
- approximately £10.0 million in earlier rounds through the issue of 2,664,662 ordinary shares, 3,910,732 S ordinary shares and 9,692,856 A ordinary shares.

The Group has also funded activities through an £8.5 million term loan facility, drawn in February 2016 of which £5.2 million was outstanding at 31 December 2017, which will be repaid immediately prior to Admission. The Group has also received £7.7 million in tax credits since its inception.

The Group's principal sources of future liquidity are:

- the proceeds of the Global Offer and any subsequent follow-on equity or debt financing rounds; and

- to the extent any of the Group's product candidates are successfully commercialised, revenues from the sale of such products and revenues from any licence fees, milestone payments and/or royalties resulting from any licensing and/or distribution arrangements in respect of such products entered into by the Group.

As at 31 December 2017, the Group had cash, cash equivalents and short-term bank deposits of £3.1 million and had £5.2 million outstanding under the term loan. The Group estimates that its net proceeds from the Global Offer will be approximately £32.8 million, after deducting the estimated underwriting commissions and other offering related fees and expenses payable by the Group.

4.2 Cash flows

The following table sets forth the Group's cash flows for the years indicated:

Consolidated Cash Flow Statement

	For the year ended 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Net cash used in operating activities	**(9,733)**	**(10,202)**	**(3,749)**
Net cash generated from investing activities	**19**	**7**	**2**
Net cash generated from financing activities	**12,541**	**11,676**	**32**
Net (decrease)/increase in cash and cash equivalents	**2,827**	**1,422**	**(3,814)**
Cash and cash equivalents at end of the year	**5,462**	**6,884**	**3,070**

For the years ended 31 December 2017, 2016 and 2015, net cash used in operating activities was £3.7 million, £10.2 million and £9.7 million, respectively. Net cash used in operating activities in 2017 related primarily to expenditure on research and development and administrative expenses, including, offset by the receipt of R&D tax credits of £2.8 million in respect of the prior year. Net cash used in operating activities in 2016 related primarily to research and development expenditure, including completion of two Phase 3 clinical studies in respect of BAREMSIS® and general and administrative costs, offset by R&D tax credits received in respect of the prior year. Net cash used in operating activities in 2015 related primarily to research and development expenditure, including completion of two Phase 3 clinical studies in respect of BAREMSIS® and general and administrative costs particularly those in respect of the unconsummated initial public offering, offset by R&D tax credits received in respect of the prior year.

The levels of expenditure varied from period to period principally as a result of the timing and nature of various clinical studies and future research and development activities and commercialisation activities are likely to result in similar fluctuations.

In the year ended 31 December 2017 net cash generated from financing activities arose from receipt of £3.4 million from the issuance of convertible loan notes offset by payments of £3.4 million on the term loan. In the year ended 31 December 2016, net cash from financing activities included the receipt of £8.5 million under a term loan and subsequent repayment of £1.0 million in principal on the term loan and receipt of £4.6 million from the issuance of C and D preferred shares.

4.3 Loan facilities

As at 31 December 2017 the Group had £5.2 million outstanding under a term loan facility with Silicon Valley Bank and £4.0 million of liabilities under convertible loan notes, expected to convert into ordinary shares upon completion of the Global Offer.

5. Contractual obligations and commitments

As at 31 December 2017, the Group's only contractual obligation related to the Group's commitment for operating leases relates to the future aggregate minimum amounts payable by the Group under the lease for its office property in Cambridge, England. The total commitment is £13,000, due within one year.

6. Off-Balance Sheet Arrangements

The Group had no off-balance sheet arrangements, as determined by IFRS, as at 31 December 2017.

7. Dividend Policy

The Operating Company has never declared or paid any cash dividends on its Ordinary Shares. The Company intends to retain future earnings, if any, to finance the operation of its business and does not anticipate paying any cash dividends in the foreseeable future. Any future determination related to the Company's dividend policy will be made at the discretion of the Board after considering its financial condition, results of operations, capital requirements, business prospects and other factors the Board deems relevant, and subject to the restrictions contained in any future financing instruments.

8. Disclosures about Market and Other Risks

The Group's activities expose it to a variety of financial risks including market risk (including currency risk), credit risk, liquidity risk and interest rate cash flow risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. The Group does not use derivative financial instruments to hedge risk exposures.

The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

8.1 Credit risk

Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions, as the Group has not yet generated any revenue and so has no trade receivables. Following the Global Offer the Group expects to have significant liquid funds in excess of immediate working capital requirements. It will seek to manage credit risk following the Global Offer by investing surplus liquid funds in a mix of high quality bank deposits, money market instruments and collective investment vehicles with the aim of ensuring that credit risk is reduced through diversification.

8.2 Liquidity risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for the technology development programme. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The principal liabilities of the Group are the term loan, convertible loan notes and trade and other payables in respect of the provision of research services (including CRO and consultant fees), as well as administrative costs associated with the Group's business. Trade and other payables are typically payable within one month. The Board receives cash flow projections on a regular basis as well as information on cash balances.

8.3 Interest rate cash flow risk

The Group is exposed to interest rate cash flow risk in respect of surplus funds held on deposit. The Directors do not consider this risk to be significant. The term loan is repayable on completion of the Global Offer. The Group is not exposed to interest rate cash flow risk in respect of its financial instrument liabilities as the interest rate is fixed and the maximum amount that can be accrued is capped.

8.4 Currency risk

Currency risk is the risk associated with exposure arising from movements in foreign exchange rates. The Group's reporting currency is pounds sterling and it has historically conducted substantially all of its business in pounds sterling. As a result, it has not been exposed to material currency risk.

As the Group's international business expands, in particular in the United States, the Group expects that its exposure to foreign currency risk will increase. The Group expects that, assuming it proceeds to the commercialisation of any of its product candidates, most of its revenue and a significant portion of its expenses will be denominated in US dollars. As a result, the Group will be exposed to both translational and transactional foreign currency exchange risk. Translational foreign currency exchange risk arises when translating the value of the Group's non-sterling denominated assets and

liabilities and the results of its non-sterling based subsidiaries into sterling. To the extent that there are fluctuations in exchange rates in the relevant currencies, this would have an impact on the consolidated financial statements of the Group. Transactional foreign currency exchange risks arise where the Group makes or receives payments in local currencies and where exchange rates differ between the dates commercial transactions are entered into and the dates they are settled.

The Group to date has not hedged its foreign currency exposure, other than holding certain fuds in Euro or US dollar accounts to meet known expenditures, since the Directors considered the exposure immaterial. In the future, the Group may enter into currency hedging arrangements, if the Directors believe it to be appropriate.

8.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure. Total capital, which is the Group's primary source of funding, is disclosed as "Total equity" in the Statement of Financial Position. In order to maintain or adjust the capital structure, the Company may issue new shares or in future adjust the amount of dividends paid to shareholders or return capital to shareholders.

9. Critical Accounting Policies

The Group's discussion and analysis of its financial condition and results of operations are based on its historical financial information as at and for the year ended 31 December 2017 included in Part XI (*Historical Financial Information*), which has been prepared in accordance with IFRS as adopted by the European Union. A summary of the Group's significant accounting policies is set forth in note 1 to the historical financial information as at and for the period ended 31 December 2017 included in Part XI (*Historical Financial Information)*.

The preparation of this financial information requires the Group to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities in the Group's financial information. The Group bases its estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily-apparent from other sources. Actual results may differ from these estimates.

The Directors believe the following accounting policies to be most critical to the judgments and estimates used in the preparation of its consolidated financial information. On an ongoing basis, the Group evaluates its estimates and judgments, including those related to accrued expenses and share-based compensation. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information about critical judgments in applying accounting policies that had the most significant effect on amounts recognised in the consolidated financial statements of the Group during the period under review is set out below.

Compound financial instruments

The Group has in issue three compound financial instruments, the A Ordinary, B Preferred and C Preferred Shares. The A Ordinary Shares, B Preferred Shares and C Preferred Shares each accrue dividends at a rate of 8% compounded annually to a ceiling of 50% of the amount subscribed in the instrument. The accrued dividends on the A shares reached that 50% ceiling in 2016. The liability component of each compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Thus the Group is required to estimate the fair value at inception of the liability portion of compound financial instruments. It does this by estimating the net present value of the expected future cash flows. Because the term of each of the instruments is not contractually specified, it is necessary to estimate the term. This element is a judgmental element of the fair value calculation, as it determines the cash flows used in the net present value calculation. The directors have made judgements in relation to the expected term of these instruments, taking into account the Group's future strategy and anticipated capital raising activities.

In addition, the determination of an appropriate discount rate to be applied to the expected cash flows for each of the instruments is a significant estimate. The directors have estimated that rate to be

15%. If different estimates of future cash flows and / or different discount rates were applied, then the allocation to the debt component and the associated finance charge would differ from the amounts recorded.

Convertible Loan Notes

The Company issued convertible loan notes in November 2017 to the Significant Shareholders, who subscribed in total for £3.4 million of such notes. The convertible loan notes bear interest at 8% pa and, in accordance with their terms, shall convert (together with accrued interest) into ordinary shares valued at 150% of the face value of the notes upon an IPO, sale or liquidation or into ordinary shares valued at 100% of the face value in certain private fundraising rounds. The convertible loan notes are accounted for as a liability since they convert into a variable number of ordinary shares. The Directors have made judgements which they consider critical around the likelihood of Admission driving the 150% uplift in value (assumed as certain) and the likely timing of Admission (assumed to be 6 March 2018).

PART XI – HISTORICAL FINANCIAL INFORMATION

Section A: Accountants' report on historical financial information of the Group

The Directors
Acacia Pharma Group plc
Harston Mill
Harston
Cambridge
CB22 7GG

2 March 2018

Dear Ladies and Gentlemen

Acacia Pharma Group Limited (the "Company", and together with its subsidiaries the "Group")

We report on the financial information of the Group for the three years ended 31 December 2017 set out in section B of Part XI below (the "**Financial Information Table**"). The Financial Information Table has been prepared for inclusion in the prospectus dated 2 March 2018 (the "**Prospectus**") of the Company on the basis of the accounting policies set out in note 1 to the Financial Information Table. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules 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 item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

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 Group's circumstances, consistently applied and adequately disclosed.

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

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

Opinion

In our opinion, the Financial Information Table gives, for the purposes of the Prospectus dated 2 March 2018, a true and fair view of the state of affairs of the Group as at the dates stated and of its losses, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus 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 Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Section B: Historical financial information of the Group

Consolidated Statement of Comprehensive Income

	Note	For the year ended 31 December 2015 £'000	2016 £'000	2017 £'000
Continuing operations:				
Research and development expenditure		(10,079)	(13,605)	(1,479)
Administrative expenses		(2,388)	(837)	(1,534)
Operating loss		**(12,467)**	**(14,442)**	**(3,013)**
Finance income	3	19	7	2
Finance expense	4	(2,648)	(1,855)	(3,510)
Loss before income tax	5	**(15,096)**	**(16,290)**	**(6,521)**
Taxation credit	8	2,222	2,793	349
Loss and total comprehensive expense for the year		**(12,874)**	**(13,497)**	**(6,172)**
Basic and diluted losses per Ordinary Share	9	(483)p	(506)p	(232)p

Consolidated Statement of Financial Position

	Note	As at 31 December 2015 £'000	2016 £'000	2017 £'000
Assets				
Current Assets				
Other receivables	10	336	539	154
Current income tax assets		2,166	2,793	349
Cash and cash equivalents	11	5,462	6,884	3,070
Total Current Assets		**7,964**	**10,216**	**3,573**
Total Assets		**7,964**	**10,216**	**3,573**
Equity and Liabilities				
Equity attributable to equity holders				
Share capital	12	678	701	701
Share premium		—	4,513	4,513
Profit and loss account		65,541	52,041	45,886
Share-based payments reserve		121	144	253
Merger reserve		(69,136)	(69,136)	(69,136)
Total Equity		**(2,796)**	**(11,737)**	**(17,783)**
Liabilities				
Non-current liabilities				
Term loans, amounts payable after one year	15	—	4,972	—
		—	**4,972**	—
Current liabilities				
Trade and other payables	14	2,942	5,138	1,000
Liability component of convertible shares	13	7,818	9,134	11,140
Term loans, amounts payable within one year	15	—	2,709	5,185
Convertible loan notes	15	—	—	4,031
		10,760	**16,981**	**21,356**
Total Liabilities		**10,760**	**21,953**	**21,356**
Total Equity and Liabilities		**7,964**	**10,216**	**3,573**

Consolidated Cash Flow Statement

	Note	For the year ended 31 December 2015 £'000	2016 £'000	2017 £'000
Cash flows from operating activities:				
Cash used in operations	17	(10,839)	(12,368)	(6,542)
Income tax credit received		1,106	2,166	2,793
Net cash used in operating activities		**(9,733)**	**(10,202)**	**(3,749)**
Cash flows from investing activities:				
Interest received	3	19	7	2
Net cash generated from investing activities		**19**	**7**	**2**
Cash flows from financing activities:				
Proceeds of issuance of convertible loan	15	—	—	3,400
Proceeds of issuance of preference shares	12	12,541	4,585	—
Issue costs of preference shares		—	(49)	—
Amounts borrowed under term loan		—	8,500	—
Payment of transaction costs on term loan		—	(85)	—
Amounts repaid under term loan		—	(1,000)	(3,000)
Interest and fees paid on loan		—	(275)	(368)
Net cash generated from financing activities		**12,541**	**11,676**	**32**
Effect of exchange rate movements on cash held		—	(59)	(99)
Net (decrease)/increase in cash and cash equivalents		**2,827**	**1,422**	**(3,814)**
Cash and cash equivalents at beginning of the year		2,635	5,462	6,884
Cash and cash equivalents at end of the year	11	**5,462**	**6,884**	**3,070**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Issued Share Capital £'000	Share Premium £'000	Profit and loss account £'000	Merger reserve £'000	Share based payments reserve £'000	Total Equity £'000
Balance at 1 January 2015	101,570	—	(22,465)	(69,136)	99	10,068
Capital reduction	(100,892)	—	100,892			
Comprehensive expense						
Total comprehensive expense for the year	—	—	(12,874)	—	—	(12,874)
Exchange differences			(12)			(12)
Transactions with Owners						
Share based payments charge	—	—	—	—	22	22
Balance at 31 December 2015	678	—	65,541	(69,136)	121	(2,796)

For the year ended 31 December 2016

	Issued Share Capital £'000	Share Premium £'000	Profit and loss account £'000	Merger reserve £'000	Share based payments reserve £'000	Total Equity £'000
Balance at 1 January 2016	678	—	65,541	(69,136)	121	(2,796)
Comprehensive expense						
Total comprehensive expense for the year	—	—	(13,497)	—	—	(13,497)
Exchange differences			(3)			(3)
Transactions with Owners						
Share based payments charge	—	—	—	—	23	23
Issue of C preferred shares	—	85	—	—	—	85
Issue of D preferred shares	23	4,428	—	—	—	4,451
Balance at 31 December 2016	701	4,513	52,041	(69,136)	144	(11,737)

For the year ended 31 December 2017

	Issued Share Capital £'000	Share Premium £'000	Profit and loss account £'000	Merger reserve £'000	Share based payments reserve £'000	Total Equity £'000
Balance at 1 January 2017	701	4,513	52,041	(69,136)	144	(11,737)
Comprehensive expense						
Total comprehensive expense for the year	—	—	(6,172)	—	—	(6,172)
Exchange differences	—	—	17	—	—	17
Transactions with Owners						
Share based payments charge	—	—	—	—	109	109
Balance at 31 December 2017	701	4,513	45,886	(69,136)	253	(17,783)

Notes to the historical financial information

1. Summary of significant accounting policies

General information

Acacia Pharma Group Limited is a private limited company incorporated and domiciled in England and Wales with registered number 09759376. The Company's registered office is Harston Mill, Harston, Cambridge, CB22 7GG. On 21 February 2018 Acacia Pharma Group Limited was re-registered as a public company and changed its name to Acacia Pharma Group plc.

The principal activity of the Company and its subsidiaries (together "the Group") is that of a pharmaceutical group which discovers and develops lower risk pharmaceutical product opportunities within its therapeutic areas of interest.

The Group's historical financial information presented is as at and for the years ended 31 December 2015, 31 December 2016 and 31 December 2017.

All of the subsidiaries of the Group are 100% owned within the Group and have been included in the historical consolidated financial information from the date of incorporation. The subsidiaries included are:

Acacia Pharma Limited (incorporated in England and Wales); and

Acacia Pharma Inc (incorporated in the United States of America)

The insertion of Acacia Pharma Group Limited as the holding company of Acacia Pharma Limited on 15 September 2015 did not meet the definition of a business combination in accordance with IFRS3 "Business Combinations" as Acacia Pharma Group Limited was a shell company and did not meet the definition of a business. Accordingly, upon consolidation, the transaction was accounted for as a reorganisation of Acacia Pharma Limited without any fair value uplift and a merger reserve of £69,136,000 was created. The consolidated historical financial information is presented using the historical carrying values from the financial statements of the acquired entity, Acacia Pharma Limited, but reflecting the share capital of Acacia Pharma Group Limited.

The principal accounting policies adopted in the preparation of the historical financial information are set out below. These policies have been consistently applied to all the financial periods presented.

Basis of preparation

This special purpose historical financial information presents the consolidated historical financial information of the Group for the three years ended 31 December 2015, 2016 and 2017, and is prepared for the purpose of admission of the ordinary shares of the Company to trading on the regulated market of Euronext Brussels. The historical financial information has been prepared in accordance with the requirements of the Prospectus and Directive regulation, and International Financial Reporting Standards as endorsed by the EU (IFRSs), the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee (IFRIC)) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. This Financial Information has been prepared on a going concern basis and under the historical cost convention, except for certain financial instruments that have been measured at fair value.

The historical financial information has been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities including derivative financial instruments at fair value through profit or loss. The principal accounting policies set out below have been consistently applied to all periods presented.

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are set out later in this note.

Going concern

The historical financial information has been prepared on the going concern basis which assumes the Group will continue in operational existence for the foreseeable future. The cash flow projections for the Group indicate that it expects to continue to be loss-making and consuming cash for some time and that further funding (in addition to that raised as part of the Global Offer of Ordinary shares from the issue of ordinary shares or other sources, will be required in order to fund the Group until

it is cash generative, with this funding expected to be required in Q2 2019 and before recruiting an initial hospital sales force comprised of approximately 60 sales representatives which is planned for then.

However, after making appropriate enquiries, the Directors have a reasonable expectation that the Group, having regard to the receipt of the net proceeds from Global Offer of Ordinary shares, has adequate resources to continue in operational existence for at least twelve months from the date of publication of this Prospectus. For these reasons they continue to adopt the going concern basis in preparing the Group's historical financial information.

The cash flow projections are the sole responsibility of the Directors based on their present plans for the Group following the Global Offer of Ordinary shares, expectations and intentions. In this context, the Directors have prepared and considered in detail the cash flow projections for the Group for a period extending one year from the date of the publication of this Prospectus, as well as cash flows beyond that period. Based on these cash flows, and having regard to receipt of the net proceeds from Global Offer of Ordinary shares, the Directors are satisfied that the Group is able to meet its liabilities as and when they fall due for a minimum period of twelve months from the date of the publication of this Prospectus.

Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the Group

The Group has applied all relevant standards applicable for years beginning on or after 1 January 2015. No new standards, amendments or interpretations effective for the first time have had a material impact on the Group.

(b) Standards, amendments and interpretations that are not yet effective and have not been early adopted

Below is a list of standards/interpretations that have been issued and are not effective for periods starting on 1 January 2017, but will be effective for later periods:

IFRS 9, 'Financial Instruments' (effective 1 January 2018)

IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)

IFRS 16, Leases'' (effective 1 January 2019)

Amendments to IFRS2: Share based payments (effective 1 January 2018, not yet endorsed)

The Directors do not anticipate that the adoption of the Standards, Amendments and Interpretations where relevant, in future years will have a material impact on the Group's historical financial information.

Foreign currency translation

The historical financial information is presented in pounds sterling, which is the Company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented in foreign currencies are translated at the closing rate of exchange ruling at the end date of the financial year;

- income and expenses for each income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of less than three months and bank overdrafts.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

The Group's Ordinary, S ordinary and P share classes of share capital are classified as equity as are the D preferred shares.

The equity component of the Group's compound financial instruments is also included within share capital and share premium.

Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities (including trade and other payables) are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, to the net carrying amount on initial recognition.

Compound Financial Instruments

Compound financial instruments issued by the Group comprise convertible shares that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The Group's A Ordinary shares and B Preferred shares and C Preferred shares are classified as compound financial instruments.

The liability component of the compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequently to initial recognition.

Where the terms of financial instruments are amended such that there is a substantial change in expected future cash flows, the financial instrument is treated as extinguished and re-issued giving rise to a gain or loss on extinguishment. The gain or loss on extinguishment is calculated as the difference between the fair value of the instrument immediately prior to the extinguishment and the fair value of the replaced instrument. The gain or loss is allocated to equity in the year of extinguishment.

Term Loans and Convertible Loan Notes

The Group has entered into a term loan and issued convertible loan notes. These are measured at amortised cost using the effective interest rate method.

Basis of Consolidation

Subsidiary undertakings are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary

undertakings are included in the consolidated historical financial information from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated historical financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Research and development

Research costs are expensed in the Statement of Comprehensive Income in the year in which they are incurred. All research costs are included within research and development expenditure on the face of the Statement of Comprehensive Income.

All ongoing development expenditure is currently expensed in the year in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, ''Intangible assets'', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

Pensions

The Group makes payments to defined contribution personal pension schemes. The assets of the schemes are held separately from the Group in independently administered funds. Contributions made by the Group are charged to the Statement of Comprehensive Income in the year to which they relate.

Share-based payments

Employees (including Directors) receive remuneration in the form of equity-settled share-based payments, whereby employees render services in exchange for shares or for rights over shares (e.g. share options). The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the options or shares granted: excluding the impact of any non-market performance vesting conditions (for example, continuation of employment and performance targets).

The share options are valued using a Black Scholes option pricing model. Non-market based vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each Balance Sheet date to allow for forecast leaving employees and the difference is charged or credited to the Statement of Comprehensive Income, with a corresponding adjustment to the share-based payments reserve.

Current and deferred income tax

Income tax on the result for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Tax receivable arises from the UK legislation regarding the treatment of certain qualifying research and development costs, allowing for the surrender of tax losses attributable to such costs in return for a tax rebate.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period of the lease.

Critical Accounting Estimates and Judgements

The preparation of the Financial Information in conformity with IFRS as endorsed by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information related to convertible instruments as follows:

Compound financial instruments

The Group has in issue three compound financial instruments, the A Ordinary, B Preferred and C Preferred Shares. The A Ordinary Shares, B Preferred Shares and C Preferred Shares each accrue dividends at a rate of 8% compounded annually to a ceiling of 50% of the amount subscribed in the instrument. The accrued dividends on the A shares reached that 50% ceiling in 2016. The liability component of each compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Thus the Group is required to estimate the fair value at inception of the liability portion of compound financial instruments. It does this by estimating the net present value of the expected future cash flows. Because the term of each of the instruments is not contractually specified, it is necessary to estimate the term. This element is a judgmental element of the fair value calculation, as it determines the cash flows used in the net present value calculation. The Directors have made judgements in relation to the expected term of these instruments, taking into account the Group's future strategy and anticipated capital raising activities.

In addition, the determination of an appropriate discount rate to be applied to the expected cash flows for each of the instruments is a significant estimate. The Directors have estimated that rate to be 15%. If different estimates of future cash flows and / or different discount rates were applied, then the allocation to the debt component and the associated finance charge would differ from the amounts recorded. The sensitivity of the liability component as at 31 December 2017 to changes in the discount rate and term assumptions are:

	Assumption	Increase in assumption	Decrease in assumption
Discount rate	15%	20%	10%
Term	6 March 2018	6 March 2018	6 March 2018
Net present value	11,140	11,081	11,201
Discount rate	15%	15%	15%
Term	6 March 2018	6 April 2018	6 February 2018
Cashflow at exit	11,547	11,547	11,125
Net present value	11,140	11,346	10,881

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the liability component the same method (present value calculated with the discounted cash flow method) has been applied as when calculating the liability component recognised within the statement of financial position.

Convertible Loan Notes

The Company issued convertible loan notes in November 2017. The convertible loan notes bear interest at 8% pa and (together with accrued interest) can convert into ordinary shares valued at 150% of the face value of the notes upon an IPO, sale or liquidation or into ordinary shares valued at 100% of the face value in certain private fundraising rounds. The notes are accounted for as a liability since they convert into a variable number of ordinary shares. The Directors have made judgements around the likelihood of Admission driving the 150% uplift in value (assumed as certain) and the likely timing of Admission (assumed to be 6 March 2018) each of which is a significant estimate. The sensitivity of the liability as at 31 December 2017 to changes in term assumptions are:

	Assumption £'000	Increase in assumption £'000	Decrease in assumption £'000
Term	6 March 2018	6 April 2018	6 February 2018
Liability at 31 December 2017	4,031	3,895	4,285
Liability at term	5,222	5,226	5,187

2. Segmental reporting

The Group has adopted IFRS 8, "Operating Segments". IFRS 8 defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resources. The Chief Operating Decision Maker has been identified as the Board of Directors.

The Directors are of the opinion that under IFRS 8 the Group has only one operating segment, being the development and commercialisation of intellectual property. The Board of Directors assess the performance of the operating segment using financial information which is measured and presented in a manner consistent with that in the financial information. The Group has no reportable operating segments separate from the Income Statement presented in this Financial Information.

3. Finance income

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
Deposit account interest	19	7	2

4. Finance expense

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
Finance charge/(credit) on the A ordinary shares	(17)	58	—
Finance charge on the B preferred shares	1,629	764	1,329
Finance charge on the C preferred shares	1,036	492	677
Finance charges on term loan	—	541	873
Interest on convertible loan	—	—	631
	2,648	1,855	3,510

5. Loss before income tax

Loss before income tax is stated after charging:

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
Operating lease costs (land and buildings)	59	56	55
Auditors' remuneration:			
Fees payable to the Group's auditors for the audit of the financial statements	30	30	51
Fees payable to the Group's auditors for other services – other assurance services	320	—	50
Losses on foreign exchange	—	55	99

6. Employees and Directors

Analysis of payroll costs by category:

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
Wages and salaries	1,005	1,240	1,200
Social security costs	107	97	116
Pension costs (Note 18)	59	78	77
Share-based payments	22	23	109
Total	1,193	1,438	1,502

Average monthly number of persons (including Executive Directors) employed:

	For the year ended 31 December		
	2015 Number	2016 Number	2017 Number
Research and development	4	4	4
Sales, marketing & administration	2	3	3
Total	6	7	7

Key Management Compensation

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
Salaries and short-term employee benefits	635	850	857
Post-employment benefits	21	23	23
Share-based payments	19	60	103
Total	675	933	983

The Group considers all members of the Board (including Non-Executive Directors) to be key management, as well as the Chief Medical Officer and Chief Commercial Officer, Acacia Pharma Inc.

Directors' emoluments are as follows:

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
Aggregate emoluments	450	713	719

No director received any contributions to pension schemes nor exercised any share options during the three year period.

Highest paid director

The highest paid director's emoluments were as follows:

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	216	241	239

Directors' remuneration

For the year ended 31 December 2017

	Fees/Basic Salary £'000	Share-based payments £'000	Benefits £'000	Total £'000
Executive Directors				
Julian Gilbert	237	2	2	241
Christine Soden	212	54	—	267
Scott Byrd	195	2	20	217
Non-Executive Directors				
Patrick Vink	48	45	—	93
Total	697	103	22	822

For the year ended 31 December 2016

	Fees/Basic Salary £'000	Share-based payments £'000	Benefits £'000	Total £'000
Executive Directors				
Julian Gilbert	218	10	2	230
Christine Soden	204	1	—	205
Scott Byrd	225	1	16	242
Non-Executive Directors				
Patrick Vink	48	39	—	87
Total	695	51	18	764

For the year ended 31 December 2015

	Fees/Basic Salary £'000	Share-based payments £'000	Benefits £'000	Total £'000
Executive Directors				
Julian Gilbert	214	10	2	226
Christine Soden	116	1	—	117
Scott Byrd	75	1	3	79
Non-Executive Directors				
Ian Kent	40	1	—	41
Total	445	13	5	463

The benefits relate to the provision of private healthcare insurance.

Directors' share options held

As at 31 December 2015	Scheme	Granted	Number Held	Exercise Price	Expiry date
Executive Directors					
Julian Gilbert	EMI	05-Nov-08	139,370	38p	04-Nov-18
Julian Gilbert	EMI	01-Oct-09	135,190	15p	30-Sep-19
Julian Gilbert	EMI	04-Jul-11	251,714	10p	03-Jul-21
Julian Gilbert	EMI	07-Mar-12	26,000	10p	06-Mar-22
Julian Gilbert	EMI	22-Oct-13	444,400	10p	21-Oct-23
Julian Gilbert	EMI	04-Apr-14	214,238	2p	03-Apr-23
Christine Soden	EMI	28-Aug-15	111,000	2p	20-Aug-25
Christine Soden	Unapproved	28-Aug-15	239,000	200p	20-Aug-25
Scott Byrd	Unapproved	28-Aug-15	111,000	2p	20-Aug-25
Scott Byrd	Unapproved	28-Aug-15	239,000	200p	20-Aug-25
Non-Executive Directors					
Ian Kent	Unapproved	01-Oct-09	32,032	15p	30-Sep-19
Ian Kent	Unapproved	04-Jul-11	28,000	10p	03-Jul-21
Ian Kent	Unapproved	07-Mar-12	3,000	10p	06-Mar-22
Ian Kent	Unapproved	22-Oct-13	31,965	10p	21-Oct-23
Ian Kent	Unapproved	04-Apr-14	115,000	2p	03-Apr-23

No share options were exercised during the year.

As at 31 December 2016	Scheme	Granted	Number Held	Exercise Price	Expiry date
Executive Directors					
Julian Gilbert	EMI	05-Nov-08	139,370	38p	04-Nov-18
Julian Gilbert	EMI	01-Oct-09	135,190	15p	30-Sep-19
Julian Gilbert	EMI	04-Jul-11	251,714	10p	03-Jul-21
Julian Gilbert	EMI	07-Mar-12	26,000	10p	06-Mar-22
Julian Gilbert	EMI	22-Oct-13	444,400	10p	21-Oct-23
Julian Gilbert	EMI	04-Apr-14	214,238	2p	03-Apr-23
Julian Gilbert	EMI	30-Dec-16	4,000	2p	30-Dec-26
Christine Soden	EMI	28-Aug-15	111,000	2p	20-Aug-25
Christine Soden	Unapproved	28-Aug-15	116,000	200p	20-Aug-25
Christine Soden	EMI	14-Dec-16	123,000	2p	13-Dec-26
Christine Soden	EMI	30-Dec-16	3,000	2p	30-Dec-26
Scott Byrd	Unapproved	28-Aug-15	111,000	2p	20-Aug-25
Scott Byrd	Unapproved	28-Aug-15	239,000	200p	20-Aug-25
Scott Byrd	Unapproved	30-Dec-16	3,000	2p	30-Dec-26
Non-Executive Directors					
Patrick Vink	Unapproved	24-Feb-16	200,000	2p	23-Feb-26

No share options were exercised during the year.

As at 31 December 2017	Scheme	Granted	Number Held	Exercise Price	Expiry date
Executive Directors					
Julian Gilbert	EMI	05-Nov-08	139,370	38p	04-Nov-18
Julian Gilbert	EMI	01-Oct-09	135,190	15p	30-Sep-19
Julian Gilbert	EMI	04-Jul-11	251,714	10p	03-Jul-21
Julian Gilbert	EMI	07-Mar-12	26,000	10p	06-Mar-22
Julian Gilbert	EMI	22-Oct-13	444,400	10p	21-Oct-23
Julian Gilbert	EMI	04-Apr-14	214,238	2p	03-Apr-23
Julian Gilbert	EMI	30-Dec-16	4,000	2p	30-Dec-26
Christine Soden	EMI	28-Aug-15	111,000	2p	20-Aug-25
Christine Soden	Unapproved	28-Aug-15	116,000	200p	20-Aug-25
Christine Soden	EMI	14-Dec-16	123,000	2p	13-Dec-26
Christine Soden	EMI	30-Dec-16	3,000	2p	30-Dec-26
Scott Byrd	Unapproved	28-Aug-15	111,000	2p	20-Aug-25
Scott Byrd	Unapproved	28-Aug-15	139,000	200p	20-Aug-25
Non-Executive Directors					
Patrick Vink	Unapproved	24-Feb-16	200,000	2p	23-Feb-26

No share options were exercised during the year. The vesting conditions for Directors' share options are included in Note 7.

7. Share-based payments

Awards made under long-term incentive and other arrangements

Prior to the restructure of the Group, employees of subsidiary companies of the Company were awarded options, over ordinary shares in Acacia Pharma Limited. Following the restructure, such options were exchanged for equivalent options over ordinary shares in Acacia Pharma Group Limited. Options are awarded under the Acacia Pharma EMI Share Option Scheme (the EMI Scheme) and the Acacia Pharma Unapproved Share Option Scheme (the Unapproved Scheme). Subsequent grants of share options under the EMI and Unapproved Schemes have been made over shares in Acacia Pharma Group Limited.

Options granted under the Unapproved Scheme and the EMI Scheme have a fixed exercise price based on the market value at the date of grant. The contractual life of the options is 10 years. Options cannot normally be exercised before the option holder has completed three years of service with the Group. All charges relating to share-based payments have been recorded in the entity employing the option holder.

Options are valued using the Black-Scholes option pricing model. For each relevant option grant, individual valuation assumptions were assessed based upon conditions at the date of grant. The range of assumptions in the calculation of share based payments used is as follows:

- The nature of all arrangements is the grant of share options and these have an expected option life at grant date of 10 years.
- Expected dividend yield in all cases is nil.
- All option exercises are expected to be equity settled.
- The expected volatility in all cases is 50% based upon the historical share price volatility of listed, comparable businesses over a period of time equal to the expected option life ending on the date of grant.
- The risk free rate applied to a given option ranges from 2.0% to 5.3% depending upon the grant date and is based upon the yield on zero-coupon UK government bonds of a term consistent with the expected option life.
- It has been assumed that the staff attrition rate will remain at nil throughout the period.

The inputs into the Black-Scholes model are as follows:

	December 2015	December 2016	December 2017
Weighted average share price	10p	14p	23p
Weighted average exercise price	36p	29p	42p
Expected volatility	50%	50%	50%
Expected life	10 years	10 years	10 years
Risk free rate (weighted average)	2.0%	2.0%	2.0%
Expected dividends	nil	nil	nil

Options over ordinary shares outstanding

As at 31 December 2017

Granted	EMI	Unapproved Granted	Exercise price (p)	Risk-free Rate	Fair value per Option (p)	Expected forfeiture
01-Jul-08	200,000	—	19	5.3%	13	nil
05-Nov-08	210,144	—	38	4.6%	25	nil
01-Oct-09	373,339	32,032	15	3.5%	10	nil
04-Jul-11	682,543	28,000	10	3.2%	6	nil
07-Mar-12	101,000	3,000	10	2.1%	6	nil
22-Oct-13	931,685	31,965	10	2.6%	6	nil
04-Sep-14	496,315	115,000	2	2.5%	1	nil
28-Aug-15	116,900	161,000	2	2.0%	1	nil
28-Aug-15	—	305,000	200	2.0%	0	nil
24-Feb-16	—	200,000	200	2.0%	71	nil
21-Dec-16	123,000		2	2.0%	133	nil
30-Dec-16	12,690	1,500	2	2.0%	133	nil
31-Oct-17	—	100,000	200	2.0%	139	nil
	3,247,616	977,497				

As at 31 December 2016

Granted	EMI	Unapproved Granted	Exercise price (p)	Risk-free Rate	Fair value per Option (p)	Expected forfeiture
01-Jul-08	200,000	—	19	5.3%	13	nil
05-Nov-08	210,144	—	38	4.6%	25	nil
01-Oct-09	373,339	32,032	15	3.5%	10	nil
04-Jul-11	682,543	28,000	10	3.2%	6	nil
07-Mar-12	101,000	3,000	10	2.1%	6	nil
22-Oct-13	931,685	31,965	10	2.6%	6	nil
04-Sep-14	496,315	115,000	2	2.5%	1	nil
28-Aug-15	116,900	161,000	2	2.0%	1	nil
28-Aug-15	—	405,000	200	2.0%	0	nil
24-Feb-16	—	200,000	200	2.0%	71	nil
21-Dec-16	123,000		2	2.0%	133	nil
30-Dec-16	12,690	4,500	2	2.0%	133	nil
	3,247,616	980,497				

As at 31 December 2015

Granted	EMI	Unapproved Granted	Exercise price (p)	Risk-free Rate	Fair value per Option (p)	Expected forfeiture
01-Jul-08	200,000	—	19	5.3%	13	nil
05-Nov-08	210,144	—	38	4.6%	25	nil
01-Oct-09	373,339	32,032	15	3.5%	10	nil
04-Jul-11	682,543	28,000	10	3.2%	6	nil
07-Mar-12	101,000	3,000	10	2.1%	6	nil
22-Oct-13	931,685	31,965	10	2.6%	6	nil
04-Sep-14	496,315	115,000	2	2.5%	1	nil
28-Aug-15	116,900	161,000	2	2.0%	1	nil
28-Aug-15	123,000	405,000	200	2.0%	0	nil
	3,234,926	775,997				

Of the options granted on 28 August 2015 (a) the 116,000 EMI options and 161,000 Unapproved options each at 2p per share vest and become exercisable on a sale or liquidation or IPO of the Company or 1/3rd of the number otherwise vest on each anniversary of the date of grant, and (b) the 123,000 EMI options at 200p (as replaced by the same number of options at 2p per share in December 2016) and 405,000 Unapproved options at 200p vest and become exercisable on a sale or liquidation of the Company or on the 3rd anniversary of the date of the original grant if earlier. The 200,000 options granted on 24 February 2016 vest as to 5,556 per month from 24 March 2016. The 12,690 options granted on 30 December 2016 vest and become exercisable on a sale or liquidation or IPO of the Company or on the 3rd anniversary of the date of grant if earlier The 100,000 options granted on 31 October 2017 vest and become exercisable on a sale or liquidation of the Company or on the 3rd anniversary of the date of grant if earlier.

The weighted average exercise price for options outstanding at 31 December 2017 was 42p (2016: 38p 2015: 36p).

A reconciliation of movements in all options outstanding over the years to 31 December 2017, 31 December 2016, and 31 December 2015, and an analysis of outstanding options is given below.

Based on the calculations described in this note, in the year ended 31 December 2017 £109,000 (2016: £23,000, 2015: £22,000) has been charged and included in the Statement of Comprehensive Income. A corresponding entry has been made in share based payment reserve (equity).

Reconciliation of outstanding options

	As at 31 December 2015		As at 31 December 2016		As at 31 December 2017	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding at 1 January	3,205,023	12p	4,010,923	36p	4,228,113	38p
Granted	805,900	127p	340,190	118p	100,000	200p
Forfeited / Lapsed	—	—	(123,000)	200p	(103,000)	194p
Exercised	—	—	—	—	—	—
Outstanding at 31 December	4,010,923	36p	4,228,113	38p	4,225,113	38p
Exercisable at 31 December	1,706,573	16p	2,593,708	14p	3,205,023	12p
Weighted average life remaining		6.9 years		6.1 years		5.3 years

8. Taxation

Analysis of taxation credit in the year

The Group is entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The amount included in the financial information represents the credit receivable by the Group for the period. The 2017 amounts have not yet been agreed with the relevant tax authorities.

	For the year ended 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Analysis of credit in the year:			
United Kingdom corporation tax	2,166	2,793	349
Adjustment relating to prior period	56	—	—
	2,222	**2,793**	**349**

There is no current tax charge in the period as the Group has losses brought forward and is entitled to a cash tax credit in the United Kingdom for certain research and development expenditure. The repayable tax credit for each year is lower than the credit that would be repayable at the standard rate of corporation tax in the UK applicable of 19.25% (2016: 20%, 2015: 20.25%). The differences are explained in the following table:

Tax reconciliation

	For the year ended 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Loss before income tax	(15,096)	(16,290)	(6,521)
Loss before income tax multiplied by the standard rate of corporation tax in the UK, 2017 19.25% (2016: 20%, 2015: 20.25%)	(3,057)	(3,258)	(1,255)
Adjustment relating to prior period	—	—	—
Tax effect of:			
Expenses not deductible for tax purposes	883	278	582
Additional deduction for R&D expenditure	(1,705)	(2,177)	(262)
Surrendered losses for R&D tax credit	858	1,673	201
Items for which no deferred tax asset was recognised	855	691	385
Prior year adjustments	(56)	—	—
Total tax credit	**(2,222)**	**(2,793)**	**(349)**

The standard rate of Corporation Tax in the United Kingdom changed from 21% to 20% with effect from 1 April 2015. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in this historical financial information.

As at 31 December 2017, the unrecognised deferred tax assets relating to operating losses amounted to £2,940,000 (2016: £2,690,000, 2015: £1,998,000). These have not been recognised due to the uncertainty over the utilisation of the losses.

9. Losses per share

Basic and diluted losses per share is calculated by dividing the loss for the financial year/period by the weighted average number of Ordinary Shares in issue during the year. The losses and weighted average number of shares used in the calculations are set out below:

	For the year ended 31 December		
	2015	**2016**	**2017**
Losses per Ordinary Share			
Loss for the financial year (£'000)	(12,874)	(13,497)	(6,172)
Weighted average number of Ordinary Shares (basic) (thousands)	2,665	2,665	2,665
Losses per Ordinary Share basic (pence)	**(483)p**	**(506)p**	**(232)p**

Share options are anti-dilutive in each of 2015, 2016 and 2017 for the purposes of the losses per share calculation and their effect is therefore not considered. For the avoidance of doubt, this calculation is based on ordinary shares only. Other classes of shares, along with preference shares have been excluded in this calculation.

10. Other receivables

	As at 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Other receivables	331	535	150
Prepayments and accrued income	5	4	4
Total	**336**	**539**	**154**

11. Cash and cash equivalents

The Group retains all cash on instant access accounts in Sterling, Euros and US dollars.

	As at 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Sterling accounts	4,922	4,350	2,819
Euro accounts	520	110	3
Dollar accounts	20	2,424	248
	5,462	6,884	3,070

12. Share capital

Prior to 15 September 2015 Acacia Pharma Limited was the parent company of the group. On 15 September 2015 Acacia Pharma Group Limited acquired Acacia Pharma Limited through a share-for-share exchange with each holder of shares in Acacia Pharma Limited receiving the same number of Ordinary, S Ordinary, P, A Ordinary, B Preferred and C Preferred shares in the Company with the same rights and accumulated dividend rights as they held in shares in Acacia Pharma Limited.

	As at 31 December		
Issued shares	**2015 Number**	**2016 Number**	**2017 Number**
Ordinary shares of £0.02 each*	2,664,662	2,664,662	2,664,662
S Ordinary shares of £0.02 each*	3,910,732	3,910,732	3,910,732
P shares of £0.0001 each	8,611,065	8,611,065	8,611,065
D preferred shares of £0.02 each	—	1,125,000	1,125,000
Total equity shares	15,186,459	16,311,459	16,311,459
A ordinary shares of £0.02 each*	9,692,856	9,692,856	9,692,856
B preferred shares of £0.02 each*	15,078,061	15,078,061	15,078,061
C preferred shares of £0.02 each*	2,510,000	2,531,250	2,531,230
Total non-equity shares	27,280,917	27,302,167	27,302,167
Total equity and non-equity shares	42,467,376	43,613,626	43,613,626

Issued equity shares	**£'000**	**£'000**	**£'000**
Ordinary shares of £0.02 each*	53	53	53
S Ordinary shares of £0.02 each*	78	78	78
P shares of £0.0001 each	1	1	1
D preferred shares of £0.02*	23	23	
Total equity shares	132	155	155
A ordinary shares of £0.02 each	194	194	194
B preferred shares of £0.02 each	302	302	302
C preferred shares of £0.02 each	50	50	50
Total non-equity shares	546	546	546
Total equity and non-equity shares	678	701	701

* As at 31 December 2014 and prior to 14 September 2015 shares of £0.0001 each in Acacia Pharma Limited

A ordinary shares, B preferred shares and C preferred shares are compound financial instruments as described in note 13. The equity element of these compound financial instruments is included in other reserves. The liability component of the P shares is immaterial and therefore the P shares are classified as equity in their entirety.

Reconciliation of movements in issued equity and non-equity share capital

	Movement in the year ended 31 December		
	2015 Number	**2016 Number**	**2017 Number**
At the beginning of the year			
Ordinary shares of £0.02 each*	2,664,662	2,664,662	2,664,662
S Ordinary shares of £0.02 each*	3,910,732	3,910,732	3,910,732
P shares of £0.0001 each	7,119,357	8,611,065	8,611,065
A ordinary shares of £0.02 each*	9,692,856	9,692,856	9,692,856
B preferred shares of £0.02 each*	12,577,228	15,078,061	15,078,061
C preferred shares of £0.02 each*	—	2,510,000	2,531,250
D preferred shares of £0.02 each*	—	—	1,125,000
Total issued share capital at 1 January	35,964,835	42,467,376	43,613,626
Issue of P shares	1,491,708	—	—
Issue of B preferred shares	2,500,833	—	—
Issue of C preferred shares	2,510,000	21,250	—
Issue of D preferred shares	—	1,125,000	—
At the end of the year	42,467,376	43,613,626	39,161,668

	2015 £'000	**2016 £'000**	**2017 £'000**
At the beginning of the year			
Ordinary shares of £0.02 each*	53	53	53
S Ordinary shares of £0.02 each*	78	78	78
P shares of £0.0001 each	1	1	1
A ordinary shares of £0.02 each*	194	194	194
B preferred shares of £0.02 each*	251	302	302
C preferred shares of £0.02 each*	—	50	50
D preferred shares of £0.02 each*	—	—	23
Total issued share capital at 1 January	577	678	701
Issue of P shares	—	—	—
Issue of A ordinary shares	—	—	—
Issue of B preferred shares	51	—	—
Issue of C preferred shares	50	—	—
Issue of D preferred shares	—	23	—
At the end of the year	678	701	701

* As at 31 December 2014 and prior to 14 September 2015 shares of £0.0001 each in Acacia Pharma Limited

All shares have a par value of £0.02 other than the P shares which have a par value of £0.0001 and carry equal voting rights (except where described as non-voting) but also carry a liquidation preference on a liquidation or exit as defined in the articles. The rights attached to each class of share capital are as follows:

- The holders of A ordinary shares are entitled to a cumulative dividend at a rate of 8% per annum. If the dividend remains unpaid at the next dividend instalment date, subject to a cap of 50% of the subscription price, interest will accrue at 8% per annum on the outstanding balance. Holders of A ordinary shares receive priority payment over S ordinary shareholders and ordinary shareholders in the event of a return of capital or liquidation. Holders are entitled to convert their shares into ordinary shares of the Company at any time from the date of issue on

a one-for-one basis. The fair values of the liability component and the equity conversion component were determined at issuance of the shares. The fair value of the liability component, included in liabilities, was calculated using a market interest rate for an equivalent non-compound financial instrument. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.

- The holders of B preferred shares are entitled to a cumulative dividend at a rate of 8% per annum. If the dividend remains unpaid at the next dividend instalment date, subject to a cap of 50% of the subscription price, interest will accrue at 8% per annum on the outstanding balance. Holders of B preferred shares receive priority payment over A ordinary shareholders, S ordinary shareholders and ordinary shareholders in the event of a return of capital or liquidation. Holders are entitled to convert their shares into ordinary shares of the Company at any time from the date of issue on a one-for-one basis. The fair values of the liability component and the equity conversion component were determined at issuance of the shares. The fair value of the liability component, included in creditors was calculated using a market interest rate for an equivalent non-compound financial instrument. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.
- The holders of C preferred shares are entitled to a cumulative dividend at a rate of 8% per annum. If the dividend remains unpaid at the next dividend instalment date, subject to a cap of 50% of the subscription price, interest will accrue at 8% per annum on the outstanding balance. Holders of C preferred shares receive priority payment over B preferred shareholders, A ordinary shareholders, S ordinary shareholders and ordinary shareholders in the event of a return of capital or liquidation. Holders are entitled to convert their shares into ordinary shares of the Company at any time from the date of issue on a one-for-one basis. The fair values of the liability component and the equity conversion component were determined at issuance of the shares. The fair value of the liability component, included in creditors was calculated using a market interest rate for an equivalent non-compound financial instrument. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.
- The holders of D preferred shares receive priority payment over C and B preferred shareholders, A ordinary shareholders, S ordinary shareholders and ordinary shareholders in the event of a return of capital or liquidation and receive 1.5 times the amount subscribed in a liquidation on this priority basis. Holders are entitled to convert their shares into ordinary shares of the Company at any time from the date of issue on a 1.5-for-one basis.
- The P shareholders are entitled to a preferred dividend at the rate of one month sterling LIBOR calculated on a monthly basis on the nominal value of the shares. Holders of P shares receive priority payment amounting to the nominal value of the shares over C preferred shareholders, B preferred shareholders, A ordinary shareholders, S ordinary shareholders and ordinary shareholders in the event of a return of capital or liquidation.
- The S ordinary shares have a sale and liquidation preference over the ordinary shares. Holders are entitled to convert their shares into ordinary shares of the Company at any time on a one-for-one basis.
- After the preferred dividends, additional dividends are allocated evenly across all classes of share capital.

In the event of an IPO all S ordinary shares, A ordinary shares, B preferred shares, C preferred shares and D preferred shares automatically convert into ordinary shares immediately prior to listing on a one-for-one basis other than the D preferred shares which convert on a 1.5-for-1 basis and the P shares convert into ordinary shares based on the amount subscribed. In addition accrued entitlements to dividends, from the date of initial issue up to Admission, will be capitalised by way of a further issue of Ordinary Shares, the number of which is to be calculated by reference to the price of the shares issued as part of the Global Offer. However, this arrangement can be adjusted in accordance with the articles of association.

Issue of shares

Acacia Pharma Limited

In February 2015 Acacia Pharma Limited issued 696,000 P shares of £0.0001 each; the consideration was £104. The liability portion calculated at inception was immaterial. In February 2015, Acacia Pharma Limited issued 2,500,833 B preferred shares. The consideration for the B preferred shares was £2,501,000 and this was divided between an equity component and a liability component.

In July 2015 Acacia Pharma Limited issued 795,708 P shares of £0.0001 each, the consideration was £119. The liability portion calculated at inception was immaterial.

Between July and September 2015, Acacia Pharma Limited issued 2,510,000 C preferred shares. The consideration for the C preferred shares was £10,040,000 and this was divided between an equity component and a liability component. The total consideration received in 2015 was £12,541,000.

Acacia Pharma Group Limited

Acacia Pharma Group Limited was incorporated with 1 issued Ordinary Share with a nominal value of £2.50. This share was subsequently divided into 5 shares of nominal value 50p each, a further share of 50p was issued and the 6 issued shares subsequently consolidated into 1 share with nominal value £3.

On 14 September 2015, in consideration for the acquisition of Acacia Pharma Limited, Acacia Pharma Group Limited issued 2,664,661 Ordinary shares, 3,910,732 S Ordinary shares, 9,692,856 A Ordinary shares, 15,078,061 B Preferred shares, 2,510,000 C Preferred shares (all with nominal value £3 each) plus 8,611,065 P shares of nominal value £0.0001 each to the holders of equivalent shares in Acacia Pharma Limited.

On 23 February 2016 the Group issued 21,250 C preferred shares for a consideration of £85,000. On 21 December 2016 the Group issued 1,125,000 D preferred shares for a gross consideration of £4,500,000 with expenses of £49,500. The total consideration received in 2016 was £4,535,000.

In addition share options over 4,228,113 ordinary shares in the Group have been awarded as described in Note 7. On 23 February 2016 the Group issued warrants to acquire 127,500 C Preferred Shares in the Company as part of the bank loan arrangements. The warrants can be exercised at £4 per share within 10 years from issue.

13. Liability component of convertible shares

	As at 30 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Liability element of the A ordinary shares	3,532	3,590	3,590
Liability element of the B preferred shares	3,242	4,016	5,335
Liability element of the C preferred shares	1,044	1,528	2,215
Total	7,818	9,134	11,140
The liability element of the A ordinary shares and B and C preferred shares includes the accrued interest as shown below:			
Accrued interest on the A ordinary shares	3,532	3,532	3,590
Accrued interest on the B preferred shares	2,067	3,700	5,201
Accrued interest on the C preferred shares	366	1,201	2,112

In February 2015, the Acacia Pharma Limited issued 2,500,833 B preferred shares. The consideration for the B preferred shares was £2,500,833 and this was divided between the equity component of £2,199,342 recognised in share capital/premium, and the liability component of £301,491. The rights associated with the various classes of share capital are disclosed in note 12.

14. Trade and other payables

	As at 31 December		
	2015 £'000	2016 £'000	2017 £'000
Trade payables	313	653	647
Other tax and social security	—	30	33
Accruals and other creditors	2,609	4,455	320
Total	2,942	5,138	1,000

15. Term Loans and Convertible Loan Notes

	2015 £'000	2016 £'000	2017 £'000
Term bank loan, amounts repayable within 12 months	—	2,709	5,185
Convertible loan notes	—	—	4,031
Total	—	2,709	9,216
Term bank loan, amounts repayable after 12 months	—	4,972	—
Finance charges expensed in the year	—	541	1,504

On 23 February 2016 the Company together with its subsidiaries, Acacia Pharma Limited and Acacia Pharma Inc., entered into an £8.5 million term loan facility with Silicon Valley Bank, secured by fixed and floating charges over all of the assets of the Acacia Pharma Group. The loan bears interest at the higher of 5.5% over the Bank of England's base rate and 6%, is repayable in 34 monthly tranches of £250,000 from 1 September 2016, carries a 1% arrangement fee and 8% terminal payment.

On 21 November 2017 the Company entered into an unsecured convertible loan note ("CLN") facility with its major shareholders, Gilde Healthcare II Sub-Holding B.V., Lundbeckfond Invest A/S, Novo Holdings A/S and F-Prime Capital Partners. The total borrowed under the CLN was £3.4 million. The CLN bears interest at 8% and the principal and interest will convert into shares in the capital of the company as part of any future private funding round at face value or upon the listing of the Company's shares on a recognised stock exchange, when for every £1 of principal and accrued interest will be converted at an equivalent value of £1.50 calculated by reference to the applicable listing price.

16. Reconciliation of movement in liabilities from financing activities

	Term Loan £'000	Convertible Loan Note £'000	Compound instruments £'000	Total £'000
As at 1 January 2017	7,680	—	9,134	16,814
Cashflows	(3,368)	3,400	—	32
Non-cash items – finance expense	873	631	2,006	3,510
As at 31 December 2017	5,185	4,031	11,140	20,356
As at 1 January 2016	—	—	7,818	7,818
Cashflows	7,141	—	—	7,141
Non-cash items – finance expense	539	—	1,316	1,855
As at 31 December 2016	7,680	—	9,134	16,814
As at 1 January 2015	—	—	4,861	4,861
Cashflows	—	—	309	309
Non-cash items- finance expense	—	—	2,648	2,648
As at 31 December 2015	—	—	7,818	7,818

17. Cash used in operations

	As at 31 December		
	2015 £'000	2016 £'000	2017 £'000
Loss before income tax	(15,097)	(16,290)	(6,521)
Adjustments for:			
Share-based payments	22	23	109
Foreign exchange gain/loss	—	55	115
Finance expense	2,648	1,855	3,510
Finance income	(19)	(7)	(2)
Changes in working capital			
– (Increase)/decrease in other receivables	(95)	(187)	385
– Increase in trade and other payables	1,702	2,183	(4,138)
Cash used in operations	(10,839)	(12,368)	(6,542)

Significant non-cash movements

The finance expense includes £2,006,000 (2016: £2,740,000, 2015: £1,783,000) in respect of A ordinary, B preference shares and C preference shares in respect of a charge for the fixed dividends which have been accrued for in this historical financial information and £631,000 (2016 and 2015 Nil) in respect of the finance charges on the Convertible Loan Notes. No amounts have been paid in respect of these finance expenses.

18. Pensions

The Group contributes to money purchase pension schemes for employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
Amount paid during the year	59	78	77
Amount outstanding at the year end	—	—	—

19. Operating lease commitments

Lease payments represent amounts payable by the Group for its office property. The future aggregate minimum lease payments under non-cancellable operating leases at the balance sheet date were as follows:

Leases expiring after:

	For the year ended 31 December		
	2015 £'000	2016 £'000	2017 £'000
One year or less	8	7	13
Total	8	7	13

20. Financial risk management

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the Historical financial information. The significant accounting policies regarding financial instruments are disclosed in note 1.

Principal financial instruments

The principal financial instruments used by the Group, from which financial risk arises, are as follows:

	As at 31 December		
	2015 £'000	2016 £'000	2017 £'000
Other receivables (excluding prepayments)	331	539	150
Cash and cash equivalents	5,462	6,884	3,070
Trade and other payables	(2,942)	(5,138)	(1,000)
Liability component of convertible shares	(7,818)	(9,134)	(11,140)
Term loans	—	(7,681)	(5,185)
Convertible loan notes	—	—	(4,031)
Total	(4,967)	(14,530)	(18,136)

The Directors believe there is no material difference between the fair value and book value of these assets and liabilities.

General objectives, policies and processes

The Group's activities expose it to a variety of financial risks including market risk (including currency risk), credit risk, liquidity risk and interest rate cash flow risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise

potential adverse effects on financial performance. The Group does not use derivative financial instruments to hedge risk exposures.

The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

	As at 31 December		
	2015 £'000	**2016 £'000**	**2017 £'000**
Other receivables (excluding prepayments)	331	539	150
Cash and cash equivalents	5,462	6,884	3,070
Total	5,793	7,423	3,220

Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions, as the Group has not yet generated any revenue and so has no trade receivables. Credit risk is managed by ensuring all cash and cash equivalents are deposited with established UK banking institutions of high repute and at least an A credit rating.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for the drug development programme. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The principal liabilities of the Group are the term loans, the convertible loan notes and trade and other payables in respect of the development programme and provision of research services including purchase of laboratory supplies, consumables and related scientific services, as well as sales and marketing costs and administrative costs associated with the Group's business. Trade and other payables are all payable within one month. The Board receives cash flow projections on a regular basis as well as information on cash balances.

Interest rate cash flow risk

The Group is exposed to interest rate cash flow risk in respect of surplus funds held on deposit. The directors do not consider this risk to be significant.

The Group is not exposed to interest rate cash flow in respect of the financial instrument liabilities nor the term loan as the interest rate is fixed and the maximum amount that can be accrued is capped.

Currency risk

The Group to date has conducted substantially all its business in pounds sterling and has not been exposed to material currency risk, other than with respect to the cash balances held in Euros and US dollars.

Capital risk management

The Group's objectives, when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure. Total capital, which is the Group's primary source of funding, is calculated as "Total equity" as shown in the Statement of Financial Position. In order to maintain or adjust the capital structure, the Group may issue new shares or in future adjust the amount of dividends paid to shareholders or return capital to shareholders.

The Group had no undrawn committed borrowing facilities available during any of the 2017, 2016 or 2015.

21. Related party disclosures

The Group's Chief Medical Officer, Gabriel Fox's spouse is a director of Comedica Ltd, which during year to 31 December 2017 provided consulting services to the Group. The cost of these services was £30,000 (2016: £52,000, 2015: £46,000). £1,000 was outstanding at the year end (2016: £3,000, 2015: £3,000).

A non-executive director of the Group Scott Byrd is an employee of SAB Strategic Advisors LLC, which during 2015 provided consulting services to the Group. The cost of these services was for the year ended 31 December 2017 was £nil (2016: Nil, 2015: £168,000, all of which was paid in the year).

22. Post balance sheet events

On 14 February 2018 it was agreed that, following publication of this prospectus and immediately prior to Admission and commencement of unconditional dealings, the following changes to the share capital of the Company will be effected:

(a) 5,171,496 ordinary shares of £0.02 each will be issued to holders of A ordinary shares, B preferred shares and C preferred shares and D preferred shares in satisfaction of all arrears of accrued dividends thereon or other preference or anti-dilution rights;

(b) each S ordinary share, A ordinary share, B preferred share C preferred share and D preferred share will be converted into, and re-designated as, one ordinary share of £0.02;

(c) the P shares of £0.0001 each will be consolidated on the basis that 200 P shares of £0.0001 each will be consolidated into one P share of £0.02, subject to such arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements; and

(d) immediately following this consolidation, 271 P shares of £0.02 each will be converted into and re-designated as ordinary shares of £0.02 each, and 596 P shares of £0.02 each will be converted into and re-designated as deferred shares of £0.02, such deferred shares to be gifted to, and cancelled by, the Company.

23. Ultimate controlling party

The Group has a number of different shareholders and the directors consider that the Group does not have a single controlling party.

PART XII – UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

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

The Directors
Acacia Pharma Group plc
Harston Mill
Harston
Cambridge
CB22 7GG

2 March 2018

Dear Ladies and Gentlemen

Acacia Pharma Group plc (the "Company")

We report on the *pro forma* financial information (the "**Pro Forma Financial Information**") set out in section B of Part XII of the Company's prospectus dated 2 March 2018 (the "**Prospectus**") 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 how the global offer, conversion of the convertible shares and the convertible loan notes might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2017. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation 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 Annex II of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation 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 item 5.5.3R(2)(f) of the Prospectus Rules 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 item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, Berkshire, RG1 3JH
T: +44 (0) 118 597 111, F: +44 (0) 1189 383 020, www.pwc.co.uk

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 the Company.

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

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 the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we 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 Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Section B: Unaudited Pro Forma Financial Information

The unaudited *pro forma* statement of net assets of the Group set out below has been prepared in accordance with the accounting policies of the Group, on the basis set out in the notes below and in accordance with Annex II to the Prospectus Directive Regulations to illustrate the impact of the Global offer of Ordinary Shares, the conversion of the convertible shares and the convertible loan notes on the net assets of the Group had they taken place on 31 December 2017.

The unaudited *pro forma* information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results.

The unaudited *pro forma* of net assets is compiled from the consolidated statement of financial position of the Group as at 31 December 2017 as set out in Section B of Part XI (*Historical Financial Information*).

The unaudited *pro forma* information does not constitute financial statements within the meaning of section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part XII (*Unaudited Pro Forma Statement of Net Assets*). PricewaterhouseCoopers LLP's report on the unaudited *pro forma* statement of net assets is set out in section A of this Part XII (*Unaudited Pro Forma Statement of Net Assets*).

In addition, the unaudited *pro forma* financial information does not purport to represent what the Group's financial position and results of operations actually would have been if the Global Offer of Ordinary Shares, the conversion of the convertible shares and the convertible loan notes had been completed on the dates indicated nor do they purport to represent the results of operations for any future period or the financial condition at any future date.

Shareholders should read the whole of this Prospectus and not rely solely on the summarised financial information in this Part XII (*Unaudited Pro Forma Statement of Net Assets*).

Unaudited Pro Forma net assets statement

	Group as at 31 Dec 2017 £'000 Note 1	Global Offer £'000 Note 2	Conversion of convertible shares and the convertible loan notes £'000 Note 3	Unaudited Pro forma total £'000 Note 4
Current assets				
Other receivables	154	—	—	154
Current income tax assets	349	—	—	349
Cash and cash equivalents	3,070	32,837	—	35,907
Total Current Assets	3,573	32,837	—	36,410
Current liabilities				
Trade and other payables	(1,000)	—	—	(1,000)
Liability component of convertible shares	(11,140)	—	11,140	—
Term loan, amounts payable within one year	(5,185)	—	—	(5,185)
Convertible loan note	(4,031)	—	4,031	—
Total liabilities	(21,356)	—	15,171	(6,185)
Net (liabilities)/assets	(17,783)	32,837	15,171	30,225

Notes

1. The financial information has been extracted, without material adjustment, from the historical financial information of the Group as at 31 December 2017 as presented in Section B Part XI (*Historical Financial Information*).
2. The net proceeds of the Global Offer of €37.0 million (£32.8 million using an exchange rate of €1.126:£1) are calculated on the basis that the Company issues 11,111,111 New Ordinary Shares at a price of €3.60 per share, net of estimated expenses in connection with the Global Offer of approximately €3.0 million (£2.7 million using an exchange rate of €1.126:£1).
3. Any liabilities in respect of the convertible shares (being, A ordinary shares, B preferred shares and C preferred shares) will be converted to Ordinary Shares immediately prior to Admission. The total of the liabilities in respect of the convertible shares at 31 December 2017 was £11.1 million. The convertible loan notes and interest accrued thereon as at 31 December 2017 of £4.0 million will also convert into Ordinary Shares immediately prior to Admission.
4. The unaudited *pro forma* statement of net assets does not reflect any trading or other transactions undertaken since 31 December 2017.

PART XIII – DETAILS OF THE GLOBAL OFFER

1. ORDINARY SHARES SUBJECT TO THE GLOBAL OFFER

The Global Offer comprises an offer of 11,111,111 New Ordinary Shares to be issued by the Company, raising primary proceeds of approximately €37.0 million (net of underwriting commissions, fees and expenses and assuming no exercise of the Over-allotment Option). In addition, up to a further 1,111,111 Over-allotment Shares (representing up to a maximum of 10 per cent of the total number of Offer Shares) are being made available by the Company pursuant to the Over-allotment Option described below.

The Existing Ordinary Shares will be diluted by the issue of 11,111,111 New Ordinary Shares pursuant to the Global Offer. The New Ordinary Shares to be issued pursuant to the Global Offer will represent approximately 26.6 per cent of the Existing Ordinary Share capital of the Company, and approximately 21.0 per cent of the enlarged Ordinary Share capital of the Company immediately following Admission.

2. THE GLOBAL OFFER

The Global Offer is being made by way of an offer of the Offer Shares to: (i) certain institutional and professional investors in the United Kingdom and Belgium and elsewhere outside the United States in reliance on Regulation S; and (ii) in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the offer and issue of the Offer Shares in jurisdictions outside the UK are described below in section 14 of this Part XIII (*Details of the Global Offer*).

The Global Offer is subject to satisfaction of conditions which are customary for transactions of this type as set out in the Underwriting Agreement, including, amongst others, Admission occurring and becoming effective by no later than 9:00 a.m. CET on 6 March 2018 or such later time and/or date as the Company and the Banks may agree, and the Underwriting Agreement not having been terminated in accordance with its terms.

When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BYWF9Y76 and it is expected that the Ordinary Shares will be traded in Euros under the ticker symbol ACPH. The Company's LEI code is 213800SLDKXWKT6E3381.

The Offer Shares being issued pursuant to the Global Offer will, on Admission, rank *pari passu* in all respects with the Ordinary Shares in issue and will rank in full for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company. The Offer Shares will, immediately on and from Admission, be freely transferable, subject to the Articles. The rights attaching to the Offer Shares, including any Ordinary Shares sold pursuant to the Over-allotment Option, will be uniform in all respects and they will form a single class for all purposes.

The Company, the Directors, and the Banks expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Global Offer. If such right is exercised, the Global Offer will lapse and any monies received in respect of the Global Offer will be returned to investors without interest.

3. REASONS FOR THE GLOBAL OFFER AND ADMISSION AND USE OF PROCEEDS

The Directors believe that the Global Offer and Admission will provide additional funds to allow the Company to bring its lead product candidate BAREMSIS® to approval and launch in the US, advance the development of APD403 and meet research and development and other corporate costs.

The net proceeds payable to the Company from the Global Offer will be approximately €37.0 million (after deducting underwriting commissions and other offering-related fees and expenses plus VAT, if applicable, of approximately €3.0 million and assuming no exercise of the Over-allotment Option).

The proceeds of the Global Offer are expected to allow the Group to build the sales and marketing infrastructure and undertake marketing, supply chain and other preparatory activities ready to launch BAREMSIS® to the hospital market in early 2019, assuming approval of the NDA in late 2018. Additionally, the proceeds will be applied to continue the development of APD403, strengthen the corporate infrastructure and repay term debt.

The Company intends to allocate the net proceeds it receives from the Global Offer and its existing cash balances approximately as follows:

(a) develop infrastructure and launch of lead product candidate BAREMSIS®: €27.5 million;

(b) prepare APD403 for Phase 2 studies: €0.5 million;

(c) repay Silicon Valley Bank debt of €3.8 million; and

(d) other corporate activities.

4. WITHDRAWAL RIGHTS

If the Company is required to publish any supplementary prospectus, applicants who have applied for Offer Shares under the Global Offer shall have at least two clear business days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Offer Shares in its entirety. The right to withdraw an application to acquire Offer Shares in these circumstances will be available to all investors under the Global Offer. If the application is not withdrawn within the stipulated period, any application to apply for Offer Shares under the Global Offer will remain valid and binding.

Details of how to withdraw an application will be made available if a supplementary prospectus is published.

5. ALLOCATIONS UNDER THE GLOBAL OFFER

The allocation of Offer Shares among prospective investors will be determined by the Banks and the Company. All Ordinary Shares sold pursuant to the Global Offer will be sold, payable in full, at the Offer Price. No commissions, fees, expenses or taxes will be charged to investors by the Company under the Global Offer.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment. Dealing may not begin before notification is made. A number of factors have been considered in determining the Offer Price and basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares and the objective of establishing an orderly and liquid after-market in the Ordinary Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

6. UNDERWRITING ARRANGEMENTS

The Company, the Directors and the Banks have entered into the Underwriting Agreement pursuant to which, on the terms and subject to certain conditions contained therein (which are customary in agreements of this nature), the Banks have agreed to use their reasonable endeavours to procure subscribers for the Offer Shares, failing which the Banks will subscribe for such Offer Shares.

The Global Offer is conditional upon, *inter alia*, Admission occurring not later than 9:00 a.m. CET on 6 March 2018 (or such later date and time as the Banks and the Company may agree) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms.

The Underwriting Agreement provides for the Banks to be paid a commission in respect of the Offer Shares sold. Any commissions received by the Banks may be retained and any Offer Shares acquired by them may be retained or dealt in by them for their own benefit.

All Offer Shares issued pursuant to the Global Offer will be issued at the Offer Price. Liability for UK stamp duty and SDRT and Belgian tax considerations are described in Part XIV (*Taxation*).

Further details of the terms of the Underwriting Agreement are set out in Part XV (*Additional Information*).

7. ADMISSION OF THE ORDINARY SHARES

Application will be made for the Ordinary Shares to be admitted to trading on the regulated market of Euronext Brussels. The Ordinary Shares are expected to be traded in Euros under trading symbol "ACPH" with ISIN code GB00BYWF9Y76. No application has been made for admission of the

Ordinary Shares to trading on any other stock exchange, and the Company does not currently intend to make any such application in the future.

It is expected that conditional dealings in the Ordinary Shares (on a "when issued" basis) will commence on the regulated market of Euronext Brussels on 5 March 2018. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on Euronext Brussels by no later than 9:00 a.m. CET on 6 March 2018. Dealings on the regulated market of Euronext Brussels before Admission will only be settled if Admission takes place. All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. See Part II (*Risk Factors*) "Risks related to this offering and ownership of the Group's shares".

8. LOCK-UP ARRANGEMENTS

Each of the Company, the Directors, the Lock-Up Shareholders and Gabriel Fox as Senior Manager, has agreed to certain lock-up arrangements.

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain customary exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Banks, issue, offer, sell or contract to sell, or otherwise dispose of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction (including via derivatives) with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement, each of the Directors has agreed that, subject to certain customary exceptions, during the period of 365 days from the date of Admission, he or she will not, without the prior written consent of the Banks, offer, sell or contract to sell, or otherwise dispose of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to Lock-Up Agreements entered into between each Lock-Up Shareholder, the Company and the Banks, the Lock-Up Shareholders have agreed that, subject to certain customary exceptions, during the period of 180 days from the date of Admission, they will not, without the prior written consent of the Banks, offer, sell or contract to sell, or otherwise dispose of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to a Lock-Up Agreement entered into between Gabriel Fox, as Senior Manager, the Company and the Banks, Dr Fox has agreed that, subject to certain customary exceptions, during the period of 365 days from the date of Admission, he will not, without the prior written consent of the Banks, offer, sell or contract to sell, or otherwise dispose of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

9. STABILISATION AND OVER-ALLOTMENT OPTION

In connection with the Global Offer, Degroof Petercam, the Stabilising Manager, or any of its agents or affiliates, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares and effect other transactions to maintain the market price of the Ordinary Shares at a level other than that which might otherwise prevail in the open market.

The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise, and may be undertaken at any time during the period from the date of the commencement of conditional dealings of the Ordinary Shares on the regulated market of Euronext Brussels and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents or affiliates to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken with the intention of stabilising the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents or affiliates intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

In connection with the Global Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 10 per cent of the total number of Offer Shares. The Stabilising Manager has entered into the Over-allotment Option with the Company pursuant to which the Stabilising Manager may require the Company to allot at the Offer Price additional Ordinary

Shares representing in aggregate up to 10 per cent of the total number of Offer Shares, to allow it to cover short positions arising from over-allotments and/or stabilising transactions. The Over-allotment Option may be exercised on one occasion, in whole or in part, upon notice by the Stabilising Manager, at any time during the period commencing on Admission and ending 30 days thereafter. The Over-allotment Shares made available pursuant to the Over-allotment Option will be issued at the Offer Price on the same terms and conditions as, and will rank equally with, the other Existing Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will form a single class for all purposes with the Ordinary Shares.

Following allocation of the Ordinary Shares pursuant to the Global Offer, the Stabilising Manager may seek to agree the terms of deferred settlement with certain investors who have been allocated Ordinary Shares pursuant to the terms of the Global Offer. No fees will be payable to such investors.

10. STOCK LENDING AGREEMENT

In connection with settlement and stabilisation, the Stabilising Manager has entered into the Stock Lending Agreement with the Lending Shareholders pursuant to which the Stabilising Manager will be able to borrow from the Lending Shareholders in aggregate up to 1,111,111 Ordinary Shares (representing up to 10 per cent of the total number of Offer Shares) for the purposes, among other things, of allowing the Stabilising Manager to settle over-allotments, if any, made in connection with the Global Offer. If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be obliged to return equivalent shares to the Lending Shareholders in accordance with the terms of the Stock Lending Agreement.

11. DEALING ARRANGEMENTS

Application has been made for all of the Ordinary Shares, issued and to be issued, to be admitted to trading on the regulated market of Euronext Brussels. Trading of the Ordinary Shares on the regulated market of Euronext Brussels is expected to commence, on an ''if-and-when-issued-or-delivered'' basis, on or about 5 March 2018. Delivery of the Offer Shares is expected to take place in book-entry form on or about 6 March 2018. The above-mentioned dates and times may be subject to change without further notice.

Each investor will be required to undertake to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by the Banks. Following determination of the Offer Price, the Offer Price together with other information will be posted on the Company's website at www.acaciapharma.com.

It is intended that, where applicable, definitive share certificates in respect of the Offer Shares will be despatched on 13 March 2018 or as soon thereafter as is practicable. Temporary documents of title will not be issued. Dealings in advance of crediting of the investors securities account(s) shall be at the sole risk of the persons concerned.

Following Admission, the Ordinary Shares held by the Directors, the Lock-Up Shareholders and the Senior Managers will be subject to the lock-up arrangements described in this Part XIII (*Details of the Global Offer*).

12. EUROCLEAR BELGIUM

All Ordinary Shares will be delivered in book-entry form, and will be credited to investors' securities accounts via Euroclear Belgium, the Belgian central securities depository, Koning Albert II laan 1, 1210 Brussels, Belgium.

13. CONDITIONALITY OF THE GLOBAL OFFER

The Global Offer is subject to the satisfaction of conditions which are customary for transactions of this type contained in the Underwriting Agreement, including Admission becoming effective by no later than 9:00 a.m. CET on 6 March 2018 (or such later date and time as the Company may agree with the Banks (being not later than 6 March 2018)) and the Underwriting Agreement not having been terminated prior to Admission. See section 6 of this Part XIII (*Details of the Global Offer*) for further details about the underwriting arrangements.

14. SELLING AND TRANSFER RESTRICTIONS

The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of the Offer Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

14.1 European Economic Area

In relation to each Relevant Member State, an offer to the public of any Ordinary Shares may not be made in that Relevant Member State unless an offer prospectus has been approved by the competent authority in such Relevant Member State or passported and published in accordance with the Prospectus Directive as implemented in such Relevant Member State, except that an offer to the public in that Relevant Member State of any Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the Company or any Bank to publish an offer prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Banks and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For these purposes, the expression an ''offer to the public'' in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Global Offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression ''Prospectus Directive'' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression ''2010 PD Amending Directive'' means Directive 2010/73/EU.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Global Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise of an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Joint Global Coordinators and their affiliates, and others will rely upon the truth and accuracy of the

foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Ordinary Shares in the Global Offer.

14.2 United States

This Prospectus is not a public offering (within the meaning of the Securities Act) of securities in the US. The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the US and may not be offered or sold in the US except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state or other jurisdiction of the US. Accordingly, the Banks may offer Ordinary Shares (i) in the US only through their respective US registered broker-dealer affiliates to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act or (ii) outside the US in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Global Offer, any offer or sale of Ordinary Shares within the US by any dealer (whether or not participating in the Global Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the Securities Act.

14.3 Purchasers in the United States

Each purchaser of Offer Shares within the US, by accepting delivery of this Prospectus and the Offer Shares, will be deemed to have represented, agreed and acknowledged that:

(a) the purchaser is, and at the time of its purchase of any Offer Shares will be, a QIB within the meaning of Rule 144A;

(b) the purchaser understands and acknowledges that the Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the US and is aware, and each beneficial owner of such Offer Shares has been advised, that sellers of the Offer Shares may be relying on the exemption from the registration requirements of section 5 of the Securities Act provided by Rule 144A thereunder;

(c) the purchaser is purchasing the Offer Shares (i) for its own account, or (ii) for the account of one or more other QIBs with respect to which it is acting as duly authorised fiduciary or agent with sole investment discretion and on behalf of which it has full authority to make, and does make, the acknowledgments, representations and agreements herein, in each case for investment purposes and not with a view to any resale or distribution of any such Offer Shares;

(d) the purchaser understands and agrees that offers and sales of the Offer Shares are being made in the US only to QIBs in transactions not involving a public offering which are exempt from the registration requirements of the Securities Act, and that if in the future it decides to offer, sell, pledge, or otherwise transfer any Offer Shares, it will do so only (i) to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or the account of another QIB in a transaction meeting the requirements of Rule 144A, (ii) in an ''offshore transaction'' in accordance with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to the exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder (if available) and, in each case, in accordance with any applicable securities laws of any state or other jurisdiction of the US and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemptions provided by Rule 144A or Rule 144 under the Securities Act for the resale of the Offer Shares;

(e) the purchaser understands that any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions may not be recognised by the Company;

(f) the purchaser agrees that it will give to each person to whom it transfers Ordinary Shares notice of any restrictions on transfer of such Ordinary Shares;

(g) the purchaser understands that for so long as the Ordinary Shares are ''restricted securities'' within the meaning of Rule 144(a)(3) under the Securities Act, no such Ordinary Shares may be deposited into any unrestricted depositary receipt facility established or maintained by a depositary bank;

(h) the purchaser understands that the Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE US AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE US AND OF ANY OTHER JURISDICTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTIONS PROVIDED BY RULE 144A OR RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE ORDINARY SHARES REPRESENTED HEREBY ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(A)(3) UNDER THE SECURITIES ACT AND FOR SO LONG AS SUCH SECURITIES ARE "RESTRICTED SECURITIES" (AS SO DEFINED). THE SECURITIES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF ORDINARY SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and

(i) the purchaser understands that these representations and undertakings are required in connection with the securities laws of the US and that the Company, the Banks, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that, if any of such representations, agreements or acknowledgments deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company and if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power and authority to make, and does make, the foregoing representations, agreements and acknowledgments on behalf of each such account.

14.4 Purchasers pursuant to Regulation S

Each purchaser who acquires Offer Shares pursuant to Regulation S, by accepting delivery of this Prospectus and the Offer Shares, will be deemed to have represented, agreed and acknowledged that:

(a) the purchaser understands that the Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(b) the purchaser is purchasing such Offer Shares in an offshore transaction meeting the requirements of Regulation S;

(c) the purchaser is not an affiliate of the Company or a person acting on behalf of such an affiliate;

(d) the purchaser will not offer, sell, pledge or transfer any Ordinary Shares except in accordance with the Securities Act and any applicable laws of any state or other jurisdiction of the United States and any other jurisdiction; and

(e) the purchaser understands that the Company and the Banks, their respective affiliates and others will rely upon truth and accuracy of the foregoing acknowledgements, representations and agreements, agrees that, if any of such representations, agreements or acknowledgments deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company and if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power and authority to make, and does make, the foregoing representations, agreements and acknowledgments on behalf of each such account.

14.5 Japan

The Ordinary Shares have not been and will not be registered under the Financial Instruments and Exchange Law as amended (''FIEL''). The Ordinary Shares may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

14.6 Australia

This Prospectus is not a prospectus under the Corporations Act 2001 (Cth) Australia (''Corporations Act'') and has not been lodged with or been the subject of notification to the Australian Securities and Investments Commission. Accordingly, the Ordinary Shares may not be offered, issued, sold or distributed in Australia by any person other than by way of or pursuant to an offer or invitation that does not need disclosure to investors under Part 6D.2 of the Corporations Act.

14.7 Canada

The Ordinary Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Ordinary Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Banks are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

14.8 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Ordinary Shares may not be circulated or distributed, nor may the Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the ''SFA''), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Ordinary Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Ordinary Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

14.9 Switzerland

The Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange Ltd. (''SIX Swiss Exchange'') or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issue prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Swiss Exchange Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Ordinary Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company or the Ordinary Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of Ordinary Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (''CISA''). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

14.10 Other overseas territories

Investors in jurisdictions other than the European Economic Area, the US, Japan, Australia and Canada should consult their professional advisers as to whether they require any governmental or other consents or need to observe their formalities to enable them to purchase any Offer Shares under the Global Offer.

PART XIV – TAXATION

A. UK TAXATION

The following statements are intended only as a general guide to certain UK tax considerations relevant to prospective investors in the Ordinary Shares. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. They are based on current UK tax law and what is understood to be the current practice (which may not be binding) of HM Revenue and Customs (''HMRC'') as at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. The following statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents or non-UK domiciled Shareholders), who hold their Ordinary Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as (but not limited to) persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

1. Taxation of dividends

1.1 UK resident individuals

An individual Shareholder who is resident for UK tax purposes in the UK will for the 2018/2019 tax year, be entitled to an annual tax-free allowance of £2,000 of dividend income. To the extent that dividend income exceeds the annual tax free dividend allowance, tax will be imposed at the rates of:

(a) 7.5 per cent, to the extent that the dividend income falls within the basic rate band of income tax;

(b) 32.5 per cent, to the extent that the dividend income falls within the higher rate band of income tax; and

(c) 38.1 per cent, to the extent that the dividend income falls within the additional rate band of income tax.

1.2 Companies

Shareholders within the charge to UK corporation tax which are ''small companies'' for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition).

Other Shareholders within the charge to UK corporation tax will not be subject to UK corporation tax on dividends received from the Company so long as the dividends fall within an exempt class and certain conditions are met. For example, dividends paid on shares that are ''ordinary shares'' and are not ''redeemable'' (as those terms are used in Chapter 3 of Part 9A of the Corporation Tax Act 2009), and dividends paid to a person holding less than a 10 per cent interest in the Company, should generally fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

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

1.3 Non-UK resident Shareholders

An individual Shareholder (other than one carrying on a trade, profession or vocation in the UK) who is not resident for tax purposes in the UK will not generally have any UK tax to pay on cash dividends received from the Company. A company that is not resident for tax purposes in the UK (and that is not otherwise subject to UK tax, e.g. by virtue of carrying on a trade through a UK permanent establishment) will not generally be required to pay UK tax on cash dividends received from the Company.

A Shareholder who is resident outside the UK may be subject to taxation on dividend income under local law. A Shareholder who is not solely resident in the UK for tax purposes or is not solely subject to UK tax on the dividend income should consult his (or its) own tax advisers concerning his (or its) tax liabilities (in the UK and any other country) on dividends received from the Company.

An individual Shareholder who has ceased to be resident in the UK for tax purposes for a period of five full tax years or less and who receives or becomes entitled to dividends from the Company during that period may, if the Company is treated as a close company for UK tax purposes (Shareholders are referred to paragraph 5 (Close company) of this Part XIV (*Taxation*)) and certain other conditions are met, be liable for UK income tax on those dividends on their return to the UK. Special rules apply to Shareholders who are subject to tax on a "split year" basis, who should seek specific professional advice if they are in any doubt about their position.

1.4 Withholding taxes

The Company is not required to withhold UK tax at source from dividend payments it makes to Shareholders.

2. Taxation of disposals

2.1 General

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains depending upon the Shareholder's circumstances and subject to any available exemption or relief.

The general rule is that, for UK tax purposes, chargeable gains and allowable losses fall to be calculated in sterling. Accordingly, where Ordinary Shares are acquired and/or disposed of for non-sterling consideration, a chargeable gain or allowable loss could arise by reference to exchange rate movements. For Shareholders that are companies within the charge to UK corporation tax, the extent to which this general rule applies may depend on what the company's functional currency is and whether any designated currency election has been made. Prospective investors who are in any doubt as to the consequences for them of these rules should seek appropriate professional advice.

2.2 UK resident individual Shareholders

For an individual Shareholder who is (at any time in the relevant UK tax year) resident in the UK for tax purposes, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax is generally 10 per cent for individuals who are subject to income tax at the basic rate and 20 per cent for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise up to a specified amount of gains (£11,700 for tax year 2018/2019) in each tax year without being liable to tax.

2.3 UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax. An indexation allowance on the cost of acquiring the Ordinary Shares may be available to reduce the amount of the chargeable gain which would otherwise arise on the disposal. However, indexation allowance will be removed from 1 January 2018, such that any indexation allowance would be calculated only to December 2017.

2.4 Non-UK resident Shareholders

A Shareholder (individual or corporate) who is not resident in the UK for tax purposes is generally not subject to UK capital gains tax. They may, however, be subject to taxation under their local law.

However, if such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment) to which the Ordinary Shares are attributable, the Shareholder will generally be subject to the same rules that apply to UK resident Shareholders.

An individual Shareholder who acquires Ordinary Shares whilst UK resident and who subsequently ceases to be resident for tax purposes in the UK for a period of (generally) less than five complete years of assessment and who disposes of the Ordinary Shares during that period of non-residence may be liable, on his return to the UK, to capital gains tax in respect of any gain arising from the disposal (subject to any available exemption or relief). Special rules apply to Shareholders who are subject to tax on a ''split year'' basis, who should seek specific professional advice if they are in any doubt about their position.

3. Inheritance tax

The Ordinary Shares may be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by an individual Shareholder, or the death of an individual Shareholder, may therefore give rise to a liability to UK inheritance tax, whether or not the Shareholder is resident or domiciled in the UK, depending upon the Shareholder's circumstances and subject to any available exemption or relief. A transfer of Ordinary Shares at less than market value may be treated for inheritance tax purposes as a gift of the Ordinary Shares. Special rules apply to close companies and to trustees of certain settlements who hold Ordinary Shares, which rules may bring them within the charge to inheritance tax. The inheritance tax rules are complex and Shareholders should consult an appropriate professional adviser in any case where those rules may be relevant, particularly in (but not limited to) cases where Shareholders intend to make a gift of Ordinary Shares, to transfer Ordinary Shares at less than market value or to hold Ordinary Shares through a company or trust arrangement.

4. Stamp Duty and Stamp Duty Reserve Tax

4.1 General

The following statements are intended as a general guide to the current UK stamp duty and stamp duty reserve tax (''SDRT'') position for holders of Ordinary Shares. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt systems and clearance services may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986. The comments in this section relating to stamp duty and SDRT apply whether or not a Shareholder is resident in the UK.

4.2 Depositary receipt systems and clearance services

The Company expects that, on Admission, the Ordinary Shares will be eligible to be held within Euroclear Belgium, the Belgian central securities depository. Under current UK domestic legislation, where UK shares are issued to or transferred to (or to a nominee for) a person whose business is or includes the provision of clearance services for such shares (such as Euroclear Belgium) SDRT or stamp duty will generally be payable at 1.5% of the issue price of such shares. Following litigation, HMRC has confirmed in its published guidance that it will no longer seek to impose the 1.5% SDRT charge on *issuances* of UK shares to clearance services anywhere in the world, on the basis that such a charge is not compatible with EU law. As regards *transfers* of shares to a clearance service, the Court of Justice of the European Union has confirmed, most recently in the case of *Air Berlin v Commissioners for HM Revenue & Customs*, that the imposition of the 1.5% charge on a transfer of shares to a clearance service, where that transfer forms an integral part of an overall transaction with regard to the raising of capital, is also incompatible with European law. In practice, the risk of a 1.5% charge arising on the issue of New Shares pursuant to the Global Offer, or on a transfer of Existing Shares in dematerialised form into Euroclear Belgium on Admission in connection with the Global Offer, would generally be borne by the Company and not by investors. However, the Company has obtained confirmation from HMRC that a 1.5% charge should not arise on an issue of New Ordinary Shares or on such a transfer of Existing Shares in connection with the Global Offer.

4.3 Transfers of Ordinary Shares

While Ordinary Shares are held within the Euroclear Belgium clearance system, provided that Euroclear Belgium satisfies various conditions specified in UK legislation and has not elected and does not elect for a different treatment, electronic book-entry transfers of such shares should not be subject to UK stamp duty or SDRT.

Transfers of, or agreements to transfer, Ordinary Shares from the Euroclear Belgium clearance system into another clearance system should not generally be subject to UK stamp duty or SDRT, provided the clearance systems meet various conditions under UK legislation. However appropriate professional advice should be sought should these circumstances arise or be contemplated.

In the event that Ordinary Shares have left the Euroclear Belgium clearance system, any subsequent transfer or agreement to transfer such shares may be subject to UK stamp duty or SDRT at a rate of 0.5%. If, having left the Euroclear Belgium clearance system, Ordinary Shares are to be transferred back into the Euroclear Belgium system or into another clearance system or depository receipt system (or if Ordinary Shares are otherwise transferred into such a system after Admission), this could give rise to a stamp duty or SDRT charge at the rate of 1.5% of the consideration for such transfer (or, if there is no consideration in money or money's worth, 1.5% of the value of such shares).

Prospective investors who are in any doubt as to the stamp duty or SDRT consequences for them of transactions relating to Ordinary Shares should seek appropriate professional advice.

5. Close company

It is likely that the Company and each member of the Group is currently a "close company" within the meaning of Part 10 of the Corporation Tax Act 2010 as at the date of this Prospectus.

Whether the Company and each member of the Group will be a close company following the close of the Global Offer is dependent on, among other things, the voting power controlled by certain Shareholders or groups of Shareholders. The Company and members of the Group may continue to be close companies following close of the Global Offer.

If the Company is a close company following the close of the Global Offer, certain transactions entered into by the Company or other members of the Group may have tax implications for Shareholders. In particular, certain gifts, transfers of assets at less than market value or other transfers of value by the Company or other members of the Group may be apportioned to Shareholders for the purposes of UK inheritance tax, although the payment of a dividend to a Shareholder or the payment of dividends or transfers of assets between members of the Group will not normally attract such an apportionment. Any charge to UK inheritance tax arising from such a transaction will primarily be a liability of the relevant company, although in certain circumstances Shareholders may be liable for the tax if it is left unpaid by that company. In addition, any transfer of assets at less than market value by the Company or other members of the Group may result in a reduction of a Shareholder's base cost in his Ordinary Shares for the purposes of UK taxation of capital gains, although transfers of assets between members of the Group will not normally attract such treatment. Shareholders should consult their own professional advisers on the potential impact of the close company rules.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Ordinary Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Ordinary Shares that are U.S. Holders and that will hold the Ordinary Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Ordinary Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), or special rules for the taxable year of inclusion for accrual basis taxpayers under Section 451(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and does not address state, local, non-U.S. or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5 per cent. or more of the stock of the Company (by vote or value), nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Ordinary Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Ordinary Shares in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term ''U.S. Holder'' means a beneficial owner of Ordinary Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Ordinary Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Ordinary Shares by the partnership.

There is a significant likelihood that the Company will be a passive foreign investment company (a ''PFIC'') for U.S. federal income tax purposes for its current taxable year and may continue to be so classified in future years. The Company's status as a PFIC will subject U.S. Holders of Ordinary Shares to adverse U.S. federal income tax consequences. See ''Passive Foreign Investment Company Considerations'' below.

This summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. IT IS NOT INTENDED TO BE RELIED UPON BY PURCHASERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE U.S. INTERNAL REVENUE CODE. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Passive Foreign Investment Company Considerations

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable ''look-through rules'' either (i) at least 75 per cent. of its gross income is ''passive income'' or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. The Company has not, and currently does not, generate operating revenue and further holds a significant amount of assets that generate passive income. Based on the composition of the Company's current operations and financial profile, the Company expects to be classified, for US federal income tax purposes, as a PFIC for its current taxable year and may be so classified in future taxable years. In general, if the Company is classified as a PFIC in any year during which US Holders hold Ordinary Shares, the Company will generally continue to be treated as a PFIC in all succeeding years, regardless of whether the Company continues to meet the income or asset tests discussed above. However, a US Holder may be able to make a ''deemed sale election'' with respect to the Company if it ceases to qualify as a PFIC. As further discussed below, a US Holder that makes a deemed sale election will no longer be treated as holding PFIC stock for periods after the effective date of the election.

If the Company is a PFIC in any year during which a U.S. Holder owns Ordinary Shares, and the U.S. Holder has not made a mark to market election (each as described below), the U.S. Holder generally will be subject to special rules (regardless of whether the Company continues to be a PFIC) with respect to (i) any ''excess distribution'' (generally, any distributions received by the U.S. Holder on the Ordinary Shares in a taxable year that are greater than 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Ordinary Shares) and (ii) any gain realised on the sale or other disposition of Ordinary Shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to

tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year.

If the Company ceases to be a PFIC, a U.S. Holder may make an election (a ''deemed sale election'') to be treated for U.S. federal income tax purposes as having sold its Ordinary Shares on the last day of the last taxable year of the Company during which it was a PFIC. A U.S. Holder that makes a deemed sale election will cease to be treated as owning stock in a PFIC. However, gain recognised by a U.S. Holder as a result of making the deemed sale election will be subject to the rules described above.

If the Company is a PFIC, a U.S. Holder of Ordinary Shares generally will be subject to similar rules with respect to distributions to the Company by, and dispositions by the Company of the stock of, any direct or indirect subsidiaries of the Company that are also PFICs (''Lower-Tier PFICs''), if any. Prospective purchasers should consult their tax advisers regarding the application of the PFIC regime to Lower-Tier PFICs. Additionally, dividends paid by the Company will not be eligible for the reduced rate of tax applicable to ''qualified dividend income''.

U.S. Holders can avoid the interest charge by making a mark to market election with respect to the Ordinary Shares, provided that the Ordinary Shares are ''marketable''. Ordinary Shares will be marketable if they are regularly traded on certain U.S. stock exchanges, or on a non-U.S. stock exchange if (i) the non-U.S. exchange is regulated or supervised by a governmental authority of the country in which the exchange is located; (ii) the non-U.S. exchange has trading volume, listing, financial disclosure, surveillance and other requirements designed to prevent fraudulent and manipulative acts and practices, remove impediments to, and perfect the mechanism of, a free and open, fair and orderly, market, and to protect investors; (iii) the laws of the country in which the exchange is located and the rules of the exchange ensure that these requirements are actually enforced; and (iv) the rules of the exchange ensure active trading of listed stocks. While not free from doubt, it is the Company's belief that the Euronext Brussels is likely to be considered a qualified exchange. For these purposes, the Ordinary Shares will be considered regularly traded during any calendar year during which they are traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded.

A U.S. Holder that makes a mark to market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the Ordinary Shares at the close of the taxable year over the U.S. Holder's adjusted basis in the Ordinary Shares. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the Ordinary Shares over the fair market value of the Ordinary Shares at the close of the taxable year, but this deduction is allowable only to the extent of any net mark to market gains for prior years. Gains from an actual sale or other disposition of the Ordinary Shares will be treated as ordinary income, and any losses incurred on a sale or other disposition of the Ordinary Shares will be treated as an ordinary loss to the extent of any net mark to market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS unless the Ordinary Shares cease to be marketable. If the Company is a PFIC for any year in which the U.S. Holder owns the Ordinary Shares but before a mark to market election is made, the interest charge rules described above will apply to any mark to market gain recognised in the year the election is made.

As a general matter, under proposed Treasury regulations, U.S. Holders will be deemed to own their proportionate share of any Lower-Tier PFICs. Although the matter is not entirely clear, it is possible that a U.S. Holder's mark to market election with respect to the Ordinary Shares would not be effective with respect to a Lower-Tier PFIC. Accordingly, unless a mark to market election is made with respect to a Lower-Tier PFIC (which may not be possible), U.S. Holders could be subject to the adverse consequences described above with respect to their proportionate share of any excess distributions made by such a Lower-Tier PFIC and any gain on any deemed indirect disposition of equity interests in such a Lower-Tier PFIC (which may arise even if the U.S. Holder realises a loss on its actual disposition of the Ordinary Shares). Any such income recognized would increase the U.S. Holder's tax basis in its Ordinary Shares.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a ''qualified electing fund'' (''QEF'') election to be taxed currently on its share of the PFIC's undistributed income. The Company does not, however, expect to

provide to U.S. Holders the information regarding this income that would be necessary in order for a U.S. Holder to make a QEF election with respect to its Ordinary Shares.

Each U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC will be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the application of the PFIC regime.

Dividends

General. Distributions (other than excess distributions subject to the PFIC rules discussed above) paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. Holder as dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Additionally, dividends paid by the Company to a non-corporate U.S. Holder are not expected to be eligible for the special reduced rate of tax applicable to ''qualified dividend income''. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Ordinary Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Company with respect to Ordinary Shares will be reported as ordinary dividend income. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Company. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on the Ordinary Shares.

Foreign Currency Dividends. Dividends paid in euros generally will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the euros are converted into U.S. dollars at that time. If dividends received in euros are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Sale or other Disposition

Subject to the PFIC rules discussed above, upon a sale or other disposition of Ordinary Shares, a U.S. Holder generally will recognise gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Ordinary Shares. A U.S. Holder may realise gain on Ordinary Shares not only through a sale or other disposition, but also by pledging the Ordinary Shares as security for a loan or entering into certain constructive disposition transactions with respect to the Ordinary Shares. Any gain realised will be subject to the PFIC rules discussed above. Except for losses allowed as a deduction from ordinary income pursuant to the mark to market rules discussed above, any loss will be a capital loss, and will be a long-term capital loss if the U.S. Holder's holding period in the Ordinary Shares exceeds one year. Any gain or loss generally will be U.S. source.

A U.S. Holder's tax basis in an Ordinary Share generally will be its U.S. dollar cost, increased by any amounts included in income under the mark to market rules and rules applicable to Lower-Tier PFICs, and decreased by any amounts deducted from income pursuant to the mark to market rules. The U.S. dollar cost of an Ordinary Share purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Ordinary Shares traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

The amount realised on a sale or other taxable disposition of Ordinary Shares for an amount in foreign currency generally will be the U.S. dollar value of such amount on settlement date of such sale or other taxable disposition in the case of a cash basis US Holder, or the trade date in the case of an accrual basis US Holder. On the settlement date, an accrual basis U.S. Holder generally will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to any difference between the U.S. dollar value of the amount received based on the exchange rates in effect on the trade date and the settlement date. However, in the case of Ordinary Shares traded on an established securities market, accrual basis U.S. Holders may elect to determine the U.S. dollar value

of the amount realised on the sale or other taxable disposition of the Ordinary Shares based on the exchange rate in effect on the settlement date, and no exchange gain or loss will be recognised on such date.

Backup Withholding and Information Reporting

Payments from the proceeds of sale or other disposition of Ordinary Shares, as well as dividends and other proceeds with respect to Ordinary Shares, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Ordinary Shares, including requirements related to the holding of certain foreign financial assets.

Transfer Reporting Requirements

A U.S. Holder who purchases Ordinary Shares may be required to file Form 926 (or similar form) with the IRS in certain circumstances. A U.S. Holder who fails to file any such required form could be required to pay a penalty equal to 10% of the gross amount paid for the Ordinary Shares (subject to a maximum penalty of U.S.$100,000, except in cases of intentional disregard). U.S. Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the Ordinary Shares.

C. BELGIAN TAXATION

The paragraphs below present a summary of certain material Belgian federal income tax consequences of the ownership and disposal of Shares by an investor that purchases such Shares in connection with this Offering. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the ownership and disposal of Shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in the Shares, other than Belgian local surcharges which generally vary from 0 per cent. to 9 per cent. of the investor's income tax liability.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to the ordinary Belgian corporate income tax (that is, a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium), an Organization for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organization for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

Investors should note that the Belgian federal parliament adopted tax reform legislation on 25 December 2017. This tax reform legislation is expected to be further amended by a repair bill which is currently being discussed in the Belgian federal government and of which no official draft texts are currently available. Once adopted and entered into force, the repair legislation may impact the Belgian taxation regime as described in this section.

Investors should consult their own advisors regarding the tax consequences of an investment in Shares in the light of their particular circumstances, including the effect of any state, local or other national laws.

1.1 Dividends

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital of the Company carried out in accordance with the applicable provisions of UK company law, is not treated as a dividend distribution to the extent that such repayment is imputed to the fiscal capital. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up issuance premiums. Note that as of 2018 (i.e. financial years starting on or after 1 January 2018), any reduction of fiscal capital is deemed to be paid out on a *pro rata* basis of the fiscal capital and certain reserves (i.e. and in the following order: the taxed reserves incorporated in the statutory capital, the taxed reserves not incorporated in the statutory capital and the tax-exempt reserves incorporated in the statutory capital). Only the part of the capital reduction that is deemed to be paid out of the fiscal capital may, subject to certain conditions, not be considered as a dividend distribution for Belgian tax purposes.

A Belgian withholding tax of 30 per cent. is normally levied on dividends, subject to such relief as may be available under applicable domestic or double tax treaty provisions.

In the case of a redemption of the Shares, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 30 per cent., subject to such relief as may be available under applicable domestic or double tax treaty provisions. No Belgian withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to a 30 per cent. withholding tax, subject to such relief as may be available under applicable domestic or double tax treaty provisions.

Non-Belgian dividend withholding tax, if any, will neither be creditable against any Belgian income tax due nor reimbursable to the extent that it exceeds Belgian income tax due. In that respect, please note that no UK dividend withholding tax will in principle be applicable on dividend distributions made by the Company (see section A of this Part XIV (*Taxation*)).

Belgian resident individuals

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless opt to report the dividends in their personal income tax return or even need to report them if no intermediary established in Belgium was in any way involved in the processing of the payment of the non-Belgian sourced dividends or even if an intermediary established in Belgium was in any way involved in the processing of the payment of the dividends but such intermediary did not withhold the Belgian dividend withholding tax due. Belgian resident individuals who report the dividends in their personal income tax return will normally be taxable at the lower of the generally applicable 30% Belgian withholding tax rate on dividends or at the progressive personal income tax rates applicable to their overall declared income. If the beneficiary reports the dividends, any income tax due on such dividends will not be increased by communal surcharges. In addition, if the dividends are reported, the Belgian dividend withholding tax levied at source may, in both cases, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable if the individual can demonstrate that it has held Shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends. Provided the dividends are reported in the personal income tax return, they will in principle be eligible for the newly introduced tax exemption with respect to ordinary dividends up to an amount of EUR 640 (amount applicable for income year 2018) per year (Article 21, first subsection 14°, of the Belgian Income Tax Code 1992 ("**ITC**")). For the avoidance of doubt, all reported dividends (not only dividends distributed on the Shares) are taken into account to assess whether said maximum amount is reached. According to certain press releases, the Belgian Government has announced that said maximum amount would increase to EUR 800 as of income year 2019.

For Belgian resident individual investors who acquire and hold Shares for professional purposes, the Belgian withholding tax does not fully discharge their Belgian income tax liability. Dividends received must be reported by the investor and will be taxable at the investor's personal income tax rate increased with communal surcharges. Belgian withholding tax levied may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on Shares. The latter condition is not applicable if the investor can demonstrate that it has held the full legal ownership of Shares for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

Belgian resident companies

Corporate income tax

Dividends received by Belgian resident companies are exempt from Belgian withholding tax provided that the investor satisfies the identification requirements in Article 117, par 11 of the Royal Decree implementing the Belgian Income Tax Code 1992.

For Belgian resident companies, the dividend income (after deduction of any non-Belgian withholding tax but including any Belgian withholding tax) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 29.58% (including the 2% crisis surcharge) and 25% as of 2020 (i.e. for financial years starting on or after 1 January 2020). Subject to certain conditions, a reduced corporate income tax rate of 20.4% (including the 2% crisis surcharge) and 20% as of 2020 (i.e. for financial years starting on or after 1 January 2020) applies for Small and Medium Sized Enterprises (as defined by Article 15, §1 to §6 of the Belgian Companies Code) on the first EUR 100,000 of taxable profits.

Belgian resident companies can under certain conditions deduct 100% of the gross dividend received from their taxable income (the ***Dividend Received Deduction***), provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds Shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at least EUR 2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) the Shares of the Company have been or will be held in full ownership for an uninterrupted period of at least one year immediately prior to the payment or attribution of the dividend; and (iii) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code (the ***Article 203 ITC Taxation Condition***) are met (together, the ***Conditions for the application of the dividend received deduction regime***).

The Conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source can be credited against the Belgian corporate income tax due and is reimbursable to the extent it exceeds such corporate income tax, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable: (i) if the taxpayer can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) if, during that period, the Shares never belonged to a taxpayer other than a Belgian resident company or a non-resident company that has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment (the ***PE***) in Belgium.

Organisations for financing pensions

For organisations for financing pensions (the ***OFPs***), i.e., Belgian pension funds incorporated under the form of an OFP (*organismes de financement de pensions*) within the meaning of Article 8 of the Belgian Law of 27 October 2006, the dividend income is generally tax-exempt. Although there is no specific exemption from Belgian dividend withholding tax at source for dividends paid or attributed to OFPs, subject to certain limitations, the Belgian dividend withholding tax can be credited against the OFPs' corporate income tax and is reimbursable to the extent it exceeds the corporate income tax due.

Other taxable legal entities

For taxpayers subject to the Belgium income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their Belgian income tax liability in this respect.

Belgian non-resident individuals and companies

Dividend payments on the Shares through a professional intermediary in Belgium will, in principle, be subject to the 30% withholding tax, unless the Shareholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. Non-resident investors can also obtain an exemption of Belgian dividend withholding tax if they are the owners or usufructors of the Shares and they deliver an affidavit confirming that they have not allocated the Shares to business activities in Belgium and that they are non-residents, provided that the dividend is paid through a Belgian credit institution, stock market company or recognised clearing or settlement institution.

If Shares of the Company are acquired by a non-resident investor in connection with a business in Belgium, the investor must report any dividends received, which are taxable at the applicable Belgian non-resident individual or corporate income tax rate, as appropriate. Any Belgian withholding tax levied at source can be credited against the Belgian non-resident individual or corporate income tax and is reimbursable to the extent it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) with regard to non-resident companies only, if, during the said period, the Shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian PE.

Dividends paid or attributed as of 1 January 2018 to Belgian non-resident individuals who do not use the Shares in the exercise of a professional activity, may be exempt from Belgian non-resident individual income tax up to the amount of 640 EUR (for income year 2018). Consequently, if Belgian withholding tax has been levied on dividends paid or attributed to the Shares, such Belgian non-resident may request in his or her Belgian non-resident income tax return that any Belgian withholding tax levied on dividends up to the amount of EUR 640 (for income year 2018) be credited and, as the case may be, reimbursed. However, if no Belgian non-resident income tax return has to be filed by the Belgian non-resident individual, any Belgian withholding tax levied on dividends up to such an amount could in principle be reclaimed by filing a request thereto addressed to the tax official to be appointed in a Royal Decree. Such a request has to be made at the latest on 31 of December of the calendar year following the calendar year in which the relevant dividend(s) have been received, together with an affidavit confirming the non-resident individual status and certain other formalities which are still to be determined in a Royal Decree. For the avoidance of doubt, all dividends paid or attributed to the Belgian non-resident individual are taken into account to assess whether the maximum amount of EUR 640 (for income year 2018) is reached (and hence not only the amount of dividends paid or attributed on the Shares). According to certain press releases, the Belgian Government has announced that said maximum amount would increase to EUR 800 as of income year 2019.

Non-resident companies that have invested their Shares in the Company in a Belgian establishment can deduct 100% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the Dividend Received Deduction regime are satisfied. Application of the Dividend Received Deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

1.2 Capital gains and losses on Shares

Belgian resident individuals

In principle, Belgian resident individuals acquiring Shares of the Company as a private investment should not be subject to Belgian capital gains tax on the disposal of the Shares; capital losses are not tax deductible.

However, capital gains realised by a private individual are taxable at 33% (plus local surcharges) if the capital gain is deemed to be realised outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible in such event.

Belgian resident individuals who hold Shares of the Company for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realised upon the disposal of the Shares, except for Shares held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are in principle tax deductible.

Gains realised by Belgian resident individuals upon the redemption of Shares of the Company or upon the liquidation of the Company are generally taxable as a dividend (see above).

Belgian resident companies

Belgian resident companies are not subject to Belgian capital gains taxation on gains realised upon the disposal of Shares of the Company provided that: (i) the Belgian resident company holds Shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at least EUR 2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) the Article 203 ITC Taxation Condition is satisfied and (iii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year.

If all of the above conditions except condition (iii), *i.e.* the one-year minimum holding condition, are satisfied, the capital gains realised upon the disposal of Shares in the Company by a Belgian resident company are taxable at a separate corporate income tax rate of 25.5% (including the 2% crisis surcharge) and as of 2020 (i.e. financial years starting on or after 1 January 2020) at the ordinary corporate income tax rate of 25% .

If the conditions (i) and/or (ii) above are not met, the capital gains realised upon the disposal of Shares in the Company by a Belgian resident company will be taxable at the ordinary corporate income tax rate as applicable in the relevant financial year.

Capital gains realized by Belgian resident companies upon the redemption of Shares by the Company or upon the liquidation of the Company will, in principle, be subject to the same taxation regime as dividends (see above).

Capital losses on Shares of the Company incurred by resident companies are as a general rule not tax deductible.

Shares of the Company held in the trading portfolios of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different regime. The capital gains realized by these investors will be subject to corporate income tax at the general rates, and capital losses are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realisation.

Organizations for financing pensions

OFPs are, in principle, not subject to Belgian capital gains taxation realized upon the disposal of the Shares, and capital losses are not tax deductible.

Other taxable legal entities

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares.

Capital gains realized by Belgian resident legal entities upon the redemption of Shares or upon the liquidation of the Company will in principle be taxed as dividends.

Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

Belgian non-resident individuals

Capital gains realized on the Shares of the Company by a non-resident individual that has not acquired the Shares in connection with a business conducted in Belgium through a fixed base in

Belgium or a Belgian PE are in principle not subject to taxation in Belgium, unless the gain is deemed to be realized outside the scope of the normal management of the individual's private estate and the capital gain is obtained or received in Belgium. In such a case the gain is subject to a final professional withholding tax of 30.28% (to the extent that Articles 90,1° and 248 of the Belgian Income Tax Code 1992 are applicable). However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realized by residents of those countries. Capital losses are generally not tax deductible.

Capital gains realized by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

Belgian non-resident companies or entities

Capital gains realized by non-resident companies or other non-resident entities that hold the Shares in connection with a business conducted in Belgium through a Belgian PE are generally subject to the same regime as Belgian resident companies.

Tax on stock exchange transactions

No tax on stock exchange transactions is due upon subscription to Shares (primary market transactions).

The purchase and the sale and any other acquisition or transfer for consideration of existing Shares (secondary market transactions) in Belgium through a professional intermediary is subject to the tax on stock exchange transactions (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) of 0.35 per cent. of the purchase price, capped at €1,600 per transaction and per party.

Following the Law of 25 December 2016, the scope of application of the tax on the stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is, directly or indirectly, made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a ''Belgian Investor''). In such a scenario, the tax on the stock exchange transactions is due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions due has already been paid by the professional intermediary established outside of Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realised. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (''Stock Exchange Tax Representative''). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the tax on stock exchange transactions due and for complying with reporting obligations and the obligations relating to the order statement in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2,9° and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services; (ii) insurance companies described in Article 2, § 1 of the Belgian Law of 9 July 1975 on the supervision of insurance companies; (iii) pension institutions referred to in Article 2,1° of the Belgian Law of 27 October 2006 concerning the supervision of pension institutions; (iv) collective investment institutions; (v) regulated real estate companies; and (vi) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

As stated in Part II (*Risk Factors*), on 14 February 2013 the EU Commission adopted the Draft Directive on a Financial Transaction Tax (the ***FTT***). The Draft Directive currently stipulates that once the FTT enters into effect, the Participating Member States shall not maintain or introduce any taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into effect. The Draft Directive is still subject to negotiation between the Participating Member States and may, therefore, be further amended at any time.

Tax on securities accounts

On 1 February 2018, a law on the introduction of a tax on securities accounts has been approved by the Belgian Federal Parliament (note that this law has not yet been published in the Belgian State Gazette). Pursuant to this law, Belgian resident and non-resident individuals would be taxed at a rate of 0.15% on their share in the average value of qualifying financial instruments (such as shares, bonds, certain other type of debt instruments, units of undertakings for collective investment, warrants) held on one or more securities accounts with one or more financial intermediaries during a reference period of 12 consecutive months starting on 1 October and ending on 30 September of the subsequent year. However, the first reference period would start as of the day following the publication of the law in the Belgian State Gazette and end on 30 September 2018 (''**Tax on Securities Accounts**'').

No Tax on Securities Accounts would be due provided the holder's share in the average value of the qualifying financial instruments on those accounts amounts to less than EUR 500,000. If, however, the holder's share in the average value of the qualifying financial instruments on those accounts amounts to EUR 500,000 or more, the Tax on Securities Accounts would be due on the entire share of the holder in the average value of the qualifying financial instruments on those accounts (and hence, not only on the part which exceeds the EUR 500,000 threshold).

Qualifying financial instruments held by non-resident individuals would only fall within the scope of the Tax on Securities Accounts provided they are held on securities accounts with a financial intermediary established or located in Belgium. Note that pursuant to certain double tax treaties, Belgium has no right to tax capital. Hence, to the extent the Tax on Securities Accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty protection may, subject to certain conditions, be claimed.

A financial intermediary would be defined as (i) a credit institution or a stockbroking firm as defined by Article 1, §2 and §3 of the Law of 25 April 2014 on the on the legal status and supervision of credit institutions and stockbroking firms and (ii) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are pursuant to national law admitted to hold financial instruments for the account of customers.

The Tax on Securities Accounts would in principle be due by the financial intermediary established or located in Belgium if (i) the holder's share in the average value of the qualifying financial instruments held on one or more securities accounts with said intermediary amounts to EUR 500,000 or more or (ii) the holder instructed the financial intermediary to levy the Tax on Securities Accounts due (e.g. in case such holder holds qualifying financial instruments on several securities accounts held with multiple intermediaries of which the average value of each of these accounts do not amount to EUR 500,000 or more but of which the holder's share in the total average value of these accounts exceeds EUR 500,000 EUR). Otherwise, the Tax on Securities Accounts would have to be declared and would be due by the holder itself, unless the holder provides evidence that the Tax on Securities Accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint a Tax on the Securities Accounts representative in Belgium, subject to certain conditions and formalities (''Tax on the Securities Accounts Representative''). Such a Tax on the Securities Accounts Representative would then be liable towards the Belgian Treasury for the Tax on the Securities Accounts due and for complying with certain reporting obligations in that respect.

Belgian resident individuals would have to report in their annual income tax return their various securities accounts held with one or more financial intermediaries of which they are considered as a holder within the meaning of the Tax on Securities Accounts. Non-resident individuals would have to report in their annual Belgian non-resident income tax return their various securities accounts held with one or more financial intermediaries established or located in Belgium of which they are considered as a holder within the meaning of the Tax on Securities Accounts.

Prospective Investors are strongly advised to seek their own professional advice in relation to the Tax on Securities Accounts.

Common reporting standard

Following recent international developments, the exchange of information will be governed by the Common Reporting Standard (''CRS''). On October 29, 2014, 51 jurisdictions signed the multilateral competent authority agreement (MCAA), which is a multilateral framework agreement to

automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

More than 50 jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 (''early adopters'').

Under CRS, financial institutions resident in a CRS country will be required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On December 9, 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (''DAC2''), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The mandatory automatic exchange of financial information by EU Member States as foreseen in DAC2 takes place as of September 30, 2017 at the latest, except with regard to Austria. The mandatory automatic exchange of financial information by Austria will at the latest take place as of September 30, 2018.

The Belgian government has implemented said Directive 2014/107/EU, respectively the Common Reporting Standard, per the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other non-EU States that have signed the MCAA, as of the respective date to be further determined by Royal Decree.

Investors who are in any doubt as to their position should consult their professional advisers.

PART XV – ADDITIONAL INFORMATION

1. Responsibility statement

The Directors, whose names appear on page 37, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and activity of the Company

The Company was incorporated and registered in England and Wales under the Companies Act as a private company limited by shares on 2 September 2015 under the name Cityviva Limited, with registered number 9759376. On 22 September 2015 the Company was registered as a public company limited by shares and changed its name to Acacia Pharma Group plc. On 19 December 2016 the Company was registered as a private company limited by shares and changed its name to Acacia Pharma Group Limited. On 21 February 2018 the Company was registered as a public company limited by shares and changed its name to Acacia Pharma Group plc.

The Company is domiciled in the UK. Its registered office and head office is at Harston Mill, Harston, Cambridge CB22 7GG (telephone number: 01223 875130). The Company's LEI code is 213800SLDKXWKT6E3381.

The principal legislation under which the Company operates, and under which the Ordinary Shares are and will be created, is the Companies Act and regulations made thereunder. The Company operates in conformity with its constitution.

The Company became the holding company of the Group on 14 September 2015.

3. Share capital

3.1 On incorporation, the Company allotted and issued one ordinary share of £2.50 to Dr Julian Gilbert.

3.2 On 11 September 2015, the following changes to the share capital of the Company were effected:

(a) one ordinary share of £2.50 was sub-divided into five ordinary shares of £0.50 each;

(b) one additional ordinary share of £0.50 was allotted and issued to Dr Julian Gilbert; and

(c) six ordinary shares of £0.50 each were consolidated into, and re-designated as, one ordinary share of £3.00.

3.3 Pursuant to a share purchase agreement dated 14 September 2015, the Company acquired all the issued shares in the capital of the Operating Company (the "Share for Share Exchange"), for consideration comprising the issue to the shareholders of APL of 2,664,661 ordinary shares of £3.00 each, 3,910,732 S ordinary shares of £3.00 each, 9,692,856 A ordinary shares of £3.00 each, 15,078,061 B preferred shares of £3.00 each, 2,510,000 C preferred shares of £3.00 each and 8,611,065 P shares of £0.0001 each.

3.4 Pursuant to resolutions of the Company dated 14 September 2015, the following changes to the share capital of the Company were effected:

(a) on 14 September 2015 2,664,661 ordinary shares of £3.00 each, 3,910,732 S ordinary shares of £3.00 each, 9,692,856 A ordinary shares of £3.00 each, 15,078,061 B preferred shares of £3.00 each, 2,510,000 C preferred shares of £3.00 each and 8,611,065 P shares of £0.0001 each were allotted and issued to the shareholders of APL pursuant to the Share for Share Exchange referred to in paragraph 3.3 above; and

(b) on 15 September 2015 the share capital of the Company was reduced by the cancellation and extinguishing of paid up share capital to the extent of £2.98 on each ordinary share, S ordinary share, A ordinary share, B preferred share and C preferred share, with the nominal value of each such ordinary share, S ordinary share, A ordinary share, B preferred share and C preferred share being reduced from £3.00 to £0.02.

3.5 Pursuant to resolutions of the Company dated 23 February 2016, the Company issued:

(a) 21,250 C preferred shares of £0.02 each for cash at £4 per share; and

(b) 60,000 P shares of £0.0001 each were issued to members of management for cash at par.

3.6 Pursuant to a loan agreement dated 23 February 2016, the Company issued warrants over 127,500 C preferred shares of £0.02 each to Silicon Valley Bank and Life Sciences Loans, LLC exercisable at £4 per share.

3.7 Pursuant to an investment agreement dated 21 December 2016, the Company issued 1,125,000 D preferred shares of £0.02 each for cash at £4 per share.

3.8 On 17 November 2017 the Company entered into a convertible loan facility under which it borrowed from existing shareholders £3.4 million on terms that such debt (together with accrued interest, at 8% per annum) shall, immediately prior to Admission, automatically convert into Ordinary Shares in the hands of the existing noteholders at a conversion ratio of 1:1.5, provided that each such noteholder invests an additional equivalent amount *pro rata* to their respective proportion of loan notes by subscribing for Ordinary Shares in the Global Offer.

3.9 Pursuant to resolutions of the Company dated 14 February 2018, following publication of this document and immediately prior to Admission and commencement of unconditional dealings, the following changes to the share capital of the Company will be effected:

(a) 5,171,496 ordinary shares of £0.02 each will be issued to holders of A ordinary shares, B preferred shares, C preferred shares and D preferred shares in satisfaction of all arrears of accrued dividends thereon or other preference or anti-dilution rights;

(b) each S ordinary share, A ordinary share, B preferred share, C preferred share and D preferred share will be converted into, and re-designated as, one ordinary share of £0.02;

(c) the P shares of £0.0001 each will be consolidated on the basis that 200 P shares of £0.0001 each will be consolidated into one P share of £0.02, subject to such arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements; and

(d) immediately following the consolidation referred to in paragraph 3.9(c) above, 271 P shares of £0.02 each will be converted into and re-designated as ordinary shares of £0.02 each, and 596 P shares of £0.02 each will be converted into and re-designated as deferred shares of £0.02, such deferred shares to be gifted to, and cancelled by, the Company.

3.10 On 14 February 2018, by resolutions of the Company, in each case subject to and conditional upon Admission:

(a) the Directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all of the powers of the Company to allot shares in the Company as follows:

(i) in connection with the offer and the issue of New Ordinary Shares, shares with an aggregate nominal value of up to £615,000; and

(ii) following Admission:

(A) up to an aggregate nominal amount representing approximately one-third of the aggregate nominal amount of the issued Ordinary Share capital of the Company immediately following Admission; and

(B) up to an aggregate nominal amount representing approximately two-thirds of the aggregate nominal amount of the issued Ordinary Share capital of the Company immediately following Admission (such amount to be reduced by any allotments made under sub-paragraph (A) above) in connection with a rights issue in favour of the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings on the record date for such allotment,

such power expiring at the conclusion of the annual general meeting of the Company to be held in 2019, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such offer or agreement as if the authority had not expired. Immediately following Admission, save only for the authority referred to at paragraph 3.11 below, the authority referred to in (ii) above shall be in substitution for and shall replace any existing authority pursuant to section 551 of the Companies Act, to the extent not utilised at such time, including the authority set out at paragraph (i) above;

(b) the Directors were empowered to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash pursuant to the authorities conferred in paragraph 3.10(a)(ii), pursuant to section 570 and section 573 of the Companies Act in substitution for all prior powers conferred upon them, but without prejudice to any allotments made pursuant to the terms of such powers, as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power shall be limited to:

(i) the allotment of Ordinary Shares in connection with the authority referred to in paragraph 3.10(a)(ii) above;

(ii) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority referred to in paragraph 3.10(a)(ii)(B) above by way of a rights issue only) in favour of holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary, but subject to such restrictions or other arrangements as the Directors deem necessary or appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(iii) the allotment of Ordinary Shares in the case of the authority referred to in paragraph 3.10(a)(ii)(A) above or in the case of any sale of treasury shares, and other than under (ii) above up to an aggregate nominal amount equal to ten per cent of the Company's issued Ordinary Shares immediately following Admission,

such power expiring at the conclusion of the annual general meeting of the Company to be held in 2019, save that the Company may before the end of such period make an offer or agreement which would or might require equity securities to be allotted after expiry of the power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired;

(c) the Company was generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the Companies Act) of Ordinary Shares subject to the following conditions:

(i) the maximum aggregate number of Ordinary Shares authorised to be purchased is, 14.99 per cent of the Company's issued Ordinary Share capital immediately following Admission;

(ii) the minimum price (excluding expenses) which may be paid for each Ordinary Share is the nominal value of such Ordinary Share; and

(iii) the maximum price (excluding expenses) which may be paid for each Ordinary Share is not more than the higher of (i) 105 per cent of the average of the middle market quotations for the Ordinary Shares on the regulated market of Euronext Brussels for the five business days immediately preceding the day on which the share is contracted to be purchased and (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out, as stipulated by article 3(2) of the Commission Delegated Regulation EU (2016/1052),

such authority expiring at the conclusion of the annual general meeting of the Company to be held in 2019, save that the Company may, before the expiry of the authority enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority;

(d) the Company and its subsidiaries were authorised, in aggregate to:

(i) make political donations to political parties or independent election candidates, not exceeding £100,000 in total;

(ii) make political donations to political organisations other than political parties, not exceeding £100,000 in total; and

(iii) incur political expenditure, not exceeding £100,000 in total,

during the period beginning with Admission and ending on the conclusion of the annual general meeting of the Company to be held in 2019. For the purposes of this authority the terms ''political donation'', ''political parties'', ''independent election candidates'', ''political organisation'' and ''political expenditure'' have the meanings given by sections 363 to 365 of the Companies Act. The Company does not make political donations and it has no intention of using the authority for that purpose. The Company has taken the authority on a precautionary basis in order to avoid any unintended breach of the Companies Act; and

(e) a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.

3.11 Pursuant to resolutions of the Company dated 14 February 2018, the Directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all of the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £18,100 in respect of:

(i) the outstanding warrants over 127,500 shares in the capital of the Company held by Silicon Valley Bank and Life Science Loans, LLC; and

(ii) the exercise of any options granted pursuant to the Acacia Pharma Group plc 2015 Discretionary Share Option Plan,

in each case in cash pursuant to section 570 and 573 of the Companies Act as if section 561(1) of the Companies Act did not apply to such allotment, such authorities to expire on the fifth anniversary of the passing of such resolutions.

3.12 Immediately following Admission, the Company's issued share capital will comprise 52,919,061 Ordinary Shares (all of which will be fully paid up or credited as fully paid up).

3.13 As at 1 March 2018 (being the latest practicable date prior to the publication of this Prospectus), the Company held no treasury shares. No Ordinary Shares have been issued other than fully paid.

3.14 The Ordinary Shares will carry the right to receive dividends and distributions paid by the Company following Admission. The Shareholders will have the right to receive notice of and to attend and vote at all general meetings of the Company.

3.15 The ISIN of the Ordinary Shares is GB00BYWF9Y76. The Company's LEI code is 213800SLDKXWKT6E3381.

3.16 Further information on the rights attaching to the Ordinary Shares is set out in sections 4 and 5 below, and further information on dealing arrangements and Euroclear Belgium is set out in Part XIII (*Details of the Global Offer*).

3.17 As at the date of this Prospectus, and save as otherwise disclosed in this Part XV (*Additional Information*):

(i) no share or loan capital of the Company has, since the incorporation of the Company, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;

(ii) no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital; and

(iii) no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

4. Information about the Ordinary Shares

4.1 Description of the type and class of securities being offered

The Ordinary Shares being offered pursuant to the Global Offer have a nominal value of £0.02 each. Upon Admission the Company will have one class of issued shares (Ordinary Shares), the rights of which will be set out in the Articles, a summary of which is set out in section 5 of this Part XV (*Additional Information*).

Each of the Ordinary Shares offered pursuant to the Global Offer will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests.

The Existing Ordinary Shares and the New Ordinary Shares (when issued and fully paid) will rank equally in all respects with each other, including in full for all dividends and distributions on

Ordinary Shares declared, made or paid after their issue and in relation to voting rights and rights on a return of capital, as set out in the Articles.

4.2 Legislation under which the Ordinary Shares are created

The Ordinary Shares have been and will be created under the Companies Act and they conform with the law of England and Wales. The Ordinary Shares have been and will be duly authorised according to the requirements of the Company's constitution and have and will have all necessary statutory and other consents.

4.3 Form and currency of the Ordinary Shares

The form and subscription and method of entry of the Ordinary Shares are governed by the laws of England and Wales, which requires that the shares are subscribed and registered in the share register of the Company held by Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

All Offer Shares will be delivered in book-entry form only, and will be credited on or around the closing date to investors' securities accounts via Euroclear Belgium, the central securities depository, Koning Albert II laan 1, B-1210 Brussels, Belgium. The Offer Shares will be registered in the name of Euroclear Belgium in the register of the Company.

Title to certificated Ordinary Shares (if any) will be evidenced by entry in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry in the operator register maintained by Euroclear Belgium (which will form part of the register of members of the Company).

Investors who, after delivery, wish to have their shares registered, should request that the Company record the Shares in the Company's share register.

No share certificates will be issued in respect of Ordinary Shares held in uncertificated form. If any such Ordinary Shares are converted to be held in certificated form, share certificates will be issued in respect of those Ordinary Shares in accordance with applicable legislation. No temporary documents of title have been or will be issued in respect of the Ordinary Shares.

The Ordinary Shares are denominated in pounds sterling.

4.4 Listing of the Ordinary Shares

Application will be made for the Ordinary Shares to be admitted to trading on the regulated market of Euronext Brussels. No application has been made for admission of the Ordinary Shares to trading on any other stock exchange, and the Company does not currently intend to make any such application in the future.

It is expected that conditional dealings in the Ordinary Shares (on a "when issued" basis) will commence on the regulated market of Euronext Brussels on 5 March 2018. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the regulated market of Euronext Brussels by no later than 9:00 a.m. CET on 6 March 2018. Dealings on the regulated market of Euronext Brussels before Admission will only be settled if Admission takes place. All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. See Part II (*Risk Factors*) "Risks related to this offering and ownership of the Group's shares".

4.5 Rights attaching to the Ordinary Shares

Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. Please see section 3 of this Part XV (*Additional Information*) for a description of the waivers of pre-emption rights that will apply from Admission.

Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company.

The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares on or off-market, subject to the Companies Act. The Company may purchase Ordinary Shares only out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase. Please see section 3 of this Part XV

(*Additional Information*) for a description of the authorisations relating to the purchase of Ordinary Shares that will apply from Admission.

Further details of the rights attaching to the Ordinary Shares in relation to attendance and voting at general meetings, dividend rights, entitlements on a winding-up of the Company and transferability of shares are set out in section 5 of this Part XV (*Additional Information*).

4.6 Description of restrictions on free transferability of the Ordinary Shares

Save as described below, the Ordinary Shares will be freely transferable upon Admission.

Transfer of shares under the Articles

Subject to the provisions of the Companies Act, the Board may, in its absolute discretion, decline to register any transfer of any share which is not a fully paid share provided that where such a share is a member of a class of share admitted to the regulated market of Euronext Brussels, such discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer:

(a) is left at the registered office of the Company or such other place as the Board may from time to time determine accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer;

(b) (if stamp duty is generally chargeable on transfers of certificated shares) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate or such other evidence of the right to transfer as the Board may reasonably require;

(c) is in respect of only one class of share; and

(d) if to joint transferees, is in favour of not more than four such transferees.

Registration of a transfer of an uncertificated share may only be refused in the circumstances set out in the rules and procedures of Euroclear Belgium and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with any interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

Transfer restrictions under the Companies Act

The Company may, under the Companies Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the court for an order directing, among other things, that any transfer of shares which are the subject of the statutory notice is void.

5. Summary of the Articles

The Articles, which were adopted on 14 February 2018 subject to and with effect from Admission, are available for inspection at the addresses specified in section 24 of this Part XV (*Additional Information*). The Articles contain provisions (among others) to the following effect:

5.1 Limited liability

The liability of the Company's members is limited to any unpaid amount on the shares in the Company held by them.

5.2 Voting rights

(a) Votes on a show of hands

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Shareholder present in person or by proxy at a general meeting of the Company and every duly authorised corporate representative shall have one vote. If a proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution and the proxy has been instructed by one or more of those Shareholders to vote for the resolution and by one or more other of those Shareholders to vote against it then the proxy shall have one vote for and one vote against the resolution.

(b) Votes on a poll

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles or the Companies Act, on a poll every Shareholder present in person or by proxy shall have one vote for every share held by him and every person appointed as proxy of a Shareholder shall have one vote for every share in respect of which he is appointed as a proxy provided always that where a Shareholder appoints more than one proxy, this does not authorise the exercise by such proxies taken together of more extensive voting rights than could be exercised by the Shareholder in person and every duly authorised corporate representative may exercise all the powers on behalf of the company which authorised him to act as its representative and shall have one vote for every share in respect of which he is appointed the corporate representative.

5.3 Dividends and return of capital

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of Shareholders, but no dividend shall exceed the amount recommended by the Board.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution passed at a general meeting of the Company, divide among the Shareholders in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Shareholder shall be compelled to accept any shares or other property in respect of which there is a liability.

5.4 Unclaimed dividends

If a dividend is left uncashed or is returned to the Company and after reasonable enquiries the Company is unable to establish any new address or a new account, or such a payment is left uncashed or returned to the Company on two separate occasions, the Company is not obliged to send any dividends or other sums payable to that person until he notifies the Company of his new address or new account to be used for that purpose.

5.5 Transfer of shares

Any Shareholder may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided, in the rules and procedures of Euroclear Belgium and the rules of any relevant system. The Company must maintain a record of uncertificated shares in accordance with the statutes.

Any Shareholder may transfer all or any of his certificated shares by an instrument of transfer in writing in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it. All instruments of transfer, when registered, may be retained by the Company.

Subject to the provisions of the Companies Act, the Board may, in its absolute discretion, decline to register any transfer of any share which is not a fully paid share provided that where such a share is a member of a class of share admitted to the regulated market of Euronext Brussels, such discretion

may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis. The Board may also refuse to register any transfer of shares, whether fully paid or not, in favour of more than four persons jointly.

The Board may decline to register any transfer of a certificated share unless:

(a) it is left at the Company's registered office (or such other place as the Board may determine) accompanied by the certificate(s) of the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(b) the instrument of transfer is in respect of only one class of share.

5.6 Alteration of share capital

The Company may exercise the powers conferred by the applicable statutory provisions to:

(a) increase its share capital by allotting new shares;

(b) reduce its share capital, any capital redemption reserve and any share premium account in any way;

(c) sub-divide or consolidate and divide all or any of its share capital;

(d) issue redeemable shares; and

(e) purchase all or any of its own shares including any redeemable shares.

5.7 Authority to allot shares and grant rights and disapplication of pre-emption rights

The Company may from time to time pass an ordinary resolution authorising, in accordance with section 551 of the Companies Act, the Board to exercise all the powers of the Company to allot shares or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed).

Subject (other than in relation to the sale of treasury shares) to the Board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with section 551 of the Companies Act, the Company may from time to time resolve, by special resolution, that the Board be given power to allot equity securities for cash as if section 561(1) of the Act did not apply to the allotment but that power shall be limited to (A) the allotment of equity securities in connection with a rights issue; and (B) the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution.

5.8 Restrictions on shares

Where the holder of any shares in the Company, or any other person appearing to be interested in those shares, fails to comply within the relevant period (as defined below) with any notice under section 793 of the Companies Act in respect of those shares (in this sub-section, a ''statutory notice''), the Company may give the holder of those shares a further notice (in this sub-section, a ''restriction notice'') to the effect that from the service of the restriction notice those shares shall be subject to some or all of the relevant restrictions (as defined below), and from service of the restriction notice those shares shall be subject to those relevant restrictions accordingly.

If after the service of a restriction notice in respect of any shares the Board is satisfied that all information required by any statutory notice relating to those shares or any of them from their holder or any other person appearing to be interested in the shares the subject of the restriction notice has been supplied, the Company shall, within seven days, cancel the restriction notice. The Company may at any time at its discretion cancel any restriction notice or exclude any shares from it. A restriction notice shall automatically cease to have effect in respect of any shares transferred where the transfer is a ''permitted transfer'' (as defined below).

The relevant period referred to above is the period of 14 days following service of a statutory notice.

The relevant restrictions referred to above are, in the case of a restriction notice served on a person having an interest in shares in the Company which comprise in total at least 0.25 per cent in number or nominal value of the shares of the Company (calculated exclusive of any treasury shares), or of any class of such shares, that:

(a) the shares shall not confer on the holder any right to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or to exercise any other right conferred by membership in relation to attending general meetings and voting;

(b) the Board may withhold payment of all or any part of any dividends (including shares issued in lieu of dividends) payable in respect of the shares; and

(c) the Board may (subject to the requirements of the rules and procedures of Euroclear Belgium) decline to register a transfer of the shares unless:

(i) the transfer is a ''permitted transfer'' (as defined below); or

(ii) the Shareholder is not himself in default as regards the supply of information required and the transfer is only part of the Shareholder's holding and when presented for registration, a certificate is presented in a form satisfactory to the Board to the effect that it is satisfied that none of the shares subject to the transfer are restricted,

and in any other case means only the restriction specified in sub-paragraph (a) above.

A ''permitted transfer'' referred to above means:

(a) a transfer by way of an acceptance of a takeover for the Company; or

(b) an arm's length transfer of the whole of the beneficial ownership; or

(c) the transfer results from a sale through a recognised investment exchange.

5.9 Variation of rights attaching to shares

Subject to the provisions of the Companies Act, all or any of the rights attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

5.10 Conditions governing the manner in which annual general meetings and general meetings are called

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Act. The Board may convene a general meeting whenever it thinks fit.

An annual general meeting shall be convened by not less than 21 clear days' notice in writing. Subject to the Companies Act, all other general meetings shall be convened by not less than 14 clear days' notice in writing. However, a meeting can be properly convened on a shorter notice period if it is so agreed: (a) in the case of an annual general meeting, by all the Shareholders entitled to attend and vote at the meeting; and (b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving the right.

Notice of every general meeting shall be given to all Shareholders other than any who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company. Notice of every general meeting must also be given to the Company's auditors.

Before a general meeting carries out business, there must be a quorum present. Unless the Articles state otherwise in relation to a particular situation, a quorum for all purposes is two Shareholders present in person or by proxy or by a duly authorised corporate representative and entitled to vote.

5.11 Notices to Shareholders

Any notice or document (including a share certificate) may be served on or delivered to any Shareholder by the Company either personally or by sending it through the post addressed to the Shareholder at his registered address or by leaving it at that address addressed to the Shareholder or by means of a relevant system or, where appropriate, by sending it in electronic form to an address for the time being notified by the Shareholder concerned to the Company for that purpose, or by publication on a website in accordance with the Companies Act or by any other means authorised in writing by the Shareholder concerned. In the case of joint holders of a share, service or delivery of

any notice or document on or to the joint holder first named in the Register in respect of the share, shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

5.12 Directors

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (disregarding alternate directors) shall not be less than two. The Company may by ordinary resolution vary the minimum and maximum number of the Directors.

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was elected or re-elected (as the case may be).

The Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board. Without prejudice to this power the Board may appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board.

Only the following people can be elected as Directors at a general meeting:

(a) a Director who is retiring at the annual general meeting;

(b) a person who is recommended by the Board; or

(c) a person in respect of who, between seven and 42 days before the date of the meeting, a notice in writing is left at the Company's registered office indicating his willingness to be appointed as well as a notice in writing signed by a Shareholder qualified to vote at the meeting indicating his intention to propose that person for appointment.

The Company may by ordinary resolution of which special notice has been given in accordance with the Companies Act, remove any Director before the expiration of his period of office. The Company may by ordinary resolution, appoint another person in place of such a Director.

The Directors shall be paid out of the funds of the Company by way of fees for their services as directors, such sums (if any) and such benefits in kind as the Board may from time to time determine and such remuneration may either be a fixed sum of money, or may altogether or in part be governed by the business done or profits made, and may include the making of provisions for the payment to him, his widow or other dependants, of a pension on retirement from the office or employment to which he is appointed and for the participation in pension and life assurance and other benefits, or may be upon such other terms as the Directors determine.

Any Director who is appointed to any executive office or who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, percentage of profits or otherwise) as the Board may in its discretion decide.

The Board or any committee authorised by the Board may exercise all the powers of the Company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any director or former director or the relations, connections or dependants of any director or former director of any body corporate which is or was a subsidiary undertaking or a parent undertaking of the Company or another subsidiary undertaking of a parent undertaking, or otherwise associated with the Company or any such body corporate or predecessor in business of the Company or any such body corporate, and to the spouses, civil partners, former spouses, former civil partners, children and other relatives and dependants of any such persons and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds (whether contributory or non-contributory) for the benefit of such persons as referred to above.

Save as otherwise provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give a rise to a conflict of interest otherwise than by virtue of interests in shares or other securities in or through Company. This prohibition shall not apply to any resolution where that material interest arises only from one or more of the following matters:

(a) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;

(d) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(e) any contract for the benefit of the employees of the Company or of any of its subsidiary undertakings under which he benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom the contract relates;

(f) any contract concerning any insurance which the Company is to purchase and maintain for the benefit of Directors;

(g) the giving of an indemnity pursuant to the Articles (see 5.13, below); and

(h) the provision of funds to any Director to meet or prevent from incurring expenditure under section 205(1) or 206 of the Companies Act.

If any question arises at any meeting of the Board as to whether the interest of a Director gives rise to a conflict, or could reasonably be regarded as likely to give rise to a conflict, with the interests of the Company or as to the entitlement of any Director to vote or be counted in the quorum and the question is not resolved by him voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be referred to the chairman of the meeting and his ruling shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned has not been fairly disclosed.

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. A general notice to the Board by a Director to the effect that: (a) he is a member of a specified company or firm and is to be regarded as interested in any contract which may after the date of the notice be made with that company or firm; or (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest in relation to any such contract, provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

5.13 Indemnity of Directors

To the extent permitted by the Companies Act, the Company may indemnify any director or former director of the Company or of any associated company against any liability and may purchase and maintain for any director or former director of the Company or of any associated company insurance against any liability.

5.14 Borrowing powers

Subject to the provisions of the Companies Act and as provided in article 93, the Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, or any part thereof, and subject to the provisions of the statutes to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the higher of (i) £40 million and (ii) two times the aggregate from time to time of

the amount paid up on the issued share capital of the Company and the Company's adjusted capital and reserves (as defined in the Articles).

6. Mandatory bids and compulsory acquisition rules relating to the Ordinary Shares

Other than as provided by the City Code and Part 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares or the Company.

6.1 Mandatory bids

The City Code applies to the Company. Under Rule 9 of the City 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 the 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 by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent and 50 per cent of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

6.2 Squeeze-out rules

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, 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 for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members 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.

6.3 Sell-out rules

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 offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent in value of the shares and not less than 90 per cent of the voting rights carried by the shares in the Company, 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 offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. Subsidiary undertakings

With effect from completion of the Share for Share Exchange, the Company has been the holding company of the Group, and the Company has the following significant subsidiary undertakings:

Name	Jurisdiction of incorporation	Proportion ownership interest (%)	Principal activity
Acacia Pharma Limited	UK	100	Research, Development and Commercialisation of Pharmaceuticals.
Acacia Pharma Inc.	Delaware, US	100	Sales and Marketing of Pharmaceuticals

8. Interests of Significant Shareholders

8.1 Significant Shareholders

In so far as was known to the Company as at 1 March 2018 (being the latest practicable date prior to the publication of this Prospectus) Gilde, Lundbeckfond, Novo and F-Prime were, and on Admission will be, directly or indirectly interested in three per cent or more of the issued Ordinary Share capital of the Company.

	Interests as at 1 March 2018 (being the latest practicable date prior to the publication of this Prospectus)		Interests immediately prior to Admission*		Interests immediately following Admission (assuming no exercise of the Over-allotment Option)*		Interests following Admission (assuming exercise in full of the Over-allotment Option)*	
Significant Shareholder	No.	% of issued capital of the Company	No.	% of issued capital of the Company	No.	% of issued capital of the Company	No.	% of issued capital of the Company
Gilde	15,142,767	37.7	15,819,415	37.8	16,943,822	32.0	16,943,822	31.4
Lundbeckfond	10,998,562	27.4	11,474,927	27.4	12,468,955	23.6	12,468,955	23.1
Novo	6,590,153	16.4	6,876,200	16.4	7,609,551	14.4	7,609,551	14.1
F-Prime	4,480,595	11.2	4,675,159	11.2	4,998,786	9.4	4,998,786	9.3

* Interests reflect the conversion of the convertible loan notes.

8.2 Other disclosures relating to Shareholders

(a) The Company is not aware of any persons who, as at 1 March 2018 (being the latest practicable date prior to the publication of this Prospectus) and immediately after Admission, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

(b) As of Admission, the Ordinary Shares will be the only class of share capital of the Company. All Shareholders will have equal voting rights and none of the Existing Shareholders will have different voting rights.

9. Directors and Senior Managers

9.1 Directorships and partnerships of the Directors and the Senior Managers outside the Group

Details of those companies and partnerships outside the Group of which the Directors and the Senior Managers are currently directors or partners, or have been directors or partners at any time during the five years prior to the date of this Prospectus, are as follows:

Director/Senior Manager/ Proposed Director	Position	Company/Partnership	Position Currently Held
Dr Julian Gilbert	Non-Executive Director	Iota Nanosolutions Ltd	No
Patrick Vink	Non-Executive Director	Santhera AG	Yes
	Non-Executive Director	Arch Biotherapeutics	Yes
	Non-Executive Director	Concordia International	Yes
	Chairman	Targovax	Yes
	Non-Executive Director	Spero Therapeutics	Yes

Director/Senior Manager/ Proposed Director	Position	Company/Partnership	Position Currently Held
	Chairman	NMD Pharma	Yes
	Non-Executive Director	Inhibikase Inc	No
	Chairman	Piqur AG	No
	Executive Officer and Board representative in several affiliated companies	Cubist Inc	No
Christine Soden	Non-Executive Director	e-therapeutics plc	Yes
	Non-Executive Director	Fertility Focus Limited	Yes
	Non-Executive Director	Futurenova Limited	Yes
	Non-Executive Director and Chairman	CT2 Holdings Ltd	No
	Non-Executive Director	Electrical Geodesics Inc	No
Pieter van der Meer	Director	Lumicks BV	Yes
	Director	NightBalance BV	Yes
	Managing Partner	Gilde Healthcare Partners BV	Yes
	Director	Agendia BV	No
Professor Johan Kördel	Non-Executive Director	Reneo Pharmaceuticals Inc	Yes
	Non-Executive Director	Amplyx Pharmaceuticals	Yes
	Non-Executive Director	Saromics Biostructures AB	Yes
	Non-Executive Director	Iconic Inc	Yes
	Non-Executive Director	VHSquared Ltd	Yes
	Non-Executive Director	Enterome SA	Yes
	Senior Partner	Lundebeckfond Ventures	Yes
	Non-Executive Director	Ziarco Ltd	No
	Non-Executive Director	River Vision Inc	No
	Non-Executive Director	Celladon Inc	No
	Non-Executive Director	Bone Support AB	No
	Non-Executive Director	Syntaxin Ltd	No
	Non-Executive Director	EQL Pharma AB	No
Scott Byrd	President, Chief Executive Officer	Outpost Medicine LLC	Yes
	Senior Vice President and Chief Commercial Officer	Cadence Pharmaceuticals, Inc	No
Dr John Brown	Chairman	Synpromics Ltd	Yes
	Chairman	Cell Therapy Catapult Limited	Yes
	Chairman	BioCity Nottingham Ltd	Yes
	Non-Executive Director	Quantum Pharma plc	No
	Senior independent director	Electrical Geodesics Inc	No
	Chairman	Kyowa Kirin International plc	No
	Chairman	Touch Bionics Ltd	No
	Chairman	Mode Diagnostics Ltd	No
	Senior independent director	Vectura Group plc	No
	Chairman	Scottish LifeSciences Association	No
	Chairman	CXR Ltd	No
	Chairman	BioIndustry Association	No
Ed Borkowski	Director	Co-Diagnostics, Inc	Yes
	Non-Executive Director and Chairman	AzurRx BioPharma Inc	Yes
	Non-Executive Director	WhereverTV Broadcasting Corp	Yes
	Vice President	Concordia Internatonal Corp	No
	Chief Financial Officer	Amerigen Pharmaceuticals Limited	No
	Chief Financial Officer	ConvaTec Inc	No
Dr Gabriel Fox	Director	Comedica Consulting Ltd	Yes

9.2 Conflicts of interest

Pieter van der Meer and Professor Johan Kördel are also directors of a number of companies in which shares are held by funds managed by Gilde and Lundbeckfond, respectively (each of which is a Significant Shareholder). The Board has approved those conflicts of interest which have arisen, or which may arise in the future, as a result of Pieter's and Johan's current relationships with Gilde and Lundbeckfond, respectively.

Save as set out above, no Director or Senior Manager has any potential conflict of interest between their duties to the Company and their private interests and/or their duties to third parties.

9.3 Confirmations by the Directors and the Senior Managers

Save as set out in section 9.4 of this Part XV (*Additional Information*), as at the date of this Prospectus, no Director or Senior Manager has during the last five years:

(a) been convicted in relation to fraudulent offences;

(b) been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body of or senior manager of any company;

(c) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities including, where relevant, designated professional bodies; or

(d) been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

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

There are no outstanding loans or guarantees granted or provided by any member of the Group for the benefit of any of the Directors or any of the Senior Managers.

9.4 Qualifications to the Directors' and Senior Managers' confirmations

In July 2011 Dr Julian Gilbert was appointed as a non-executive director of Iota Nanosolutions Ltd, which went into creditors' voluntary liquidation on 6 March 2014.

9.5 Interests in the share capital of the Company of the Directors and the Senior Managers

The direct and indirect interests of the Directors and the Senior Managers in the Ordinary Shares expected to exist immediately prior to Admission and immediately following Admission (assuming the Over-allotment Option is not exercised) are set out in the table below.

	Interests immediately prior to Admission		**Interests immediately following Admission**
Name	**No.**	**% of total issued share capital of the Company**	**% of total issued share capital of the Company**
Directors			
Dr Julian Gilbert	701,585	1.7	1.3
Christine Soden	50,575	0.1	0.1
Patrick Vink	50,893	0.1	0.1
Senior Managers			
Dr Gabriel Fox	52,704	0.1	0.1

The interests of the Directors and the Senior Managers together represent approximately 2.1 per cent of the issued ordinary share capital of the Company as at 1 March 2018 (being the latest practicable date prior to the publication of this Prospectus) and on Admission are expected to represent approximately 1.6 per cent (assuming the Over-allotment Option is not exercised) of the then issued ordinary share capital of the Company.

In addition to the interests in Shares described above, and following adjustment to take into account the share capital reorganisation described in paragraph 3 of this Part XV (*Additional Information*), the Directors and Senior Managers will, immediately prior to and immediately following Admission, be interested in options to acquire Shares under the Acacia Pharma Group plc 2015 Enterprise Management Incentive Plan (the ''EMI Plan'') and the Acacia Pharma Group plc 2015 Discretionary Share Option Plan (the ''2015 Plan''), as set out below:

As at 31 December 2017	Plan	Granted	Number Held	Exercise Price	Exercisable
Executive Directors & Senior Managers					
Julian Gilbert	EMI	05-Nov-08	139,370	38p	Now
Julian Gilbert	EMI	01-Oct-09	135,190	15p	Now
Julian Gilbert	EMI	04-Jul-11	251,714	10p	Now
Julian Gilbert	EMI	07-Mar-12	26,000	10p	Now
Julian Gilbert	EMI	22-Oct-13	444,400	10p	Now
Julian Gilbert	EMI	04-Apr-14	214,238	2p	Now
Julian Gilbert	EMI	30-Dec-16	4,000	2p	29-Dec-19
Christine Soden	EMI	28-Aug-15	111,000	2p	74,000 now, balance at Admission
Christine Soden	2015	28-Aug-15	116,000	200p	27-Aug-18
Christine Soden	EMI	14-Dec-16	123,000	2p	27-Aug-18
Christine Soden	EMI	30-Dec-16	3,000	2p	29-Dec-19
Gabriel Fox	EMI	01-Jul-08	200,000	19p	Now
Gabriel Fox	EMI	05-Nov-08	70,774	38p	Now
Gabriel Fox	EMI	01-Oct-09	168,651	15p	Now
Gabriel Fox	EMI	04-Jul-11	235,829	10p	Now
Gabriel Fox	EMI	07-Mar-12	62,000	10p	Now
Gabriel Fox	EMI	22-Oct-13	76,515	10p	Now
Gabriel Fox	EMI	22-Oct-13	311,114	10p	Now
Gabriel Fox	EMI	04-Apr-14	215,580	2p	Now
Gabriel Fox	EMI	30-Dec-16	3,750	2p	29-Dec-19
Michael Bolinder	2015	28-Aug-15	50,000	200p	27-Aug-18
Michael Bolinder	2015	30-Dec-16	1,500	2p	29-Dec-19
Michael Bolinder	2015	31-Oct-17	100,000	200p	30-Oct-21
Non-Executive Directors					
Patrick Vink	2015	24-Feb-16	200,000	2p	23-Feb-19
Scott Byrd	2015	28-Aug-15	111,000	2p	74,000 now, balance at Admission
Scott Byrd	2015	28-Aug-15	139,000	200p	27-Aug-18

Save for the options awarded to Michael Bolinder in October 2017, all options shall be deemed to have vested upon Admission.

Save as set out above, no Director or Senior Manager has any interests (beneficial or non-beneficial) in the share capital of the Company or any other securities of the Company.

The Directors are parties to the Underwriting Agreement, the terms of which restrict the ability of each Director to dispose of their Ordinary Shares for a period of 365 days from the date of Admission. Gabriel Fox, as a Senior Manager, has also agreed to restrictions on his ability to dispose of his Ordinary Shares for a period of 365 days from the date of Admission. Further details of these lock-up restrictions are set out in section 8 of Part XIII (*Details of the Global Offer*).

9.6 Transactions with Directors and Senior Managers

None of the Directors or Senior Managers has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business which was effected by any member of the Group during the current or immediately preceding financial year, or which was effected during an earlier financial year, and remains in any respect outstanding or unperformed.

Save as set out in this Part XV (*Additional Information*) in connection with the Reorganisation, none of the Directors or Senior Managers has or had a beneficial interest in any contract to which any member of the Group was a party during the current or immediately preceding financial year.

9.7 Executive Directors' service contracts, remuneration and emoluments

The Company has entered into service agreements with the Executive Directors. The principal terms of the agreements, which are conditional upon Admission, are set out below.

(a) General terms

Name	Position	Annual salary
Dr Julian Gilbert	Chief Executive Officer	£310,000
Christine Soden	Chief Financial Officer	£240,000

The annual salaries of the Executive Directors are set out in the table above. The salaries will be reviewed, but not necessarily increased, in or about the month of January each year.

(b) The Executive Directors are expected to devote the whole of their working time, attention and abilities to the duties assigned to them (save for fulfilling any external non-executive directorships or advisory roles that the Board may from time to time allow) and in return the Executive Directors will each receive the following benefits under the terms of their service agreements:

(i) entitlement to a discretionary performance-related annual bonus any deferred element of which will be granted under the terms of the DABP as described in paragraph 10.2(b) of this Part XV (*Additional Information*);

(ii) a cash contribution of 10 per cent of salary in lieu of contibutions to a pension scheme;

(iii) eligibility to participate in a private health insurance scheme (which includes cover for spouses and dependents), a life assurance scheme of 3 times annual salary and an income protection scheme;

(iv) eligibility to participate in the PSP described in paragraph 10.2(a) of this Part XV (*Additional Information*);

(v) in the event of sickness absence, entitlement to receive payment of full salary and contractual benefits for up to 90 days in any 12 month period; and

(vi) 28 days' annual leave per annum (plus public holidays).

In addition, each of the Executive Directors will be entitled to reimbursement of reasonable expenses incurred in the course of their duties and to the benefit of directors' and officers' liability insurance with an indemnity limit of £2 million, maintained by the Company on their behalf.

(c) Termination provisions

The service agreements of the Executive Directors can be terminated by either party giving the other not less than 9 months' written notice in respect of Dr Julian Gilbert and 6 months' written notice in respect of Christine Soden. Each of the Executive Directors may be put on garden leave during this time and the Company can elect to terminate their employment by making a payment in lieu of notice equivalent to their basic salary and contractual benefits (excluding bonus) at the time of termination. Such payments may be made in instalments at the Company's discretion.

The employment of each Executive Director will be terminable with immediate effect and without notice or payment in lieu of notice in certain circumstances. Such circumstances include where he or she is guilty of gross misconduct or a material breach of his or her obligations, commits and fails to remedy a breach of his or her service agreement, becomes bankrupt, is convicted of a criminal offence (excluding certain road traffic offences for which a fine or non-custodial penalty is imposed), is disqualified from holding office, is guilty of financial dishonesty, becomes of unsound mind, fails after investigation to perform his or her duties to a satisfactory standard, brings the name of himself or herself, the Company or any member of the Group into disrepute, is prevented by illness or injury from performing his or her obligations for an aggregate of 90 working days in any twelve month period, is guilty of a breach of the Bribery Act 2010, is guilty of a serious breach of any rules issued by the Company or any member of the Group, or abuses alcohol or drugs in such a manner as to affect the Executive Director's ability to perform his or her duties under the service agreement.

The Executive Directors' service agreements also contain post-termination restrictions. These restrictions include: (i) a six month restriction on soliciting clients; (ii) a six month restriction on offering to employ or engage key employees of the Group; (iii) a three month restriction on

competing with the Group; and (iv) a prohibition on holding themselves out as connected with the Group at any time following termination.

9.8 Non-Executive Directors' letters of appointment and fees

With effect from Admission, the Company will have six Non-Executive Directors. Patrick Vink, Dr John Brown and Ed Borkowski will be independent Non-Executive Directors.

The Non-Executive Directors are appointed by letters of appointment and do not have service agreements. The principal terms of these letters of appointment, which are conditional upon Admission, are set out below.

(a) General terms

Each Non-Executive Director will be entitled to an annual fee, although Pieter van der Meer and Professor Johan Kördel have waived any fees. The level of these fees will be reviewed periodically by the Board and submitted annually to the Annual General Meeting for approval. The fee levels that will apply from Admission are set out in the table below.

Name	Annual Fee	Committee Chairmanship	Committee Chair Fee
Patrick Vink	£110,000	Nomination Committee	None
Dr John Brown	£45,000*	Remuneration Committee	£5,000
Ed Borkowski	£42,000	Audit Committee	£5,000
Scott Byrd	£42,000	N/A	N/A

* Includes fee of £3,000 as Senior Independent Director.

In addition, the Non-Executive Directors will be entitled to be reimbursed for all reasonable expenses incurred by them in the course of their duties to the Company and have the benefit of indemnity insurance maintained by the Company on their behalf.

Each letter of appointment contains obligations of confidentiality which have effect during the appointment and after termination.

(b) The Company has appointed each Non-Executive Director for an initial period of three years and in each case the appointment is terminable by either the Non-Executive Director or the Company on 3 months' notice, and the Company is entitled to make a payment in lieu of their notice period on termination. Pieter van der Meer and Prof Johan Kördel have indicated that they will step down from the Board at the 2019 Annual General Meeting.

9.9 Directors' remuneration in 2017

In 2017, the aggregate amount of remuneration paid (including salary and other emoluments but excluding share-based payments) and benefits in kind granted to the Directors and the Senior Managers for services in all capacities to the Group was £929,000.

In 2017, the Directors were remunerated as set out below:

Name	Basic salary and fees (£'000)	Bonus (£'000)	Taxable benefits (£'000)	Total (£'000)
Dr Julian Gilbert	205	32	2	239
Christine Soden	188	25	—	213
Patrick Vink	48	—	—	48
Pieter van der Meer	—	—	—	—
Prof Johan Kördel	—	—	—	—
Dr Alexander Pasteur	—	—	—	—
Scott Byrd	195	—	20	215
Dr Martin Edwards	—	—	—	—

9.10 Future Remuneration Policy

(a) *Remuneration of the Directors and Senior Managers*

The Company's remuneration strategy is to provide a remuneration framework that will:

- promote the long-term success of the business;
- attract, retain and motivate executives and senior management in order to deliver the Company's strategic goals and business outputs;
- provide an appropriate balance between fixed and performance related pay supporting a high performance culture;
- provide a simple remuneration structure which is easily understood by all stakeholders;
- adhere to the principles of good corporate governance and appropriate risk management;
- align employees with the interests of Shareholders and other external stakeholders;
- consider the wider pay environment both internally and externally; and
- encourage widespread equity ownership across the Group.

Consistent with this remuneration strategy, the Remuneration Committee has agreed a post Admission remuneration policy for the Senior Managers, including the Executive Directors, whereby:

- On and from the date of Admission, Julian Gilbert and Christine Soden will receive base salaries of £310,000 and £240,000 respectively.
- Executive Director salaries will next be reviewed, at the normal annual pay review in January 2019.
- Executive Directors will be entitled to standard employee benefits including, life assurance, private medical insurance and directors and officers liability insurance.
- A market competitive pension provision (as a contribution to a defined contribution plan or as a cash allowance in lieu of pension) will be available to Executive Directors of 10 per cent of base salary.
- Each Executive Director will remain eligible for a non-pensionable annual bonus with a maximum bonus opportunity of 100 per cent of annual base salary. Any bonus awarded will be discretionary and subject to the achievement of performance conditions which will be set by the Remuneration Committee each year. The performance conditions are expected to be linked to the Group's annual corporate performance, using a balanced scorecard of financial, operational and strategic goals, and personal performance. In 2018 the annual bonus will be calculated by reference to the post-Global Offer salaries with a bonus of up to 25 per cent of salary being assessed against Global Offer specific metrics and be paid entirely in cash and a bonus of up to 75 per cent of salary assessed against the Group's corporate performance for the remainder of 2018, such element payable 50 per cent in cash and 50 per cent in deferred shares. Such shares will be awarded under the DABP, the key terms of which are set out in paragraph 10.2(b) of this Part XV (*Additional Information*).
- For years following the 2018 financial year it is intended that the annual bonus for Executive Directors will be paid in a mixture of cash and deferred shares of which up to 50 per cent are to be awarded in deferred shares. Deferred shares will be awarded under the DABP. For Executive Directors the deferred shares under the DABP will ordinarily vest after three years (or two years in the case of those awarded in respect of 2018), subject to continued employment, but there are no further performance targets.
- The Company has adopted several new incentive plans, an overview of which is set out in paragraph 10.2 of this Part XV (*Additional Information*) of this Prospectus.
- In respect of 2018, each of the Executive Directors and selected others will be granted awards under the PSP on or shortly following Admission. The award will made be over shares equal in value on the grant of the award up to 100 per cent of post-Global Offer salary (the "2018 PSP Award").
- The 2018 PSP Awards shall vest after three years, to the extent to which their performance conditions are met. The performance conditions for the 2018 PSP Awards shall provide that 25 per cent of each award will be measured against an absolute target for Total Shareholder

Return (''TSR'') to end of 2020, 37.5 per cent against progress in securing acceptance for BAREMSIS® on hospital formularies by the end of 2020 and 37.5 per cent against 2020 revenues.

- Market value for the purposes of setting the number of shares under the 2018 PSP Award shall be determined by reference to the Offer Price.
- Future awards are intended to be made on an annual basis, reflecting the approved remuneration policy in place at the time. Such initial policy is currently expected to provide that PSP awards shall (i) be subject to a normal maximum award over shares equal in value on grant to no more than 100 per cent of salary and (ii) ordinarily vest after three years, subject to continued service and the extent to which performance conditions (measured over three financial years of the Company) are satisfied.
- The rules of the PSP provide flexibility to grant awards to other employees with different vesting and performance conditions to those used for Executive Directors.
- Consistent with best practice, recovery and withholding provisions will be operated at the discretion of the Remuneration Committee in respect of the annual bonus commencing with that in relation to the financial year ending 31 December 2018 and any long-term incentive awards granted at or after Admission. The recovery and withholding provisions will be considered in the following circumstances, (i) gross misconduct, (ii) material misstatement of financial results, and (iii) error in calculation of pay-out and/or vesting. Recovery and withholding provisions will apply for up to three years after the date of payment/vesting, except in the case of fraud where there will be no time limit for the ability to recover any sums.
- Notwithstanding that at the time of Admission current Executive Directors will have a substantial shareholding, there will be a requirement for them to build and maintain a shareholding in the Company equivalent in value to 200 per cent of base salary. Executives who do not meet the shareholding guidelines will be expected to retain at least half of the net of tax shares vesting under any incentive plan until the guideline is met.

10. Share plans and employee incentive schemes

10.1 The Existing Share Plan

Prior to Admission, the Group operated the EMI and 2015 Plans. No further awards will be made under these plans after Admission.

Participants whose options are or become exercisable in accordance with the rules of the EMI and 2015 Plans may continue to exercise their options over Shares following Admission. Options which are subject to time vesting will continue to vest according to their current vesting schedules save that the Board has deemed a number of options will vest at Admission. Unless exercised, options under the EMI and 2015 Plans will lapse on the tenth anniversary of their date of grant (or their original date of grant under a predecessor plan operated by the Operating Company), to the extent they have not otherwise lapsed in accordance with the rules.

If a participant ceases to be an employee for any reason other than death, options in respect of which vesting conditions have not been satisfied or waived shall lapse immediately, unless the Board allows otherwise, at its discretion. If the Board so allows, exercise must take place within six months (or such longer period as the Board may allow). On death, the personal representatives of the participant may exercise vested options and, if the Board permits, unvested options, in each case within 12 months of death.

In the event of a reconstruction, takeover or winding-up, all options may be exercised and, to the extent not exercised (or, where relevant, not released in consideration of the grant of an equivalent option by an acquiring company) by the end of the relevant period, will lapse.

10.2 The New Share Plans

The Acacia Pharma Group Performance Share Plan (the ''PSP''), the Acacia Pharma Group Deferred Annual Bonus Plan (the ''DABP'') and the Acacia Pharma Group Company Share Option Plan (the ''CSOP'', and together with the PSP and the DABP known as the ''Executive Share Plans'') will be approved and adopted by the Company prior to the date of Admission.

The Executive Share Plans will cater for discretionary share based incentive awards to selected employees within the Group following Admission. The CSOP may be used to grant UK and US tax-

advantaged options (known as 'incentive stock options') in accordance with Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 and section 422 of the Revenue Code respectively.

To the extent that awards are delivered to employees under the PSP and the DABP for nil payment and/or are satisfied using existing shares, the shares used to satisfy such awards may first be sourced via an employees' benefit trust established by the Company or another group company (the "EBT").

The following paragraphs describe first the unique features of the PSP, DABP and CSOP and then the features which are common to the Executive Share Plans. The main features of the proposed EBT are also summarised.

(a) *Summary of the PSP*

Operation and Eligibility

The Remuneration Committee will supervise the operation of the PSP. Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the PSP at the discretion of the Remuneration Committee.

Grant of awards under the PSP

The Remuneration Committee may approve the grant of awards as conditional shares or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash (although it does not currently intend to do so) or to grant share appreciation rights by reference to a notional option price.

Where an award has been structured as a nominal cost option, the Committee may decide at any time prior to the exercise of that option to waive or reduce the option exercise price.

Timing of grants

The Remuneration Committee may grant awards within the period of 42 days starting on the date of Admission. Thereafter, the Remuneration Committee may grant awards within 42 days following the Company's announcement of its annual or half yearly results. The Remuneration Committee may also grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of awards.

It is currently intended that the first awards to the Company's executive directors shall be granted under the PSP on or shortly following the date of Admission.

Individual limit

An employee may not receive awards in any financial year over shares having a market value (on grant) in excess of 100 per cent of their annual base salary in that financial year. In exceptional circumstances, for example to facilitate the recruitment of an individual, this limit may be increased to such higher limit as the Remuneration Committee considers appropriate.

For the purposes of calculating the number of shares (or reference shares as relevant) over which an award is granted under the PSP, the market value of a share shall be based on the market value of shares on the regulated market of Euronext Brussels on the dealing day immediately preceding the grant of an award (or an average market value calculated by reference to a short averaging period of no more than 5 consecutive dealing days) save in the case of the 2018 PSP Awards in relation to which the Offer Price shall be used.

Performance conditions

The vesting of awards granted to executive directors of the Company will ordinarily be subject to performance conditions set by the Remuneration Committee on or prior to grant, which shall be measured at the end of a period of ordinarily not less than three years. The extent of vesting of awards granted to other participants may, but need not, be subject to performance conditions set by the Remuneration Committee.

The 2018 PSP Awards to the Executive Directors and others shall be subject to the following performance conditions: 25% of each award will be measured against an absolute target for TSR to the end of 2020, 37.5% of each award against progress in securing acceptance for BAREMSIS® on hospital formularies by the end of 2020 and 37.5% of each award against 2020 revenues as described below.

TSR Condition (25% weighting)

The 2018 PSP Awards shall be subject to a condition that compares the Company's total shareholder return performance against an absolute growth target from Admission to the end of 2020.

The end TSR performance will normally be calculated by reference to three month averaging periods prior the end of the performance period. In the event of a takeover during the performance period the Remuneration Committee shall decide whether the TSR shall be calculated immediately prior to the date of the takeover or if a three-month average shall apply. The start TSR performance shall be calculated by reference to the Offer Price.

Hospital Formulary Condition (37.5% weighting)

The Group is targeting to have BAREMSIS® accepted on formulary lists of approved medicines in the majority of the 1,600 US hospitals in which around 80% of major surgeries are performed. This represents a major commercial goal of the Group in the next 3 years.

2020 Revenue Target (37.5% weighting)

Subject to FDA approval, the Group expects to launch BAREMSIS® in 2019 and see its first significant revenues in 2020 and the directors believe maximising this measure represents an important goal for the Group.

TSR growth from Admission to 31 December 2020 (25% weighting)	**Proportion of the 2018 PSP Awards Vesting**	**Hospital Formulary Acceptance by 31 December 2020 (37.5% weighting)**	**Proportion of the 2018 PSP Awards Vesting**	**Revenue targets for the year ended 31 December 2020 (37.5% weighting)**	**Proportion of the 2018 PSP Awards Vesting**
Below 7.5% pa	Nil	Below 500	Nil	Below $10 million	Nil
7.5% pa	25%	500	25%	$15 million	25%
25% pa	100%	900	100%	$25 million	100%
Between 7.5% pa and 25% pa	*Pro rata* between 25% and 100%	Between 500 and 900	*Pro rata* between thresholds	Between $10 million and $25 million	*Pro rata* between thresholds

The Remuneration Committee may set different performance conditions from those described above for future awards. Details of the performance conditions set for any awards to the Executive Directors of the Company will be disclosed in the Company's annual directors' remuneration report and will accord with the relevant approved shareholder policy, if applicable.

The Remuneration Committee may vary, or waive and replace, the performance conditions applying to existing awards if an event has occurred, or series of related or connected events occurs, which causes the Remuneration Committee to consider that it would be appropriate to amend or replace the performance conditions, provided the Remuneration Committee considers the varied or replacement conditions to be fair and reasonable. Any waiver of performance conditions would only be used in exceptional circumstances.

Vesting of awards

Awards shall normally vest on the third anniversary of grant or, if later and relevant, when the Remuneration Committee determines the extent to which any performance conditions have been satisfied.

Where awards are granted in the form of options or share appreciation rights, these will then normally be exercisable for a limited period, expiring no later than the tenth anniversary of grant unless they lapse earlier. Short exercise periods shall apply in the case of "good leavers" or when awards vest early in connection with corporate events.

The Remuneration Committee may, in its discretion, grant an award to an eligible employee who is not also an executive director of the Company at the time of grant, which may normally vest on a date (or dates) earlier than the third anniversary of grant.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or ceasing to be a director within the Company's group.

If, however, the participant ceases to be an employee or a director within the Company's group because of his death, injury, disability, retirement, his employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee (known as ''good leaver'' reasons), then his award will vest on the date when it would have vested as if he had not ceased such employment or office. The extent to which an award shall vest in these situations will ordinarily depend upon two factors: (i) the extent to which the performance conditions (if any) have been satisfied over the original performance period; and (ii) the pro-rating of the award to reflect the period of time between the date of grant and the date of cessation relative to the normal vesting period, although the Remuneration Committee can decide to reduce or disapply the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.

Alternatively, if a participant ceases to be an employee or director in the Company's group for one of the ''good leaver'' reasons specified above (or in other circumstances at the discretion of the Remuneration Committee), the Remuneration Committee can decide that their award shall vest on or shortly following the date of cessation, subject to: (i) the satisfaction of the performance conditions (if any) measured over a shortened period; and (ii) pro-rating by reference to the time of cessation as described above.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards shall vest early ordinarily, subject to: (i) the extent that the performance conditions (if any) have, in the opinion of the Remuneration Committee, been satisfied at that time; and (ii) the pro-rating of the awards to reflect the period of time between their grant and vesting relative to the normal vesting period, although the Remuneration Committee can decide to reduce or disapply the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Remuneration Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of shares to a material extent, then the Remuneration Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Holding periods

The Remuneration Committee may, in its discretion, determine on or prior to the grant of an award that the Company's executive directors (and any other participant that the Remuneration Committee selects) will normally be required to retain their net of tax number of vested shares (if any) delivered under the PSP (or the full number of the vested shares whilst held under an unexercised nil (or nominal) cost option) for at least two years from point of vesting (the ''Holding Period''). The Holding Period shall end early on or shortly prior to the occurrence of a takeover or winding up of the Company, the death of a participant or upon the occurrence of any other event or date that the Remuneration Committee, acting fairly and reasonably, in its absolute discretion determines. The Remuneration Committee may also, in its discretion, allow such participants to sell, transfer, assign or dispose of some or all of such shares before the end of the Holding Period or take up any rights they may have in relation to those shares, subject to such additional terms and conditions that the Remuneration Committee may specify from time to time. The terms and basis upon which shares must be held during the Holding Period shall be determined by the Remuneration Committee, in its discretion.

Dividend equivalents

The Remuneration Committee may decide at any time before an award vests that participants will receive a payment (in cash and/or shares) on or shortly following the vesting of their awards of an amount equivalent to the dividends that would have been paid on those shares between the time when the awards were granted and the time when they vest (or where an award is structured as an option and subject to a holding period, the date of expiry of the holding period or, if earlier, the exercise of such award). This amount may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the shares subject to their award and then reinvested in further shares.

Recovery and withholding

The PSP includes recovery and withholding provisions under which the Remuneration Committee may, in its discretion, reduce the number of shares held under an award before it vests and/or decide within three years from the date on which an award vests to seek to recover some or all of any overpayment of shares and/or cash. The recovery and withholding provisions may be operated by the Remuneration Committee where there has been a material misstatement of the Company's results or accounts and/or an error is made in assessing the satisfaction of a performance condition and such material misstatement and/or error resulted (directly or indirectly) in an award being granted over a larger number of shares and/or an award vesting to a greater degree than would otherwise have been the case. The Remuneration Committee may also operate the recovery and withholding provisions where a participant has committed an act of gross misconduct.

(b) *Summary of DABP*

Operation and Eligibility

The Remuneration Committee will supervise the operation of the DABP. Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the DABP at the discretion of the Remuneration Committee and subject to their being entitled to receive a bonus.

Overview

The general purpose of the DABP is to facilitate the deferral of all or part of an Executive Director's annual bonus into shares at the discretion of the Remuneration Committee. The decision (if any) to require such bonus deferral in any year, and the portion of any bonus which will be deferred, will be determined by the Remuneration Committee. The DABP may also be used to defer a proportion of any other bonus into shares.

It is currently intended that the Remuneration Committee will pay any Admission-based proportion of the 2018 bonus in cash and require one half of the performance-bonus portion of the bonus receivable by an Executive Director of the Company in respect of the financial year ending 31 December 2018 to be deferred under the DABP for two years from the date of grant. It is anticipated that three year deferral periods shall apply to subsequent awards.

Grant of awards under the DABP

The Remuneration Committee may approve the grant of awards to acquire shares as conditional shares or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

Where an award has been structured as a nominal cost option, the Committee may decide at any time prior to the exercise of that option to waive or reduce the option exercise price.

Timing of grants

The Remuneration Committee may grant awards within 42 days following any of: (i) the date of announcement of the Company's results for any period; or (ii) the date on which bonuses are determined; or (iii) the date on which any related cash bonus is paid. The Remuneration Committee may also grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of awards.

Individual limit

An employee may not receive awards in any financial year over shares having a value (on grant) in excess of 100 per cent of the total value of the relevant bonus being deferred under the DABP.

For the purposes of the DABP, the value of shares over which an award is granted shall be determined by the Remuneration Committee, based on the market value of shares on the regulated market of Euronext Brussels on the dealing day (or an average market value calculated by reference to a short averaging period of no more than 5 consecutive dealing days) either: (i) immediately preceding the date of grant of an award; or, (ii) immediately preceding the date of determination or payment of a bonus; or (iii) immediately following the date of announcement of the first set of results of the Company following the end of the relevant bonus performance period.

Vesting of awards

The normal vesting date for awards granted in respect of 2018 shall be the second anniversary of grant. The normal vesting date for other awards will be the third anniversary of grant (or such other later or earlier date (or dates) as the Remuneration Committee may specify).

Vesting will normally be dependent on the participant still being a director or employee within the group on the date of vesting.

Where awards are granted in the form of options, these will then normally be exercisable for a limited period, expiring no later than the tenth anniversary of grant unless they lapse earlier. Short exercise periods shall apply in the case of ''good leavers'' or when awards vest early in connection with corporate events.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or ceasing to be a director within the Company's group.

If, however, the participant ceases to be an employee or a director within the Company's group because of his death, injury, disability, retirement, his employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then his award will vest in full on the date of cessation. Alternatively, the Remuneration Committee may, in its discretion, determine that an award shall instead vest on the normal vesting date.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early in full.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Remuneration Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Shares to a material extent, then the Remuneration Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Dividend equivalents

The Remuneration Committee may decide at any time before an award vests that participants will receive a payment (in cash and/or shares) on or shortly following the vesting of their awards of an amount equivalent to the dividends that would have been paid on those shares between the time when the awards were granted and the time when they vest (or where an award is structured as an option, the date of exercise of such award). This amount may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the shares subject to their award and then reinvested in further shares.

Recovery and withholding

The DABP includes recovery and withholding under which the Remuneration Committee may, in its discretion, decide within three years from the date of grant of an award to reduce the number of shares held under an award or seek to recover some or all of any overpayment of bonus (whether paid in cash and/or awarded in shares). The recovery and withholding provisions may be operated by the Remuneration Committee where there has been a material misstatement of the Company's results or accounts and/or where an error is made in assessing the satisfaction of any condition (objective or otherwise) against which the bonus was measured and such material misstatement and/or error resulted (directly or indirectly) in a bonus and/or award being paid and/or granted over a larger cash sum or number of shares than would otherwise have been the case. The Remuneration Committee may also operate the recovery and withholding provisions where a participant has committed an act of gross misconduct.

(c) *Summary of the CSOP*

Operation and Eligibility

The Remuneration Committee will supervise the operation of the CSOP. Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the CSOP at the discretion of the Remuneration Committee. UK tax-advantaged options will normally only be

granted to eligible employees based in the UK and US tax-advantaged options (also known as incentive stock options) to eligible employees based in the US.

Grant of options under the CSOP

The Remuneration Committee may grant options to acquire ordinary shares in the Company within the period of 42 days following the date of Admission. Thereafter, the Remuneration Committee may grant awards within 42 days following the Company's announcement of its annual or half yearly results. The Remuneration Committee may also grant options at any other time if the Remuneration Committee considers there are exceptional circumstances which justify the granting of options.

Individual participation

An employee may only be granted options within the statutory limits that apply to UK and US tax-advantaged options (as applicable) at the time of grant, as amended from time to time. In accordance with Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003, which is applicable to UK tax-advantaged options, an individual may not currently hold outstanding and unexercised tax-advantaged options over shares that have an aggregate market value (on grant) greater than £30,000.

In accordance with the Revenue Code as it applies to tax advantaged incentive stock options, the aggregate fair market value (on grant) of shares with respect to which incentive stock options first become exercisable by a participant in any calendar year under the CSOP and any other US tax-advantaged plan of the Company may not currently exceed US$100,000.

Option price

The price per share payable upon exercise of a UK tax-advantaged option may not be less than (i) the middle market price of a share on the regulated market of Euronext Brussels on the date of grant (or the dealing day immediately prior to grant or such other dealing day(s) as the Remuneration Committee may decide); and (ii) if the option relates only to new issue shares, the nominal value of a share.

The price per share payable upon the exercise of US incentive stock options may not be less than the fair market value of a share on the date of grant.

Performance conditions

The Remuneration Committee may impose a performance condition on the exercise of options although it does not currently intend to do so.

To the extent that performance conditions are imposed, the Remuneration Committee may vary, or waive or replace, the performance conditions applying to existing options if an event has occurred or series of connected or related events occurs which causes the Remuneration Committee to consider that it would be appropriate to amend or waive or replace the performance conditions, provided the Remuneration Committee considers the varied conditions are fair and reasonable.

Exercise of options

Options will normally become capable of exercise three years after grant to the extent the performance conditions (if any) have been satisfied and provided the participant remains employed in the Company's group. Options will lapse on the day before the tenth anniversary of the date of grant or after such shorter period as determined by the Remuneration Committee at the time of grant.

Shares will be allotted or transferred to participants within 30 days of exercise.

Leaving employment

As a general rule, an option will lapse upon a participant ceasing to hold employment or be a director within the Company's group. However, if a participant ceases to be an employee or director in the Company's group by reason of his death, injury, disability, redundancy, retirement, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Remuneration Committee, then his option will become exercisable on the date of his cessation and remain exercisable for a limited period thereafter (such period not being greater than 42 months after the grant date in respect of options granted within three years of cessation). The extent to which an option will become exercisable in these situations will ordinarily depend upon: (i) the extent to which the performance conditions (if any) have been satisfied by reference to the date of cessation; and (ii) the pro-rating of the option to reflect the period between its grant and the time of cessation, although the Remuneration Committee can decide

not to pro-rate an option (or to reduce the time *pro rata* reduction) if it regards it as appropriate to do so in the particular circumstances.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all options will become exercisable early and remain exercisable for a limited period. The extent to which options will become exercisable in these situations will ordinarily depend upon: (i) the extent to which the performance conditions (if any) have been satisfied by reference to the date of the corporate event; and (ii) the pro-rating of the options to reflect the reduced period of time between their grant and the time of the corporate event, although the Remuneration Committee can decide not to pro-rate an option (or to reduce the time *pro rata* reduction) if it regards it as appropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation options will be replaced by equivalent new options over shares in a new holding company provided that an offer to replace existing options with equivalent new options is made. If no such offer is made options shall become exercisable on the basis which would apply in the case of a take-over as described above

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of shares to a material extent, then the Remuneration Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

(d) *Principal terms common to the Executive Share Plans*

Life of the Executive Share Plans

An award or option may not be granted more than 10 years after the date on which the Executive Share Plans were adopted.

No payment is required for the grant of an award.

Awards are not transferable, except on death. Awards are not pensionable.

Timing of grants

No awards or options may be granted during a closed period (as defined in the EU Market Abuse Regulation (596/2014)).

Rights attaching to Shares

Any shares allotted will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Overall limits

The Executive Share Plans may operate over new issue shares, treasury shares or shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent of the issued ordinary share capital of the Company under the Executive Share Plans and any other share incentive plan (executive or otherwise) adopted by the Company.

Treasury shares will count as new issue shares for the purposes of these limits unless institutional investor guidelines cease to require such shares to be so counted.

The number of shares that have been issued and which count towards the 10 per cent in ten calendar year limit described above may be notionally adjusted by the Remuneration Committee or the Board (as the case may be) to take account of any adjustments made to the number of shares held under awards following a variation to the Company's share capital (and in the case of the PSP and DABP only, in the event of a demerger, payment of a special dividend or similar event) provided that such adjustments are made on a fair and reasonable and consistent basis.

Shares issued or to be issued under or pursuant to awards or options granted before or in connection with Admission (including the 2018 PSP Awards) will not count towards these limits.

Participants' rights

Awards of conditional shares and options will not confer any shareholder rights until the awards have vested or the options have been exercised and the participants have received their shares.

Variation of share capital

In the event of any variation of the Company's share capital or (in the case of the PSP and DABP only) in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the shares, the Committee may make such adjustment as it considers appropriate to the number of shares subject to an award and/or the exercise price payable (if any).

Alterations

The Remuneration Committee may, at any time, amend the Executive Share Plans in any respect, provided that the prior approval of shareholders in general meeting is obtained for any amendments to increase the overall limits on the issue of shares.

Overseas plans

The Executive Share Plans allow the Remuneration Committee to establish further plans or schedules for overseas territories, any such plan or schedule to be similar to the relevant Executive Share Plan, but modified to take account of local laws, regulations, tax, exchange control or securities laws, provided that any shares made available under such further plans or schedules are treated as counting against the limits on individual and overall participation in the relevant Executive Share Plan.

(e) *Summary of the EBT*

The Company has approved in principle the establishment of the EBT by the Company (or another group company) which would be a discretionary employee benefit trust. It is currently intended that the EBT (if established) will primarily be used in conjunction with the PSP and DABP although it may also be used to satisfy options under the CSOP. The trustee of the EBT would have power to subscribe for new shares (at a price determined by the Board provided it is not less than the nominal value of a share) or acquire shares in the market or from treasury but will not be permitted to hold more than 5 per cent of the Company's issued ordinary share capital (excluding any shares it holds as nominee) at any one time without the prior approval of the Company's shareholders in general meeting.

The class of beneficiaries of the EBT would include the employees and former employees of the Company and its subsidiaries, any holding company of the Company or any subsidiaries of that holding company, and certain classes of their dependants.

The trustee of the EBT would have wide powers of investment and would be permitted to borrow moneys. However, it is intended that, in practice, the EBT (if any) would be funded by loans and/or gifts from the Company or any of its subsidiaries and will only invest in shares for use with the Company's employees' share plans or otherwise for allocation to beneficiaries.

The trustee of the EBT (if established) would be independent of the Company. It is intended that the initial trustee of the EBT (if established) would be based offshore. The Company will have the power to appoint new or additional trustees and remove any trustee. A professional trustee may charge fees in the normal course of business for acting as a trustee of the Trust.

11. Corporate governance

11.1 Compliance with the UK Corporate Governance Code

The Board is committed to the highest standards of corporate governance. As at the date of this Prospectus, the Company does not fully comply with the Code because to date the Code has not applied to the Company. However, from Admission the Company intends to comply with the Code insofar as it applies to smaller companies.

11.2 The Board

The Company is led and controlled by the Board. The names, responsibilities and details of the current Directors appointed to the Board are set out above in Part VII (*Directors, Senior Managers and Corporate Governance*).

11.3 Securities dealing code

Upon Admission, the Company will adopt a code on dealings in relation to the securities of the Group. The Company shall require the Directors and other persons discharging managerial responsibilities within the Group to comply with the Company's securities dealing code, and shall take all proper and reasonable steps to secure their compliance.

12. Pensions

The Company contributes to a money purchase pension scheme for its employees. No amounts have been set aside or accrued by the Group to provide pension, retirement or similar benefits, with all contributions paid to the pension scheme providers by each period end.

13. Employees

As at 1 March 2018 (being the latest practicable date prior to the publication of this Prospectus), the Group had six full-time employees.

14. Related party transactions

Between 1 January 2018 and the date of this Prospectus, no member of the Group entered into any related party transactions (within the meaning ascribed to that term in paragraph 9 of International Accounting Standard 24, being the Standard adopted according to Regulation (EC) No. 1606/2002) other than as disclosed in note 21 to the historical financial information set out in Section B of Part XI (*Historical Financial Information*).

15. Significant change

There has been no significant change in the financial or trading position of the Group since 31 December 2017, being the latest date to which the historical financial information in Section B of Part XI (*Historical Financial Information*) was prepared.

16. Working capital statement

The Company is of the opinion that, taking into account the net proceeds of the Global Offer receivable by the Company, the Group has sufficient working capital for its present requirements, that is for at least the 12 months from the date of publication of this Prospectus.

17. Litigation and disputes

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Company and/or the Group's financial position or profitability.

18. Material contracts

Set out below is a summary of (i) each material contract (other than a contract entered into in the ordinary course of business) to which the Company or any member of the Group is a party which has been entered into within the two years immediately preceding the date of this Prospectus; and (ii) any other contract (other than a contract entered into in the ordinary course of business) entered into by any member of the Group which contains obligations or entitlements which are or may be material to the Group as at the date of this Prospectus.

18.1 Underwriting Agreement

The Company, the Directors and the Underwriters have entered into the Underwriting Agreement pursuant to which, on the terms and subject to certain conditions contained in the Underwriting Agreement which are customary in agreements of this nature, each of the Underwriters has severally agreed to underwrite a proportion of, and together to underwrite in aggregate all of, the issue of the Offer Shares available under the Global Offer, before any exercise of the Over-allotment Option.

The Global Offer is conditional upon, *inter alia*, Admission occurring not later than 9:00 a.m. CET on 6 March 2018 (or such later date and time as the Banks and the Company may agree as the date for Admission which shall not, except with the prior consent of the Company, be later than 6 March 2018) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms.

The Underwriting Agreement can be terminated at any time prior to Admission in certain customary circumstances set out in the Underwriting Agreement. If these termination rights are exercised, the Global Offer will lapse and any monies received in respect of the Global Offer will be returned to applicants without interest.

The Underwriting Agreement provides for the Underwriters to be paid a commission in respect of the Offer Shares underwritten and any Over-allotment Shares sold following exercise of the Over-

allotment Option. The aggregate commission will be equal to 5.25 per cent of the Offer Price, multiplied by the aggregate number of such shares. The Company may also, in its absolute discretion, pay the Underwriters an additional discretionary commission of up to 1.5 per cent of the Offer Price multiplied by the aggregate number of such shares (to be split between the Joint Global Coordinators at the sole discretion of the Company), the amount of which will be determined and paid not earlier than 30 days after Admission.

Any commissions received by the Underwriters may be retained and any Ordinary Shares acquired by them as Underwriters may be retained or dealt in, by them, for their own benefit.

Allocations of the Offer Shares among prospective investors will be determined by the Company in consultation with the Underwriters.

All Offer Shares issued and all Over-allotment Shares sold pursuant to the Global Offer will be issued and/or sold, payable in full, at the Offer Price in accordance with the terms of the Global Offer.

The Company has agreed to pay or cause to be paid (together with any applicable VAT) certain costs, charges, fees and expenses of or arising in connection with or incidental to, the Global Offer.

The Company has granted the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may require the Company to issue additional Ordinary Shares of up to 10 per cent of the aggregate number of Offer Shares at the Offer Price to cover over-allotments, if any, made in connection with the Global Offer. The Over-allotment Option may be exercised, in whole or in part, on one occasion at any time during the period from the date of the Underwriting Agreement and ending 30 calendar days thereafter. Save as required by law, the Stabilising Manager does not intend to disclose the extent of any over-allotments made and/or any stabilisation transactions carried out.

The Company and the Directors have each given customary representations, warranties and undertakings to the Underwriters and the Company given certain indemnities to the Underwriters, including, indemnities for liabilities under applicable securities laws.

The parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Global Offer in relevant jurisdictions.

The Company has entered into certain lock-up arrangements relating to Ordinary Shares and securities of the Company which are substantially similar to the Ordinary Shares (including, but not limited to, any securities that are convertible into or exchangeable for, or that represent the right to receive, Ordinary Shares or any such substantially similar securities). The Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Coordinators, issue, lend, mortgage, assign, charge, offer, sell or contract to sell, or otherwise dispose of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Each of the Directors has entered into certain lock-up arrangements relating to Ordinary Shares. Each of the Directors has agreed that, subject to certain exceptions, during the period of 365 days from the date of Admission, he will not offer, sell or contract to sell, grant or sell any option over, charge, pledge or otherwise dispose of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

18.2 Lock-Up Agreements

On 2 March 2018, each of the Significant Shareholders and Dr Gabriel Fox (being a Senior Manager and Existing Shareholder) entered into a Lock-Up Agreement with the Company and the Banks. Under the terms of the Lock-Up Agreements each of the Significant Shareholders and the Senior Managers has undertaken, amongst other things, to each of the Banks that, subject to certain exceptions, during the period commencing on the date of Admission and ending on the date 180 days from the date of Admission in the case of Significant Shareholders and 365 from the date of Admission in the case of Dr Fox, he or it will not, without the prior written consent of the Banks, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

18.3 Stock Lending Agreement

In connection with settlement and stabilisation, the Stabilising Manager has entered into a stock lending agreement dated 2 March 2018 with the Lending Shareholders (the "Stock Lending Agreement") pursuant to which the Stabilising Manager will on Admission be able to borrow from the Lending Shareholders a number of Ordinary Shares equal in aggregate to up to 10 per cent of the Offer Shares for the purposes, among other things, of allowing the Stabilising Manager to settle, at Admission, over-allotments, if any, made in connection with the Global Offer. If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be obliged to return equivalent shares to the Lending Shareholders in accordance with the terms of the Stock Lending Agreement.

18.4 Investment Agreement

On 21 December 2016 the Company and its Shareholders entered into an investment agreement pursuant to which the Significant Shareholders and others agreed to subscribe for, in aggregate, 1,125,000 D preferred shares of £0.02 each at a subscription price of £4.00 per share. The investment agreement provided for standard representations and warranties to be provided to the subscribing shareholders by both the Company and members of management. In accordance with its terms the investment agreement shall terminate without liability upon Admission.

18.5 Silicon Valley Bank Term Loan Agreement

On 23 February 2016 each of the companies in the Group entered into a loan agreement with Silicon Valley Bank whereby the Group drew down a total of £8.5 million in three tranches. The loan is secured by debentures over all of the Group's assets. The loan bears interest at the higher of 6% or the Bank of England base rate plus 5.5% and is repayable in 34 instalments of £250,000 from 1 September 2016. A final payment of £680,000 is payable upon maturity of the loan. An early termination fee of up to £80,000 also being payable should the loan be repaid early. The Company issued warrants over 127,500 shares as part of the loan arrangements.

18.6 Convertible Loan Notes

In November 2017 the Company issued convertible loan notes to the Significant Shareholders who subscribed in total for £3.4 million of such notes. The convertible loan notes bear interest at 8% per annum. In accordance with their terms, the principal drawn down amount and all accrued interest shall convert into ordinary shares valued at 150% of the applicable par value on an IPO. The terms of the convertible loan notes also include an irrevocable commitment on the part of the Significant Shareholders to subscribe £3.4 million in aggregate for new shares in the Global Offer by reference to the Offer Price, in each case pro rata to their holdings of such notes.

19. Properties, Investments, Assets

The Group's business operates from leasehold premises situated in Harston Mill, Harston, Cambridge CB22 7GG. The Group currently operates from one leasehold property. No single tangible fixed asset (including property, plant and equipment) accounts for more than 10 per cent of the Group's net turnover or production.

The Directors do not believe that there are any material environmental issues which may affect the Group's utilisation of its properties.

20. Expenses of the Global Offer and Admission

The total costs and expenses of, and incidental to, the Global Offer and Admission (including the admission fees, printer's fees, advisers' fees, professional fees and expenses, the costs of printing and distribution of documents and VAT, if any) to be borne by the Company are estimated to be approximately £2.7 million. Included within the total are commissions, which are expected to be up to approximately £1.4 million, payable to the Banks.

21. Auditors

PricewaterhouseCoopers LLP ("PwC"), whose address is Abacus House, Castle Park, Cambridge CB3 OAN, UK, have been the independent auditors of the Operating Company since its incorporation in 2007 and have been appointed as the independent auditors of the Company. PwC is a member of the Institute of Chartered Accountants in England and Wales.

22. Consent

PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its accountants' report included in section A of Part XI (*Historical Financial Information*) of this Prospectus and its report concerning the *pro forma* statement of net assets included in section A of Part XII (*Unaudited Pro Forma Statement of Net Assets*) of this Prospectus and the references thereto in the form and context in which they appear and has authorised the contents of its reports for the purposes of item 5.5.3R(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the SEC under section 7 of the Securities Act. As the Ordinary Shares have not been paid and will not be registered under the Securities Act, PricewaterhouseCoopers LLP has not filed a consent under section 7 of the Securities Act.

23. General

The financial information contained in this Prospectus which relates to the Company does not constitute full statutory accounts as referred to in section 434(3) of the Companies Act. Statutory audited accounts of the Operating Company, on which the auditors have given their unqualified report and which contained no statement under section 498(2) or (3) of the Companies Act, have been delivered to the Registrar of Companies in respect of the two accounting periods ended 31 December 2016.

24. Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company at Harston Mill, Harston, Cambridge CB22 7GG, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months from the date of publication of this Prospectus:

- the Articles;
- the historical financial information of the Group for the three years ended 31 December 2017;
- the reports of PricewaterhouseCoopers LLP set out in section A of Parts XI (*Historical Financial Information*) and Section A of XII (*Unaudited Pro Forma Statement of Net Assets*) of this Prospectus; and
- the consent letter referred to in section 22 of this Part XV (*Additional Information*).

For the purposes of PR 3.2.4 of the Prospectus Rules, the Prospectus will also be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months from the date of publication of this Prospectus at the registered office of the Company at Harston Mill, Harston, Cambridge CB22 7GG. In addition, the Prospectus will be published in electronic form and be available on the Company's website at www.acaciapharma.com, subject to certain access restrictions.

PART XVI – DEFINITIONS

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

2015 Plan	the Acacia Pharma Group plc 2015 Discretionary Share Option Plan;
Admission	admission of the Ordinary Shares to trading on the regulated market of Euronext Brussels;
APL Shareholders	the shareholders of APL immediately prior to completion of the Share for Share Exchange;
APL Shareholders' Agreement	means the shareholders' agreement dated 21 December 2007 and as amended on 28 August 2008, 27 April 2009, 31 March 2011, 19 August 2013 and 16 July 2015 and December 2016 between APL and the APL Shareholders and relating to APL;
Articles	the articles of association of the Company to take effect from, and conditional upon, Admission;
ASCO	American Society of Clinical Oncology;
Audit Committee	the audit committee of the Board or a sub-committee of it;
Banks	each of Degroof Petercam and RBC;
Belgian FSMA	the Belgian Financial Services and Markets Authority;
certificated or in certificated form	shares or other securities recorded on the relevant register as being held in certificated form;
City Code	the City Code on Takeovers and Mergers;
Code	the UK Corporate Governance Code;
Companies Act	the UK Companies Act 2006, as amended;
Company or Acacia Pharma	Acacia Pharma Group plc;
CSOP	Company Share Option Plan;
Consideration Shares	means the ordinary shares, S ordinary shares, A ordinary shares, B preferred shares, C preferred shares and P shares in the capital of the Company issued to the APL Shareholders as consideration for the sale to the Company of their shares of equivalent classes in APL;
DABP	Deferred Annual Bonus Plan;
Degroof Petercam	Bank Degroof Petercam, having its registered office at Nijverheidsstraat 44, 1040 Brussels, Belgium;
Directors or Board	the Executive Directors and the Non-Executive Directors;
Disclosure and Transparency Rules	the disclosure and transparency rules made by the FCA under Part VI of FSMA;
EAPO	Eurasian Patent Office;
EMI Plan	the Acacia Pharma Group plc 2015 Enterprise Management Incentive Plan;
EPO	European Patent Office;
ESMO	European Society for Medical Oncology;
European Community	all European Union member states;
European Economic Area or EEA	the European Union, Iceland, Norway and Liechtenstein;
European Union or EU	an economic and political union of 28 member states which are located primarily in Europe;
Executive Directors	the executive directors of the Company, being Dr Julian Gilbert and Christine Soden;
Executive Management Team	the Group's executive management team comprising Dr Julian Gilbert, Christine Soden, Dr Gabriel Fox and Mike Bolinder;

Existing Ordinary Shares	the Ordinary Shares in issue immediately prior to Admission (following the Reorganisation);
Existing Shareholders	holders of Existing Ordinary Shares immediately prior to Admission (but following the Reorganisation);
FATCA	collectively, Sections 1471 to 1474 of the Revenue Code, an agreement entered into with the IRS pursuant to such sections of the Revenue Code, or an intergovernmental agreement between the US and another jurisdiction in furtherance of such sections of the Revenue Code (including any non-US laws implementing such an intergovernmental agreement);
FCA	the UK Financial Conduct Authority established pursuant to the Financial Services Act 2012 and responsible for, among other things, the conduct and regulation of firms authorised and regulated under FSMA and the prudential regulation of firms which are not regulated by the PRA;
F-Prime	F-Prime Capital Partners Healthcare Fund III LP;
FSMA	the UK Financial Services and Markets Act 2000 (as amended);
FTT	the European Commission's proposed Directive of a common Financial Transaction Tax;
Gilde	funds advised by Gilde Healthcare Partners B.V.;
Global Offer	the offer of Ordinary Shares to certain institutional and professional investors described in Part XIII (Details of the Global Offer) being made by way of this Prospectus;
Group	Acacia Pharma Group plc and its subsidiary undertakings taken as a whole;
HMRC	HM Revenue and Customs in the UK;
IFRIC	International Financial Reporting Interpretations Committee;
IFRS	International Financial Reporting Standards, as adopted by the European Commission for use in the European Union;
IGA	intergovernmental agreements;
IRS	the US Internal Revenue Service;
ISIN	International Securities Identification Number;
Joint Global Coordinators	Degroof Petercam and RBC;
LEI	Legal Entity Identifier;
Lending Shareholders	Novo, F-Prime, Lundbeckfond and Gilde;
LIBOR	London inter-bank offered rate;
Lock-Up Agreements	the lock-up agreements entered into between the Lock-Up Shareholders, each Senior Manager, the Company and the Banks dated 2 March 2018 and described in section 8 of Part XIII (*Details of the Global Offer*) and section 18.2 of Part XV (*Additional Information*);
Lock-Up Shareholders	the Significant Shareholders;
Lundbeckfond	Lundbeckfond Invest A/S;
Member State	a member state of the European Union;
New Ordinary Shares	new Ordinary Shares to be allotted and issued by the Company pursuant to the Global Offer;
Nomination Committee	the nomination committee of the Board or a sub-committee of it;
Non-Executive Directors	the non-executive directors of the Company, being as at the date of this Prospectus Patrick Vink, Scott Byrd, Pieter van der Meer, Professor Johan Kördel, Dr Alexander Pasteur and Dr Martin

	Edwards, and with effect from Admission Patrick Vink, Scott Byrd, Pieter van der Meer, Professor Johan Kördel, Dr John Brown and Ed Borkowski;
Novo	Novo Holdings A/S;
Offer Price	the price at which each Ordinary Share is to be issued or sold under the Global Offer;
Offer Shares	those Ordinary Shares to be issued by the Company pursuant to the Global Offer as described in Part XIII (*Details of the Global Offer*);
Official List	the Official List maintained by the FCA;
Operating Company or APL	Acacia Pharma Limited, registered in England and Wales with company number 05934843;
Ordinary Shares or Shares	ordinary shares of £0.02 each in the capital of the Company;
Over-allotment Option	the over-allotment option granted by the Company to the Stabilising Manager pursuant to the Underwriting Agreement;
Over-allotment Shares	Ordinary Shares sold pursuant to the exercise of the Over-allotment Option (if it is exercised);
PCAOB Standards	the Public Company Accounting Oversight Board Standards;
PCT	Patent Co-operation Treaty;
PD Regulation	the Prospectus Directive Regulation (2004/809/EC);
PFIC	a passive foreign investment company;
PRA	the UK Prudential Regulation Authority, established pursuant to the Financial Services Act 2012;
Prospectus	this document;
Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State;
Prospectus Rules	the prospectus rules of the FCA made under Part VI of FSMA relating to offers of securities to the public and admission of securities to trading on a regulated market;
PSP	Performance Share Plan;
Qualified Institutional Buyer or QIB	a qualified institutional buyer within the meaning of Rule 144A;
RBC	RBC Europe Limited;
Registrar	Equiniti Limited;
Regulation S	Regulation S under the Securities Act;
Relevant Member State	each Member State of the European Economic Area that has implemented the Prospectus Directive;
Remuneration Committee	the remuneration committee of the Board or a sub-committee of it;
Reorganisation	the reorganisation of the share capital of the Company, as summarised in paragraph 3.9 of Part XV (*Additional Information*) of this document;
Revenue Code	the US Internal Revenue Code of 1986, as amended;
Rule 144A	Rule 144A under the Securities Act;
SDRT	UK stamp duty reserve tax;
Securities Act	the US Securities Act of 1933, as amended;
Senior Managers	those persons identified as senior managers of the Group in Part VII (*Directors, Senior Managers and Corporate Governance*);

Share for Share Exchange	the share for share exchange transaction by which the Company acquired all the issued shares in the capital of the Operating Company, as summarised in paragraph 3.3 of Part XV (*Additional Information*) of this document;
Shareholder(s)	holder(s) of shares in the Capital of the Company from time to time;
SID	senior independent director of the Board;
Significant Shareholders	Gilde, Lundbeckfond, Novo and F-Prime;
Stabilising Manager	Degroof Petercam;
Stock Lending Agreement	the stock lending agreement dated 2 March 2018 entered into between the Stabilising Manager and the Lending Shareholders;
Takeover Panel or Panel	the UK Panel on Takeovers and Mergers;
TSR	total shareholder return;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UK Corporate Governance Code	the UK Corporate Governance Code dated September 2016 issued by the Financial Reporting Council;
UK GAAP	generally accepted accounting principles in the UK;
UK Government or Government	the central government of the United Kingdom of Great Britain and Northern Ireland;
uncertificated or in uncertificated form	shares or other securities recorded on the relevant register as being held in uncertificated form in Euroclear Belgium and title to which, by virtue of the rules and procedures of Euroclear Belgium, may be transferred by means of Euroclear Belgium;
Underwriters	Degroof Petercam and RBC;
Underwriting Agreement	the underwriting agreement dated 2 March 2018 entered into between the Company, the Directors and the Banks and described in section 18.1 of Part XV (*Additional Information*);
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
US GAAP	US Generally Accepted Accounting Principles;
US GAAS	US Generally Accepted Auditing Standards; and
US Holder	has the meaning given to such term in section C of Part XIV (*Taxation*).

PART XVII – GLOSSARY

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding certain terms used in this Prospectus:

ASP	average selling price;
adverse event	any untoward medical occurrence in a subject in a clinical trial who has been administered a pharmacological product whether or not it has a causal relationship with the product;
agent	an active force or substance capable of producing an effect;
agonist	a compound which binds to a receptor on or in a cell and which, as a consequence, evokes an active response;
ANDA	Abbreviated New Drug Application;
antagonist	compound which brings to a receptor on or in a cell and which, as a consequence, prevents the usual response or activity of that receptor;
antiemetic	a substance which prevents or suppresses vomiting and/or nausea;
antipsychotic	a drug which prevents or supresses manifestations of psychotic disorders, such as schizophrenia and mania;
boxed warning (also known as black-box warning)	the strictest warning put in the labelling of prescription drugs or drug products by the FDA when there is reasonable evidence of an association of a serious hazard with the drug;
broad label	a marketing approval for a drug with relatively few restrictions in how that drug may be used in its therapeutic area;
chemotherapy	the treatment of disease by means of chemicals that have a specific toxic effect upon agents of the disease, such as cancer cells or pathogenic micro-organisms;
chronic	characterised by extended duration and typically by slow development or slow recurrence of a disease, as opposed to acute;
CINV	chemotherapy induced nausea and vomiting;
Consensus Guidelines	guidelines for managing post-operative nausea and vomitting, published by Gant TJ, Diemunsch P, Habib AS, et al (2014), ''Consensus guidelines for the management of post-operative nausea and vomiting Anesth *Analog* (118(1):85-113);
CRO	contract research organisation;
data exclusivity	the exclusive right of an applicant over the regulatory data it submits to obtain marketing authorisation for a medicinal product. During a period of data exclusivity, other applicants (such as generic drug manufacturers) seeking to obtain marketing authorisation are prevented from referring to or otherwise making use of such data in their own applications;
double-blind	a kind of clinical study comparing two or more treatments, in which the identity of each individual treatment is concealed from the study subjects and the researchers. This method minimises the bias, deliberate or unintentional, which may arise if the treatment for a particular subject is known;
emetogenic	inducing nausea and/or vomiting, a common property of anti-cancer agents and opoid pain killers, among other drugs;
enantiomers	chiral molecules that are mirror images of one another;

endpoint	in a clinical trial, a measure chosen for statistical testing, to determine whether an experimental treatment is or is not different from a reference treatment. The primary endpoint is the most important measure in the trial and is used to calculate the required number of subjects;
extrapyramidal side effects (EPS)	signs and symptoms arising from blockade of pathways in the brain involved in the coordination of movement, including restlessness, twitches, muscle spasms, rigidity and irregular, jerky movements;
extravasation	a discharge or escape, as of blood, from a vessel into the tissues;
FDA	the Food and Drug Administration of the US, responsible as 'public health protector' for overseeing the approval process for a new drug or device to be marketed;
formulary	a hospital's list of approved products;
formulation	the combination of active drug and pharmacologically inactive ingredients used to achieve adequate bioavailability;
GCP	Good Clinical Practice;
GMP	Good Manufacturing Practice;
HEC	highly emetogenic chemotherapy, an anti-cancer drug or regimen which causes nausea and vomiting in more than 90 per cent of recipients, in the absence of effective prevention;
ICH	International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use;
ICU	intensive care unit;
indication	a particular therapeutic use of a drug;
initial label	the approved use(s) of a drug on its first introduction into the market;
intravenous or IV	with a vein;
label	the terms of a drug's marketing approval, in particular the therapeutic areas and patient populations in which it is approved to be used;
Late Stage	in Phase 2 clinical development or later;
MA	market authorisation;
MEC	moderately emetogenic chemotherapy regimens that are linked to a moderate incidence of nausea and vomiting;
Medicaid	is a US joint federal-state programme that provides health coverage or nursing home coverage to certain categories of low-asset people, including children, pregnant women, parents of eligible children, people with disabilities and elderly needing nursing home care;
Medical Science Liaisons	healthcare professionals employed by pharmaceutical companies within their medical teams as a communication bridge with clinical medicine, acting as the company's spokesperson and educator;
Medicare	is the US federal health insurance programme for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease;
NDA	New Drug Application;
NK-1 receptor antagonist	a substance which antayonises neurokinin1 receptors, these have been shown to have antidepressant aniolytic and antiemetic properties;
off-label use	use of a drug for a disease or condition other than the indication for which it was approved;
oncologist	a specialist physician who treats cancer patients;

open-label	a kind of study where the identity of treatments is not concealed;
P&T committee	pharmacy & therapeutics committee;
pharmacological	relating to the study of drugs, especially in respect of their effects on body systems, such as tissues, cells, receptors, etc.;
Phase II	an exploratory stage of clinical testing, in which the aim is usually to obtain initial evidence of efficacy and safety in target patients and to characterise the relationship between dose and response;
Phase 2a or Phase II/III	a kind of study with features of both Phase II and Phase III trials, usually applied to a trial which is designed to start with multiple treatment arms and undergo one or more analyses during its course with a view to discontinuing less effective treatment arms, leading to a final comparison of the optimal treatment arm with the reference arm;
Phase III or Phase 3	the final stage of clinical testing prior to drug approval, in which the aim is to obtain statistically persuasive evidence of efficacy and substantial evidence of adequate safety in one or more target patient populations;
PONV	post-operative nausea and vomiting;
PONV Consensus Guidelines	the 2014 Consensus Guidelines for managing Post-Operative Nausea and Vomiting;
prevalence	the number of individuals in a population having a particular condition at a particular point in time;
prodrug	a substance which is itself not an active drug but which is, after administration, converted into an active drug by the body;
prophylactic antiemetic	an antiemetic given to prevent the onset of nausea and/or vomiting;
prophylaxis	treatment given or action taken to prevent a disease or condition;
QT interval	the time between the start of the Q wave and the end of the T wave on an electrocardiogram, representing the time taken for depolarisation (electrical discharge) and repolarisation of the heart ventricles during each heart beat;
QTc	the QT interval mathematically adjusted to take account of the heart rate;
radiotherapy	the treatment of disease, usually cancer, using ionising radiation;
randomised	a kind of study in which participants are allocated to treatment groups at random;
regimen	a specific combination or sequence of drugs for preventing or treating a disease or condition;
relative risk reduction	the amount by which a treatment reduces the chance of an undesirable outcome compared to a reference, such as a placebo or a current standard, expressed as a percentage of the reference effect; for example, a treatment which reduced an outcome from 50 to 40 per cent would give a relative risk reduction of 10 divided by 50, or 20 per cent. This is effectively a measure of the proportion of patients benefitting from the treatment;
Type B meeting	pre-investigational NDA meetings, certain end-of-phase 1 meetings, end-of-phase 2 and pre-phase 3 meetings and pre-new drug application/biologics licence application meetings with the FDA; and
WAC	wholesale acquisition cost.