

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of the proposals referred to in this Circular or as to the action you should take, you should seek your own advice from your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (FSMA).

If you have sold or otherwise transferred all your shares in eve Sleep plc (the **Company**), please forward this Circular, together with the accompanying documents, to the purchaser or transferee, or to the stockbroker or other agent who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

An application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares to be issued pursuant to the Placing will, following their issue, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company beginning on page 6 of this Circular, which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.



(Incorporated and registered in England and Wales under the Companies Act 2006 with registered no. 09261636)

Proposed Placing of 120,317,323 Ordinary Shares at 10 pence per new Ordinary Share to raise approximately £12.0 million before expenses

**Approval of a waiver of Rule 9 of the Takeover Code
£0.9 million media for equity arrangement
and**

Notice of General Meeting

Whether or not you propose to attend the General Meeting, please complete and submit the enclosed Form of Proxy in accordance with the instructions printed on it. The Form of Proxy must be completed, signed and returned so as to reach the Company's Registrars by no later than 10 a.m. on 7 February 2019. Alternatively, if you would prefer to register your proxy appointment and instructions electronically, full details are shown in the instructions printed on the Form of Proxy.

This Circular is being provided to you solely for the purposes of considering the Resolutions to be voted upon at the General Meeting to be held on 11 February 2019. This Circular does not constitute an offer, or the solicitation of an offer, to buy or to subscribe for any securities, nor shall there be any sale or subscription of, the Ordinary Shares, or any securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The distribution of this Circular in certain jurisdictions may be restricted by law and therefore persons into whose possession this Circular comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Shareholders who are residents or citizens of any country other than the United Kingdom and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this Circular to a jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

Any securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state of the United States of America, and unless so registered may not be offered or sold in the United States of America except pursuant to an exemption from the registration requirements of the US Securities Act and applicable state securities laws. Any securities referred to herein may be offered and sold only in "offshore transactions" as defined in and pursuant to Regulation S under the US Securities Act or otherwise in private placement transactions that are exempt from the registration

requirements under the US Securities Act. There will be no public offer of securities in the United States of America.

Peel Hunt LLP (**Peel Hunt**) is authorised and regulated in the United Kingdom by the FCA and is acting as nominated adviser and broker to the Company in respect of the Placing. Peel Hunt is acting for the Company and for no-one else in connection with the Placing and will not be treating any other person as its client in relation thereto and will not be responsible for providing the regulatory protections afforded to its customers nor for providing advice in connection with the Placing or any other matters referred to herein and apart from the responsibilities and liabilities (if any) imposed on Peel Hunt by FSMA, any liability therefor is expressly disclaimed. Any other person in receipt of this Circular should seek their own independent legal, investment and tax advice as they see fit.

Forward-looking statements

Certain information contained in this Circular constitutes forward-looking information. This information relates to future events or occurrences or the Company's future performance. All information other than information of historical fact is forward-looking information. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that this information will prove to be correct and such forward-looking information included in this Circular should not be relied upon. Forward-looking information speaks only as of the date of this Circular.

The forward-looking information included in this Circular is expressly qualified by this cautionary statement and is made as of the date of this Circular. Neither the Company nor Peel Hunt undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

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Expected Timetable of Principal Events

2019

Announcement of the Placing	23 January
Publication of this Circular and the Form of Proxy	23 January
Latest time and date for receipt of Forms of Proxy	10 a.m. on 7 February
General Meeting	10 a.m. on 11 February
Announcement of the results of the General Meeting	on or around 11 February
Allotment and issue of the VCT Placing Shares	7.30 a.m. on 12 February
Allotment and issue of the Placing Shares (other than the VCT Placing Shares)	8.00 a.m. on 12 February
Admission to trading on AIM of all of the Placing Shares and commencement of dealings in the Placing Shares on AIM	8.00 a.m. on 12 February

Notes:

1. The times and dates set out in the expected timetable of principal events above and mentioned throughout this Circular may be adjusted by the Company, in which event details of the new times and dates will be notified to the London Stock Exchange and, where appropriate, Shareholders by means of an announcement through a Regulatory Information Service.
2. All references to times and dates in this Circular are to times and dates in London, United Kingdom.

Statistics relating to the Placing

Number of Existing Ordinary Shares as at the date of this Circular	139,735,161
Placing statistics	
Placing Price per Placing Share	10 pence
Number of Placing Shares	120,317,323
Gross proceeds of the Placing	c.£12.0 million
Estimated net proceeds of the Placing	c.£11.7 million
Discount to mid-market share price at the Last Practicable Date	3.6 per cent.
Overall statistics	
Enlarged Share Capital following the Placing ⁽¹⁾	260,052,484
Number of Placing Shares as a percentage of the Enlarged Share Capital ⁽¹⁾	46.3 per cent.
Implied market capitalisation at the Placing Price following the Placing ⁽¹⁾	£26.0 million

(1) Assumes no exercise of any share options prior to Admission

Part I – Letter from the Chairman

eve Sleep plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 09261636)

Directors:
Paul Pindar (*Non-executive Chairman*)
James Sturrock (*Chief Executive Officer*)
Abid Ismail (*Chief Financial Officer, Company Secretary*)
Thomas Enraght-Moony (*Independent Non-executive Director*)
Nikki Crumpton (*Senior Independent Non-executive Director*)

Registered Office:
128 Albert Street
London
England
NW1 7NE

23 January 2019

Dear Shareholder

Proposed Placing of 120,317,323 Ordinary Shares at 10 pence per new Ordinary Share to raise approximately £12.0 million before expenses

Approval of a waiver of Rule 9 of the Takeover Code £0.9 million media for equity arrangement

and

Notice of General Meeting

1 Introduction and summary

On 15 November 2018, the Company announced the results of its business review and a trading update as well as stating its intention to raise new equity. The Company provided an update in respect of the planned fundraising on 6 December 2018. Further to such announcements, I am pleased that the Company has today announced that it has, conditional upon the passing of the Resolutions and on Admission, raised approximately £12.0 million (before expenses) through the placing of the Placing Shares with certain existing and new investors for 120,317,323 new Ordinary Shares at the Placing Price, and in addition Channel Four, which provides advertising services to the Company and is an existing Shareholder, has agreed that £0.9 million of future advertising spend by the Company with Channel Four will, when payable, be satisfied by the issue of new Ordinary Shares at the Placing Price over a period of up to twenty four months from Admission. The Placing Price represents a discount of approximately 3.6 per cent. to the closing mid-market price of an Existing Ordinary Share on 22 January 2019, being the latest practicable date prior to the publication of this Circular.

The net proceeds of the Placing (approximately £11.7 million) and the proposed Channel Four future advertising spend of £0.9 million (as described in paragraph 13 of this Part I) will, in conjunction with existing net cash resources (approximately £6 million as at 31 December 2018¹), be utilised by the Company to implement its updated strategy as described in more detail below as well as for general working capital purposes.

Woodford, which is a key investor in the Placing, is deemed to be acting in concert with any investment funds discretionary managed by it (including each of the Woodford Funds). As such Woodford is deemed to be interested in the aggregate shares in the Company held by the Woodford Funds for the purposes of the Takeover Code. Woodford (and any person acting in concert with it) is currently a beneficial holder of approximately 29.90 per cent. of the Company's current issued share capital. Woodford, in its capacity as discretionary investment manager, acting on behalf of certain of its investment fund clients, has agreed to subscribe for 80,000,000 Placing Shares, being an amount that would increase the percentage holding of the Company of Woodford (and those persons acting in concert with it) immediately following completion of the Placing to 46.83 per cent. of the Company's Enlarged Share Capital. The Panel has agreed to a waiver of the obligations under Rule 9 of the Takeover Code (commonly referred to as a "Whitewash"), subject to the Whitewash Resolution being approved on a poll at the General Meeting by

¹ This figure is unaudited.

Independent Shareholders who hold, in aggregate, a simple majority of the votes cast on the Independent Shares. Without such waiver, Woodford (and any persons acting in concert with it) would be obliged to make a general offer to Shareholders under Rule 9 of the Takeover Code. The Placing is conditional on the Whitewash Resolution being passed by the relevant majority of Independent Shareholders.

The VCT Placing Shares will be allotted and unconditionally issued before the other Placing Shares (the latter being allotted and issued conditionally on Admission) to allow the VCT Placee to benefit from any potential tax advantages that may be applicable pursuant to the rules of the VCT Scheme. The VCT Placee has obtained its own independent advice in this regard and the Company has obtained no assurance from HMRC or any other person that any VCT relief may be, is or will continue to be available to the VCT Placee or any other person and the Company disclaims any and all liability in this regard.

Conditionally upon the implementation of the Placing, the Company intends that all options over Ordinary Shares granted under the Share Option Plan at the time of the Company's initial public offering in May 2017 will be cancelled and new options over Ordinary Shares be granted to certain members of management and employees of the Company with an exercise price equal to the nominal value of the Ordinary Shares with a vesting period of three years. Further details of the new options are set out below under "New Option Grants".

In order for the Placing to proceed, the Resolutions must be duly passed at the General Meeting. Accordingly, the General Meeting is being convened commencing at 10 a.m. on 11 February 2019, notice of which is set out at the end of this Circular.

The purpose of this Circular is to give you details of, and the reasons for, the Placing, to provide further detail on the Whitewash Resolution and the implications to Shareholders of Rule 9 of the Takeover Code being waived, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole and to explain why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.

2 Background to the Placing

The purpose of the Placing is to enable the Company to implement its updated strategy as announced on 15 November 2018.

From 10 September 2018, following the appointment of James Sturrock as Chief Executive Officer, the Board carried out a detailed review of the Company's business. The Company's updated strategy, which has been formulated in light of this review, is to refocus on the core sleep markets of the UK&I and France, which collectively are estimated to be worth approximately £6 billion per annum².

The rationale for this re-focus is twofold. First, the UK&I and France are among the biggest sleep markets in Europe.³ Second, despite the Company achieving growth across the rest of Europe in the first half of the year, the negative profit contribution from the Company trading in this region was considered to be too great to justify continued investment.

Within the core markets of UK&I and France, the Board's revised strategy is to transform eve from being a single product focused business to a repeat purchase, multi-product sleep specialist, building on the Company's growing share of the mattress market. The Board believes that this updated strategy, together with the funds raised in the Placing, will help drive continued revenue growth and increase conversion. It is also expected that eve's updated, more targeted marketing strategy will help lead to significant improvements in unit economics. Such results are expected to be facilitated by the estimated c.40 per cent. increase in online market penetration of the UK bedroom furniture market between 2018 and 2023.⁴

Accordingly, the Company's updated strategy will focus on three core pillars with the intention that the Company will further grow its share of the £6 billion bedroom market in UK&I and France resulting in revenue growth for the Company. The three core pillars are aimed at creating a clearer

² Based on Euromonitor data (passport 2019) market sizes excluding VAT. Retail value RSP market sizes (inclusive of VAT) UK mattress £2.2bn, FR mattress £0.8bn, UK bedroom £2.9bn, FR bedroom £1.1bn. "Sleep" includes mattresses, beds and bed textiles.

³ The estimated market share is based on Euromonitor estimates and the Company's own estimates. "Bedroom" includes beds and bed textiles.

⁴ Source: GlobalData – Bedroom furniture, September 2018.

position for the Company in the wider sleep market with a wider bedroom product range and an increased ability for cross-selling, by investing in technology and digital teams to improve conversion and the Company's repeat purchase metrics, and by continued investment in a more effective return on marketing spend. The three core pillars of the Company's strategy are:

- differentiated brand positioning – broadening the Company's current position to become a trusted destination for a wider range of bedroom products;
- expanded product range – focussing on carefully curated, design-led ranges that will increase cross-selling and repeat purchases, whilst continuing to deliver excellent product quality in the Company's mattress range; and
- lower friction customer experience – building consumer trust in the Company's products and services with a view to improving the conversion rate.

The three pillars are described in more detail below.

The Company, with an estimated compound quarterly revenue growth rate of c.17 per cent. between Q1 2016 and Q3 2018, aims to achieve further growth. The Directors believe this revised strategy will drive improved customer life time value and, as such, offer the potential to deliver medium-term profitability of approximately high single digit EBITDA margins.⁵

The Directors believe that an increase in current market share could have a significant impact on revenues and cost ratios. By way of illustration, overheads and marketing as a percentage of revenue have the potential to decrease to under 30 per cent. based on a mattress market share of c.5 per cent. in the targeted markets.⁶

Differentiated brand positioning

In the UK, the Company's marketing strategy has been effective in driving growth in its brand awareness and, at the same time, improving its marketing efficiency, with unprompted brand awareness growing from 1.4 per cent. in December 2016 to 11.2 per cent. in August 2018 and, across UK&I, marketing as a percentage of revenue falling from approximately 60 per cent. in Q1 2017 to approximately 36 per cent. in October 2018 and remaining at below 50 per cent. for the rest of the year.⁷

eve is currently the fifth most well-known mattress brand in the UK⁸ and eighth most well-known mattress brand in France⁹ and is the most searched for mattress in a box brand in the UK and second most searched for mattress in a box brand in France¹⁰.

The Company plans to continue to build brand awareness in its core markets through:

- optimised marketing, focusing on improving efficiency through different media channel weightings throughout next year; and
- enhanced targeting, customer engagement and increased awareness through:
 - efficient investment in paid media;
 - growing its owned media to improve customer content; and
 - further building credibility and awareness through its commercial retail partnership channels and through brand partnership endorsements.

5 This is not a profit forecast. Actual results may differ and there is no guarantee that the Company will achieve any such targeted EBITDA margin.

6 This is not a profit forecast. This is based on based on Euromonitor estimates and the Company's own estimates and is not an indication that such market shares, revenues or cost ratios are achievable and should not be taken as an indication of any expected, targeted or actual future results and no reliance should be placed on the same. This is based on a c.£2.5 billion mattress market size.

7 Figures for 2018 are unaudited.

8 Source: Populus Omnibus August 2018.

9 Source: YouGov brand tracker August 2018.

10 Source: Google Trends Index, 1 January to 31 October 2018, extracted on 20 November 2018.

Expanded product range

Product range expansion has driven growth in non-mattress revenue and also repeat ordering with online sales of non-mattress products in UK&I growing from approximately £0.3 million in Q1 2017 to approximately £1.1 million in Q3 2018.¹¹ In addition, online repeat orders in the UK have grown from approximately 8 per cent. in Q1 2016 to approximately 12 per cent. in Q3 2018.¹²

As such, the Company plans to expand more aggressively its depth and range of products. The Company's new mattress range is performing well and the Company has recently launched its premium mattress. The Company also plans to offer a more extensive, but carefully curated, bedframe product offering, an extended textiles range, lighting, furniture and accessories and plans to launch new products in Q1 2019, including a full baby bed and sleep range in collaboration with the design collective Nous Vous. The Company plans to more than double the range of products from around 22 in Q3 2018 to around 60 products by the end of 2019, with further range expansions planned beyond that period.

The Board believes that this will help lead to increased cross-selling opportunities and repeat purchases, thereby growing sales and reducing customer acquisition costs and, as a result, significantly improving the Company's unit economics.

Lower friction customer experience

The Company has recently made improvements to its customer experience which has shown a noticeable improvement in UK conversion rates. The Directors believe that further increasing conversion rates will have a positive effect on marketing effectiveness and will improve the key metric of marketing as a percentage of revenue.

The Company's plans to enhance the customer experience include:

- improving the omni-channel presence, increasing brand awareness and credibility at the same time as allowing customers to experience the product before making purchases;
- focussing on the online purchasing experience including improving the search, discovery and checkout processes on the website; and
- enhancing delivery options for customers and improving post-sales customer relationship marketing.

The Directors believe that the above enhancements to customer experience will be a key component in driving long-term, sustainable growth.

The Company is currently reviewing its retail and partnership strategy and, as part of that, Dreams has engaged with the Company to re-negotiate certain commercial terms in connection with their partnership with eve. The Company's objective is that these negotiations are resolved satisfactorily, however discussions are ongoing.

3 Details of the Placing

The Company has entered into the Placing Agreement with Peel Hunt on customary terms and conditions pursuant to which, subject to the conditions set out in the Placing Agreement, Peel Hunt has agreed to use its reasonable endeavours (as agent for the Company) to procure placees for 120,317,323 new Ordinary Shares at the Placing Price. The Company has received firm commitments from Placees for all of the Placing Shares in the Placing which will raise approximately £12.0 million (before expenses).

The obligations of Peel Hunt under the Placing Agreement are conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 12 February 2019 (or such later time and date as the Company and Peel Hunt shall agree, not being later than 8.30 a.m. on 26 February 2019).

The Placing Agreement contains provisions entitling Peel Hunt to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised or if the conditionality in the Placing Agreement is not satisfied, the Placing will not proceed.

The Company has agreed to pay Peel Hunt a placing commission together with reimbursement of certain costs and expenses incurred in connection with the Placing.

¹¹ Non-mattress revenue does not represent split of quantity of orders/items and is the value of revenue attributable to non-mattress products.

¹² Repeat orders are based on orders in a period from previous customers as a percentage of total orders via the UK website (excluding Ireland) in that period.

The VCT Placing Shares will be allotted and unconditionally issued before the other Placing Shares (the latter being allotted and issued conditionally on Admission) to allow the VCT Placée to benefit from any tax advantages that may be available pursuant to the rules of the VCT Scheme. For more detail see paragraph 8 of this Part I.

Application will be made for the Placing Shares to be admitted to trading on AIM. Subject to the Resolutions being passed at the General Meeting, it is expected that Admission of the Placing Shares will become effective and that dealings will commence in the Placing Shares at 8.00 a.m. on 12 February 2019.

4 The Takeover Code

The Placing gives rise to certain considerations under the Takeover Code and Shareholders are entitled to the protections afforded under the Takeover Code. The Takeover Code is issued and administered by the Panel. The Takeover Code applies to, *inter alia*, a company which has its registered office in the United Kingdom and is admitted to trading on AIM.

Under Rule 9 of the Takeover Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer to all the holders of any class of equity share capital and to the holders of any other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the Takeover Code also provides, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of a company which is subject to the Takeover Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then that person is normally required to make a general offer to all the holders of any class of equity share capital and to the holders of any other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

An offer under Rule 9 of the Takeover Code must be in cash (or be accompanied by a cash alternative) at not less than the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares in the company during the 12 month period prior to the announcement of the offer.

For the purposes of the Takeover Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other. Certain categories of person are presumed to be acting in concert under the Takeover Code unless the contrary is established.

Immediately following Admission, Woodford (including the Woodford Funds and any other party deemed acting in concert with it) will have acquired interests in the Ordinary Shares carrying in aggregate 46.83 per cent. of the voting rights of the Company which, without a waiver of the obligations under Rule 9 of the Takeover Code, would oblige Woodford (and any party deemed to be acting in concert with it) to make a general offer to Shareholders under Rule 9 of the Takeover Code.

Woodford is an investment fund manager. In pursuance of their client's investment objectives, Woodford actively invests in companies as agent for its clients. Accordingly, Woodford will subscribe for its Placing Shares using its clients' available cash resources.

5 Rule 9 Waiver

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Placing to proceed without triggering an obligation on the part of Woodford to make a general offer to all of the other Shareholders.

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Takeover Code, the Panel will normally waive the requirement for a general offer to Shareholders under Rule 9 of the Takeover

Code if, among other things, there has been a vote of independent shareholders. Accordingly, the Panel has agreed to grant a waiver of Rule 9 of the Takeover Code subject to the Independent Shareholders approving the Whitewash Resolution on a poll at the General Meeting. To be passed, the Whitewash Resolution will require a simple majority of the votes cast on a poll by the Independent Shareholders.

Independent Shareholders should note that, following completion of the Placing, Woodford (and those parties deemed to be acting in concert with it) will not be entitled to increase its interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the Takeover Code to make a general offer (unless a dispensation from this requirement has been obtained from the Panel in advance).

If the Whitewash Resolution is passed by the Independent Shareholders at the General Meeting, Woodford will not be restricted from making an offer for the Company.

Independent Shareholders should also note that, following completion of the Placing, Woodford (by the fact that it is deemed interested, for Takeover Code purposes, in the aggregate shares held by its discretionary managed investment fund clients, (including the Woodford Funds and any other party deemed acting in concert with it) will control, in aggregate, approximately 46.83 per cent. of the voting rights of the Company and that this will increase the percentage of the Ordinary Shares that are not in public hands (as defined in the AIM Rules). This may in turn have the effect of reducing the liquidity of trading in the Ordinary Shares on AIM. Woodford's stake in the voting rights of the Company will also mean that Woodford will be able, if it so wishes, to block any special resolutions proposed at future general meetings of the Company and requisition a general meeting to present for vote resolutions proposed by it. Although it is not the current intention of Woodford to seek a resolution at a general meeting of the Company to de-list the Ordinary Shares from AIM, Woodford could, if it so wishes in the future, propose such a resolution.

6 Independent advice provided to the Board

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the transaction which is the subject of the Whitewash Resolution, the controlling position which it will create, and the effect which it will have on the Shareholders generally.

Accordingly, Peel Hunt, as the Company's nominated adviser, has provided formal advice to the Board regarding the Placing and the Whitewash. Peel Hunt confirms that it is independent of Woodford.

7 Related Party Transactions

Following Admission, Woodford, being a substantial shareholder in the Company as defined in the AIM Rules, will have a shareholding of 121,774,848 Ordinary Shares representing 46.83 per cent. of the Enlarged Share Capital. The participation of Woodford (or its associates) in the Placing will be a related party transaction for the purpose of Rule 13 of the AIM Rules (the **Woodford Related Party Transaction**). The Directors, having consulted with Peel Hunt as the Company's nominated adviser, consider that the terms of the Woodford Related Party Transaction are fair and reasonable insofar as the Shareholders are concerned.

Following Admission, the VCT Placee, being a substantial shareholder in the Company as defined in the AIM Rules, will have a shareholding of 38,461,295 Ordinary Shares representing 14.8 per cent. of the Enlarged Share Capital. The participation of the VCT Placee (or its associates) in the Placing will be a related party transaction for the purpose of Rule 13 of the AIM Rules (the **VCT Placee Related Party Transaction**). The Directors, having consulted with Peel Hunt as the Company's nominated adviser, consider that the terms of the VCT Placee Related Party Transaction are fair and reasonable insofar as the Shareholders are concerned.

Paul Pindar and James Sturrock, being directors of the Company and therefore related parties to the Company as defined in the AIM Rules, have conditionally agreed to subscribe for an aggregate of 10,200,000 Placing Shares in the Placing as detailed below:

Name	Role	Number of Placing Shares	Number of Ordinary Shares held following Admission	Percentage of the Enlarged Share Capital (%)
Paul Pindar ¹³	Non-executive Chairman	10,000,000	16,527,126	6.4
James Sturrock	CEO	200,000	252,750	0.1

The participation of the Directors (or their associates) in the Placing will be a related party transaction for the purpose of Rule 13 of the AIM Rules (the **Director Related Party Transaction**). The Independent Directors, having consulted with Peel Hunt as the Company's nominated adviser, consider that the terms of the Director Related Party Transaction are fair and reasonable insofar as the Shareholders are concerned.

8 VCT investors

No assurance has been obtained from HMRC or any other person that a subscription for Ordinary Shares in the Company is a “qualifying holding” for the purpose of investment by VCTs.

The status of the Ordinary Shares as a qualifying holding for VCT purposes will be dependent on a number of factors, including that the Ordinary Shares are “eligible shares” and a “qualifying holding” for VCT purposes.

None of the Company nor any of the Directors nor any of the Company's officers, employees, agents or advisers gives any warranty, representation or undertaking that any VCT investment in the Company is a qualifying holding (or, in the event that it is deemed to be a qualifying holding as at the Last Practicable Date, that it will remain so). The Company does not give any guarantee, undertaking or other assurance that it conducts or will conduct its business in a way which ensures that the Company will meet the requirements of a VCT Scheme. The Company has obtained no assurance from HMRC or any other person that any VCT relief may be, is or will continue to be available to the VCT Placee or any other person and any and all liability in this regard is disclaimed in respect of the Directors, the Company and its officers, employees, agents and advisers.

VCTs considering making a qualifying VCT investment are required to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances.

9 Dilution

The Placing will result in the issue of 120,317,323 new Ordinary Shares (representing, in aggregate, approximately 46.3 per cent. of the Enlarged Share Capital). The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Placing Shares.

10 Use of proceeds

The net proceeds of the Placing (estimated to be £11.7 million) and the proposed Channel Four future advertising spend of £0.9 million (as described in paragraph 13 of this Part I) will be used to support the strategy outlined in the section headed “Background to the Placing” above. Within those preceding amounts, the Directors envisage that the principal individual areas of expenditure, and the approximate breakdown between them, will be as follows:

- to reduce cost per customer acquisition through building a differentiated and trusted brand (which, including the proposed Channel Four future advertising spend of £0.9 million, is currently expected to be approximately between £4 and 4.5 million);

¹³ Includes connected persons

- to enhance the customer experience to drive conversion rate improvement (currently expected to be approximately between £1.5 and 2 million);
- to broaden the product portfolio by deploying resources and working capital, to build a defensible position in the sleep market and drive increased cross-selling and repeat purchasing (currently expected to be approximately between £2.5 and 3 million);
- to invest in internal systems to support the Company's growth, including investing in stock management, website infrastructure, logistics and warehouse technology (currently expected to be approximately between £2 and 2.5 million); and
- to augment existing net cash resources and to provide general working capital for the business.

In applying the above amounts, the Directors will have regard to any material changing trading patterns or conditions in the markets in which the Group operates and its requirements and the precise actual allocation between the above elements may be subject to appropriate adjustment up or down.

The Company previously announced that it required £15 million of new equity (assumed to be £14.5 million net of expenses) to fund the Company's updated strategy. This £14.5 million would have provided the Company with cash headroom on both its base case and downside case business plans looking out to December 2020. The aggregate net proceeds of the Placing, in conjunction with the Channel Four media for equity arrangement, amount to are c.£12.6 million. This amount also provides the Company with headroom on its base case business plan, and headroom on its downside case business plan when taking into account certain mitigating actions that would, in those circumstances, be required to be taken by the Company in Q4 2020.

11 Current trading and prospects¹⁴

In the unaudited 12 month period to 31 December 2018, the Group's revenue was ahead of analyst expectations at c.£34.5 million, helped by a successfully traded Black Friday period and early signs of conversion improvements supported by an enhanced user experience in the fourth quarter. UK&I revenue increased to c.£22.6 million and France revenue increased to c.£6.8 million in the period, representing an increase of c.40 per cent. and c.22 per cent. respectively when compared to their respective annual revenues in 2017.

In the unaudited 10 month period to 31 October 2018, contribution after marketing before overheads was a loss of c.£1.1 million in the UK&I and a loss of c.£3.0 million in France over the same period. Gross margins over this period were 53 per cent. in UK&I and 52 per cent. in France¹⁵ whilst return rates in the UK&I have been broadly stable at about 10 per cent. and in France have improved from about 10 per cent. to 6.5 per cent.¹⁶

As part of the business review set out above, and as outlined in the announcement made on 15 November 2018, the Company has re-evaluated its 2019 financial year priorities and expectations based on the updated strategy. In the current year, the Company is focused on building capabilities in customer experience and product range and optimising marketing investment. Following a successful start to the winter sales period in the UK, unaudited trading results for the first week of 2019 were in line with the Company's revised expectations.

12 New Option Grants

Conditionally upon, and following, the implementation of the Placing, the Company intends that all options over Ordinary Shares granted under the Share Option Plan at the time of the Company's initial public offering in May 2017 will be cancelled and new options over Ordinary Shares will be granted to certain members of management and employees of the Company under the Share Option Plan with an exercise price equal to the nominal value of the Ordinary Shares and with a vesting period of three years.

The cancellation of options and the granting of new options, including the number of individual grants will be determined by the remuneration committee of the Board conditional on and following

¹⁴ Financial results presented for 2018 are unaudited and have not been reviewed by the Company's auditors. 2018 annual results once audited may differ.

¹⁵ Reported gross margins Oct17 YTD – UK 60 per cent., France 55 per cent. Adjustment to underlying relates to provision release in H1 2017.

¹⁶ Returns rate reflects values in the management accounts which are produced in line with accounting policies and include provisions. On a Cohort analysis basis the values for France are 2017 (9 per cent.) and Oct-18 YTD (7 per cent.).

the completion of the Placing. Such grants shall be made in accordance with, and subject to, the Share Option Plan, but it is expected that options over up to 10 per cent. of the Enlarged Share Capital following the Placing will be granted (the **New Option Grants**). It is currently intended that options over up to 16.9 per cent. of the New Option Grants will be granted to James Sturrock, Chief Executive Officer, and options over up to 8.5 per cent. of the New Option Grants will be granted to Abid Ismail, Chief Financial Officer. The precise timing of the cancellation and granting of options will be dependent on the determination of the Company's remuneration committee following completion of the Placing and completion of the necessary contractual documentation related to the cancellation and grants. A further announcement will be made in due course.

13 Future issues of Ordinary Shares for media spend

Channel Four, which provides advertising services to the Company and is an existing Shareholder, has agreed with the Company that on a periodic basis within a twenty four month period following the Placing, sums payable by the Company in respect of media spend by it with Channel Four will be reinvested in the Company through the issue of new Ordinary Shares at a price equal to the Placing Price up to an aggregate amount of £0.9 million.

14 General Meeting

Set out on pages 37 to 38 of this Circular is a notice convening the General Meeting to be held on 11 February 2019 at 10 a.m. at the offices of Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET.

The Resolutions to be proposed at the General Meeting are as follows:

Resolution 1, which will be proposed as an ordinary resolution, will, if passed, grant authority to the Directors under section 551 of the Act, to allot Ordinary Shares up to a maximum aggregate nominal amount of £155,322.57 (being 59.73 per cent. of the aggregate nominal value of the Enlarged Share Capital and being the maximum required for the purposes of issuing the Placing Shares and including additional headroom for issuing new Ordinary Shares to Channel Four as described in paragraph 13 of this Part I and for granting the New Option Grants as described in paragraph 12 of this Part I), such authority expiring at the end of the next annual general meeting of the Company following the passing of the Resolution or, if earlier, 15 months after the date of the Resolution.

Resolution 2, which will be proposed as a special resolution and is conditional upon the passing of Resolution 1, will, if passed, empower the Directors, pursuant to section 570 of the Act, to disapply the statutory pre-emption rights in relation to the allotment of the new Ordinary Shares provided for in Resolution 1, such power expiring at the end of the next annual general meeting of the Company following the passing of the Resolution or, if earlier, 15 months after the date of the Resolution. This resolution is conditional on the passing of Resolution 1.

Resolution 3, which will be proposed as an ordinary resolution and is conditional on the passing of Resolution 1 and Resolution 2, is to approve the Panel's waiver of Rule 9 of the Takeover Code. This resolution will be taken on a poll of the Independent Shareholders only, and must be approved on a poll by the Independent Shareholders who together represent a simple majority of the issued Ordinary Shares held by the Independent Shareholders being voted (whether in person or by proxy) at the General Meeting.

The Directors believe that the proposed allotment authority in Resolution 1, the disapplication of pre-emption rights in Resolution 2 and the waiver of Rule 9 of the Takeover Code in Resolution 3 are necessary to allow the Placing to proceed. The Resolutions are set out in full in the Notice of General Meeting at the end of this Circular.

15 Action to be taken

A Form of Proxy for use at the General Meeting accompanies this Circular. The Form of Proxy should be completed in accordance with the instructions thereon and returned to the Company's registrars, Link Asset Services, as soon as possible, but in any event so as to be received by no later than 10 a.m. on 7 February 2019. Alternatively, if you would prefer to register your proxy appointment and instructions electronically, full details are shown in the instructions printed on the Form of Proxy. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the General Meeting and voting in person should they so wish.

16 Risk factors

Your attention is drawn to the risk factors which are set out in Part II of this Circular on page 16.

17 Further information

Before deciding what action to take in respect of the Resolutions, you are advised to read the whole of this Circular and not merely rely on certain sections of this letter.

18 Recommendation

The Independent Directors, who have been so advised by Peel Hunt, consider the Placing and the Resolutions, including the Whitewash Resolution, to be fair and reasonable and in the best interests of the Independent Shareholders, Shareholders and the Company, taken as a whole.

Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting on which they are entitled to vote, as the Directors who hold, or are otherwise beneficially interested in, Ordinary Shares intend to do in respect of their own beneficial holdings which are under their control amounting to, in aggregate, 10,539,476 Ordinary Shares, representing approximately 7.5 per cent. of the Existing Ordinary Shares, save that Paul Pindar and James Sturrock (who are Placees and therefore are not Independent Shareholders) shall not be entitled to, and shall not, vote on the Whitewash Resolution.

Yours sincerely

Paul Pindar
Non-executive Chairman
23 January 2019

Part II – Risk Factors

An investment in new Ordinary Shares is subject to a number of risks. Before making an investment decision with respect to new Ordinary Shares, prospective investors should carefully consider the risks associated with an investment in the Company, the Company's business and the industry in which the Company operates, in addition to all of the other information set out in this Circular and, in particular, those risks described below.

If any of the circumstances identified in the risk factors were to materialise, the Company's business, financial condition, results of operations and future prospects could be adversely affected and investors may lose all or part of their investment. Certain risks of which the Directors are aware at the date of this Circular and which they consider material to prospective investors are set out in the risk factors below. Additional risk factors which the Directors consider may be relevant to the Company's business can be found in the Company's Admission Document dated 15 May 2017. Copies of the Admission Document can be obtained on the Company's website at <https://investor.evemattress.co.uk/aim-rule>. However, further risks and uncertainties relating to the Company which are not currently known to the Directors, or that the Directors do not currently deem material, may also have an adverse effect on the Company's business, financial condition, results of operations and future prospects. If this occurs, the price of the Ordinary Shares may decline and investors may lose all or part of their investment.

An investment in the Company may not be suitable for all potential investors. Potential investors are therefore strongly recommended to consult an independent financial adviser, authorised under FSMA, who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

Risks relating to the Company's business and its industry

The Company may not be successful in implementing its updated strategy

There is no guarantee that the Company will be successful in implementing its updated strategy to focus on UK&I and France. The Company's future business and results of operation will depend on the successful implementation of this strategy and, in particular, upon the impact of the measures which the Company proposes to take to increase its brand awareness, expand its product range and improve the experience of its customers.

The Company's ability to generate sales growth is dependent upon a number of factors, including its ability to: increase penetration through effective marketing strategies, stronger product recognition and greater brand awareness; successfully design, launch and develop future products to extend its product range; provide a satisfactory customer experience; and secure and maintain relationships with key partners in its core markets.

Implementation of the Company's strategy may place significant demands on its management, administrative, operational, IT, financial, personnel and other resources. The Company will need to continue to maintain, develop and integrate its management, administrative, operational, financial and accounting systems, internal controls and supervisory procedures. As the Company's operations continue to expand, it may also be required to incur further expenditure and effort to invest in its IT systems and infrastructure and to recruit additional personnel. The Company may experience constraints in its ability to expand, such as being required to comply with additional legal or regulatory restrictions in its existing and target markets. There is no assurance that the Company will be successful in implementing its updated strategy, a lack of market acceptance of such efforts or the Company's inability to generate satisfactory revenue to offset its expansion costs could have a material adverse effect on its business, financial condition, results of operations and future prospects.

The Company operates in the highly competitive mattress and wider sleep market and may not be able to grow, or maintain, its existing market share

Participants in the sleep products market compete on price, quality, brand recognition, product availability and product performance. The highly competitive nature of this market means that the Company is continually subject to the risk of (a) loss of, or failure to increase, market share, (b) reductions in margins and (c) the inability to secure new customers.

The Company faces competition from other parties including those parties with greater capacity and scale than the Company and those who have a more established presence and/or reputation in the sleep market, as well as from new market entrants. The Company's business model relies

on marketing and having sufficient resources to market its products. Competitors who have greater resources than the Company may be more successful in marketing their products, which may impact on the Company's ability to create, maintain or grow a market share.

A number of competitors offer sleep products that compete directly with the Company's products. The Company may not achieve the goals of its updated strategy and as a result may fail to sufficiently differentiate itself from both traditional and mattress in a box competitors. Competition from established or new market entrants (particularly those who have an online direct-to consumer model for mattresses) may impact the Company's sales of its products and damage the Company's reputation and brand awareness, any of which may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects and inhibit the successful implementation of its updated strategy.

The Company is reliant on the success of its brand and may be subject to reputational harm that could damage its brand

The Company's success relies significantly on the strength of its brand. There can be no assurance that the Company will be able to continue to develop its brand awareness in order to increase its market share, nor maintain current levels of brand awareness.

The Company could be damaged by reputational harm if it fails to address actual or perceived issues with its product (including product quality, value for money, comfort, safety, aesthetics and environmental concerns), its website, the effectiveness of its logistics operations and customer service. In addition, the Company is exposed to risks which could undermine the strength of the Company's brand and its reputation and goodwill, such as negative news coverage, customer ratings and reviews (including adverse social media commentary), poor quality control, operational failures and customer service.

The Company may be subject to litigation, disputes, claims and complaints, including adversarial actions, by customers, employees, suppliers, competitors, insurers and others in the ordinary course of business. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management away from the Company's operations and may result in the Company having to pay monetary judgments, any of which could have a material adverse effect on the Company's results of operations and financial condition. In addition, adverse publicity or a substantial judgment against the Company related to litigation could negatively impact its reputation, even if the Company is not found liable. An inability to manage risks relating to its brand for any reason could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

Advertising expenditure may not generate the anticipated sales volume and brand awareness improvements

A significant component of the Company's marketing strategy involves the use of direct marketing to generate brand awareness and sales. Further growth and profitability depends upon the Company increasing brand awareness in order to generate the required level of interest in the Company's product range whilst balancing the cost of running advertising campaigns. The Company intends to continue investing in marketing and partnership channels to grow its business. Successful growth may require the establishment of additional sales and marketing channels. In addition, the return on these investments may be lower or develop more slowly than expected and there can be no guarantee that the Company will be able to deliver anticipated sales or market share, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

Investment in infrastructure and new product development may not result in improved website conversion rates or generate anticipated sales volume

A significant component of the Company's technology and new product development strategy involves investment in customer-centric platform optimisation, operational technology infrastructure and an expanded product range in order to facilitate improved conversion rates on website traffic. Further growth and profitability rely on improved conversion rates achieved via repeat purchase, purchase from a broadened customer base or purchases achieved as a result of platform optimisation. Whilst the expectation is that resources invested will result in improved website conversion, the outcome may not result in increased sales or generate the anticipated sales volumes. There is a risk that sales attributable to this planned investment are lower or develop more slowly than expected and there can be no guarantee that the Company will be able to

increase its sales and market share, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects

The Company's collaboration with partners in core markets may not achieve expected results and the Company's reputation may be adversely impacted

The Company currently has partnerships with Debenhams, Fenwick, Dreams and Next in the UK and But in France as well as online partnerships with Amazon, ShopDirect and Wayfair. There is no guarantee that the Company will be able to maintain a cost-effective relationship with its partners or that the partnerships will deliver the anticipated sales growth. The Company is currently reviewing its retail and partnership strategy and, as part of that, Dreams has engaged with the Company to re-negotiate certain commercial terms in connection with their partnership with eve. The Company's objective is that these negotiations are resolved satisfactorily, however discussions are ongoing. The Company's partners could terminate their relationship with the Company and could also enter into agreements with the Company's competitors, which may have a material adverse effect on the Company's reputation, business, financial condition, results of operations and future prospects.

The Company's market share and business position may be adversely affected by economic, political and market factors beyond the Company's control

The markets in which the Company operates are directly affected by many national and international factors that are beyond the Company's control. Any of the following factors, among others, may cause a substantial decline in the markets in which the Company offers its services and an impact on future demand for the Company's products: economic, stock market and political conditions, including uncertainty in the UK and European economy in part related to the uncertainty around the terms on which the United Kingdom will leave the European Union; the level and volatility of the UK consumer goods market; the cost of materials; concerns about inflation; consumer confidence; unemployment levels; decreased demand; a reduction in the disposable income of customers; consolidation in the sleep sector; order volumes, delays, cancellations and return rates; inability for the Company and suppliers to accurately forecast future product demand trends; and legislative and regulatory changes. In recent years, markets have been affected by the global financial crisis. Worsening or volatile economic conditions could impact consumer confidence and the demand for the Company's services.

Uncertain economic prospects or a decline in the financial and/or consumer goods market in any of the countries where the Company operates could:

- (a) adversely affect the performance of the Company and its reputation;
- (b) result in a deterioration of the Company's competitive position and a reduction in the overall level of its business; and
- (c) lead to a failure to win new business.

Accordingly, any of these factors could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

The Company operates in a rapidly changing industry and may fail to adapt to changes in the industry

The e-commerce and m-commerce industries are characterised by rapidly changing technology, evolving laws, regulations, rules and industry and other applicable standards and codes of conduct, new service and product introductions and changing customer demands.

An inability of the Company to respond to technological advances on a cost-effective and timely basis, may impede its ability to establish or maintain a competitive advantage. There are constant developments in internet searching, online marketing, communications, social networking and other services to enhance the online experience of the consumer and the devices on which that online experience is available. Significant investment in infrastructure, research and development and other areas is required in order to enhance the Company's platform technology. Technological advances may require the Company to re-evaluate its business model and adopt significant changes to its strategy and business plan. Failure to innovate and adapt to changes in the online market may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

The Company is heavily reliant upon its technology systems and, like other ecommerce companies handling consumer data, is vulnerable to hacking and other cyberattacks. The Company takes both preventative and detective actions to identify such attacks, but the risk remains that data loss may lead to increased business costs in the form of fines or compensations as well as reduced anticipated sales. All of which may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

The application or modification of existing laws or regulations, or adoption of new laws and regulations (including those relating to the internet, e-commerce, online operations and protection of consumers online) could adversely affect the manner in which the Company currently conducts its business. The growth and development of the market for online retail may lead to more stringent customer protection laws which may impose additional burdens on the Company and increase its business costs, all of which may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

The Company is, or will be, subject to laws and regulation and supervision by regulators in a number of countries. Regulators can typically conduct industry-wide investigations into the business of firms supervised by that regulator. Such investigations can follow adverse publicity in respect of another participant in the same industry as the Company and might not necessarily result from any action or omission by the Company. A regulator may determine that the Company has failed to comply with applicable laws, regulations, rules and industry and other applicable standards and codes of conduct or that it has applied such laws, regulations, rules and industry and other applicable standards and codes of conduct to its business model in a manner with which a regulator disagrees. The impact of the Company being found to be non-compliant in any such inquiry and/or investigation is difficult to assess or quantify and would depend on which regulatory regime was involved and the disciplinary/enforcement powers of the regulator responsible for the supervision of that particular business. Such inquiries or investigations could result in adverse publicity for, or negative perceptions being created regarding, the Company and affect the Company's relationships with regulators and its reputation with customers and suppliers, as well as diverting management's attention. Such action could also subject the Company to additional remediation costs to redress non-compliance, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

The Company relies on manufacturers and third-party delivery companies

The supply of product to customers in a timely manner is critical to the success of the Company. There can be no assurance that manufacturers and delivery companies will be able to meet the Company's requirements on a timely or cost-effective basis.

The Company is reliant on third party manufacturers for the production of all of its products. In order to manage its quality control standards, the Company and the Company's warehouse partners perform spot checks on the products that its manufacturers produce prior to the products leaving the depot. However, there is an inherent risk that such procedures will not pick up all manufacturing defects in every product which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

In the event of a particularly high demand for the Company's products or an issue with a manufacturer (whether due to a disagreement between the Company and the manufacturer, a problem with the manufacturer's ability to supply products or otherwise), the Company would need to engage one or more alternative suppliers, which it may be unable to do on similar terms, if at all. Further, the alternative supplier may be unable to satisfy the full amount on the Company's demand on short notice, which in turn may impact on the Company's ability to satisfy its orders from customers and may damage the Company's reputation as well as its profitability.

Interruptions to or failures in the logistics platform or delivery services may be due to events that are beyond the control of the Company, the manufacturers and delivery companies (for example, natural disasters, transportation disruptions or labour unrest). Sourcing alternative logistics and delivery companies may not be possible or may result in delays and a poor customer service experience. The Company's products are also at risk of being damaged during transit. Such logistical delays or failures in the delivery process may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

In addition, some of the Company's products are (and others may be) manufactured in markets outside the United Kingdom. There are a variety of risks generally associated with doing business in foreign markets, including risks relating to labour practices, heightened anti-bribery and

corruption concerns, quality assurance concerns, environmental risks, risks of transportation of product by sea and imposition of taxes. Any of these risks could restrict the availability of product and/or increase the costs of the Company's products and/or change consumers' perceptions about the quality of its product and could have a material and adverse effect on the Company's business, financial condition, results of operations and future prospects.

The Company is subject to the risk relating to the withdrawal of the UK from membership of the EU

The UK held a referendum on its continued membership of the EU on 23 June 2016, the result of which was a majority vote for the UK to leave the EU. The UK government formally served notice of the UK's intention to leave the EU on 29 March 2017 in accordance with Article 50(2) of the Treaty on European Union, marking the start of the process of the UK's withdrawal from the EU. The political, economic, legal and social consequences of the UK's exit from the EU and the ultimate outcome of the negotiations between the UK and the European Commission are uncertain at the current time and may remain uncertain for some time to come. Such potentially prolonged political and economic uncertainty and the potential negative economic trends that may follow could have a material adverse effect on the Company's business, financial position and/or results of operations. Therefore, there can be no certainty at present on the severity or complexity of any negative trends affecting the Company's business and ability to sustain and grow its European markets following the result of the UK referendum. A further consequence of the UK leaving the EU may be that the Company's ability to offer Ordinary Shares to EU residents is affected by potential new EU securities laws. The potential significance is such that all of the information in this Part II of this Circular should be read in conjunction with the statement set out above, as negative outcomes arising from the UK referendum result could exacerbate the effect on the Company of all or any of the risk factors its business would otherwise face.

The Company relies on the retention of key management personnel

The Company depends on the services of its key management personnel and, in particular, on the services of the senior management team. The loss of the services of any of these persons could have a material adverse effect on the Company's business, financial condition, results of operations or future prospects. In addition, as the Company's business expands, it may need to add new personnel to service the Company's increased level of business. The Company's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain key management. Competition for such personnel in the sector can be intense and the Company's personnel are frequently targeted by other companies for recruitment, and the Company cannot give assurances that it will be able to attract or retain such personnel in the future. The Company's inability to attract and retain the necessary management may adversely affect its future growth and profitability.

It may also be necessary for the Company to increase the level of remuneration paid to existing or new employees to such a degree that its operating expenses could be materially increased.

***Risks Relating to the Ordinary Shares
Investment in AIM securities***

An investment in shares traded on AIM is perceived to involve a higher degree of risk and to be less liquid than investment in companies whose shares are listed on the Official List and traded on the London Stock Exchange's main market for listed securities. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose all of, their investment.

Potentially volatile share price and liquidity

The Placing Price may not be indicative of the market price for the Placing Shares following Admission. The share price of quoted emerging companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a significant number of factors, some specific to the Company and its operations and some which affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of Ordinary Shares, legislative changes and general, economic, political or regulatory conditions.

Share price effect of sales of Ordinary Shares

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

The Company's ability to pay dividends in the future depends, amongst other things, on the Company's financial performance and capital requirements and is therefore not guaranteed

The Company's ability to pay dividends in the future depends, amongst other things, on the Company's financial performance and capital requirements and is therefore not guaranteed. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised (or if, for any other reason, the Directors conclude it would not be in the best interests of the Company). Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

Issuance of additional Ordinary Shares

Although the Company's business plan does not currently involve the issuance of Ordinary Shares other than in connection with the Placing and to Channel Four as described in Part I of this Circular, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares as a pre-emptive offer.

The Placing may not complete

Completion of the Placing is subject to satisfaction (or, where possible, waiver) of a number of conditions (including the approval of the Whitewash Resolution) which are normal for a transaction of this nature. There is no guarantee that these conditions will be satisfied (or waived), in which case the Placing will not complete.

The issue of the VCT Placing Shares is not conditional on the allotment and issue of the other Placing Shares. There is a risk that the issue of the VCT Placing Shares completes (at 7.30 a.m. on 12 February 2019) and matters subsequently arise which mean that the Placing Agreement does not complete as anticipated at 8.00 a.m. on 12 February 2019 and consequently the remaining Placing Shares are not issued.

Shareholding of Woodford

Should the Whitewash Resolution be approved by the Independent Shareholders (and the other Resolutions be approved by Shareholders), following completion of the Placing, over 30 per cent. of the voting rights of the Company will be controlled by Woodford. This will increase the percentage of the Ordinary Shares that are not in public hands (as defined in the AIM Rules) and may in turn have the effect of reducing the liquidity of trading in the Ordinary Shares on AIM. In addition, Woodford's stake in the voting rights of the Company will mean that Woodford will be able, if it so wishes, to block special resolutions proposed at future general meetings of the Company or otherwise requisition a general meeting to present for vote resolutions proposed by it. Although it is not the current intention of Woodford to seek a resolution at a general meeting of the Company to de-list the Ordinary Shares from AIM, Woodford could, if it so wishes in the future, propose such a resolution.

VCT

The Company has not obtained any assurance from HMRC or any other person that a subscription for shares in the Company is a "qualifying holding" for the purpose of investment by VCTs. The qualifying status for VCT purposes will be contingent upon certain conditions being met by both the Company and the relevant VCT investor. None of the Company, any of the Directors nor any of

the Company's advisers give any warranties, undertakings or other assurances that VCT qualifying status is or will be available or that such status (if applicable) will not be subsequently withdrawn.

In addition, should the law regarding the VCT Scheme change then any qualifying status previously obtained may be lost. There may be circumstances where the business has operated or will operate in a way that precludes VCT qualifying status or where the Directors have decided or will decide that the interests of the Company are not best served by acting in a way that ensures VCT qualifying status. Therefore, the Company gives no undertaking or other assurance that it has conducted or will conduct its activities in a way designed to secure or preserve any such status claimed by any Shareholder.

If the Company does not employ the proceeds of a VCT's share subscription for qualifying purposes within twenty-four months, the funds invested by the VCT would be apportioned *pro rata* and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holdings.

The information in this Circular is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company. If the Company or any qualifying subsidiary ceases to carry on the business outlined in this Circular or acquires or commences a business which is not insubstantial to the Company's activities and which is a non-qualifying trade for VCT Scheme purposes, this could prejudice the qualifying status of the Company (as referred to above) under the VCT Scheme at any time that a VCT is an investor in the Company.

Part III – Additional Information Required by the Takeover Code

1 Responsibility

- 1.1 Each of the Directors whose names are set out on page 6 of this Circular, accepts responsibility for the information contained in this Circular (with the exception of any information relating to Woodford, the Woodford Funds and Woodford's intentions, for which responsibility is accepted on the basis set out at paragraph 1.2 below). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they accept responsibility pursuant to this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Neil Woodford and Craig Newman (as directors of Woodford) accept responsibility for the Woodford Information contained in this Circular. To the best of the knowledge and belief of Neil Woodford and Craig Newman (who have taken all reasonable care to ensure that such is the case) the Woodford Information contained in the Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Information on Woodford

- 2.1 Woodford is a private company limited by shares incorporated in England and Wales. Woodford is a UK based investment management firm which specialises in managing UK and global equities for a variety of clients based in the UK and overseas. These include UK domiciled investment funds, and institutional and sovereign wealth investors. As at 30 November 2018, Woodford had c. £10.7 billion of assets under management. Woodford is authorised and regulated by the FCA. Woodford has two directors, Neil Woodford and Craig Newman.
- 2.2 Woodford is a private company limited by shares whose directors' details are listed in the table below:

Name.....	Woodford Investment Management Limited
Directors.....	Neil Woodford and Craig Newman
Address.....	9400 Garsington Road, Oxford Business Park, Oxford OX4 2HN
Website.....	www.woodfordfunds.com
Place of incorporation	England and Wales
Registered number.....	10118169
Activities.....	Investment management

Woodford is deemed to be acting in concert with any investment funds discretionary managed by it (including each of the Woodford Funds). As such Woodford is deemed to be interested in the aggregate shares in the Company held by the Woodford Funds for the purposes of the Takeover Code.

3 Interests and dealings

- 3.1 For the purposes of this paragraph, the following definitions apply:
- (a) **“acting in concert”** has the meaning attributed to it in the Takeover Code;
 - (b) **“arrangement”** includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
 - (c) **“connected persons”** has the meaning attributed to it in section 252 of the Companies Act 2006;
 - (d) **“control”** means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control;
 - (e) **“dealing”** or **“dealt”** includes:
 - (i) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;

- (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;
 - (iv) exercising or converting, whether in respect of new or existing relevant securities, any relevant securities carrying conversion or subscription rights;
 - (v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities;
 - (vii) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities by the offeree company or an offeror; and
 - (viii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (f) **“derivatives”** include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (g) **“disclosure period”** means the period of 12 months ending on the Last Practicable Date;
- (h) a person having an **“interest”** in relevant securities includes where a person:
- (i) owns securities;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) is party to any derivative whose value is determined by reference to the prices of securities and which results, or may result, in his having a long position in them;
- (i) **“relevant Company securities”** means Ordinary Shares or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any Ordinary Shares;
- (j) **“relevant securities”** means relevant Company securities or relevant Woodford securities; and
- (k) **“relevant Woodford securities”** means shares in Woodford or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any shares in Woodford; and
- (l) **“short position”** means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

3.2 During the disclosure period, the Woodford Funds have undertaken the following dealings in Ordinary Shares:

Date	Description of Dealing	Number of Ordinary Shares	Price paid per share	Resulting holding of Woodford Funds
22/12/2017	Acquisition	10,000	117.00	39,114,848
05/01/2018	Acquisition	20,000	125.00	39,134,848
13/03/2018	Acquisition	173,967	119.07	39,308,815
13/03/2018	Acquisition	21,365	119.07	39,330,180
13/03/2018	Acquisition	70,197	119.07	39,400,377
14/03/2018	Acquisition	396,033	122.00	39,796,410
14/03/2018	Acquisition	159,803	122.00	39,956,213
14/03/2018	Acquisition	48,635	122.00	40,004,848
15/03/2018	Acquisition	80,000	123.23	40,084,848
15/03/2018	Acquisition	120,000	123.23	40,204,848
21/03/2018	Acquisition	100,000	118.00	40,304,848
04/05/2018	Acquisition	100,000	87.00	40,404,848
20/06/2018	Acquisition	100,000	70.00	40,504,848
02/07/2018	Acquisition	375,000	25.00	40,879,848
02/07/2018	Acquisition	75,000	29.00	40,954,848
02/07/2018	Acquisition	25,000	29.00	40,979,848
02/07/2018	Acquisition	100,000	30.00	41,079,848
02/07/2018	Acquisition	125,000	25.00	41,204,848
02/07/2018	Acquisition	112,500	27.00	41,317,348
02/07/2018	Acquisition	37,500	27.00	41,354,848
02/07/2018	Acquisition	287,500	30.00	41,642,348
02/07/2018	Acquisition	132,500	30.00	41,774,848

3.3 The aggregate percentage interest in Ordinary Shares of the Woodford Funds as at the Last Practicable Date and on Admission is as follows:

As at the Last Practicable Date		On Admission	
Ordinary Shares	Percentage of Issued Share Capital (%)	Ordinary Shares	Percentage of Enlarged Issued Share Capital (%)
41,774,848	29.90	121,774,848	46.83

Interests and dealings in the Company

3.4 Save as disclosed in paragraphs 3.2 and 3.3 above and in paragraph 6.3 of this Part III, as at the close of business on the Latest Practicable Date and during the disclosure period:

- (a) none of Woodford, its directors, its connected persons, or any person acting in concert with Woodford had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such party dealt in any relevant Company securities;
- (b) neither Woodford nor any person acting in concert with Woodford had borrowed or lent any relevant Company securities;
- (c) neither the Company, nor any of the Directors nor any member of their immediate families or related trusts or connected persons, nor any person acting in concert with the Company had an interest in or a right to subscribe for, or had any short position in any relevant Company securities or has dealt in any relevant Company securities in the disclosure period;
- (d) neither the Company nor any person acting in concert with the Company had borrowed or lent any relevant Company securities; and
- (e) the Company has not redeemed or purchased any relevant Company securities.

Interests and dealings in Woodford

- 3.5 As at the close of business on the Latest Practicable Date and during the disclosure period:
- (a) neither the Company, nor any of the Directors nor any member of their immediate families or related trusts or connected persons, nor any person acting in concert with the Company had an interest in or a right to subscribe for, or had any short position in any relevant Woodford securities or has dealt in any relevant Woodford securities in the disclosure period; and
 - (b) neither the Company nor any person acting in concert with the Company had borrowed or lent any relevant Woodford securities.

Interests and dealings in both Woodford and the Company

- 3.6 As at the close of business on the Latest Practicable Date and during the disclosure period:
- (a) no incentivisation arrangements have been entered into and there are no proposals as to any incentivisation arrangements between Woodford (on the one hand) and the Directors (on the other hand) requiring to be disclosed under Rule 16.2 of the Takeover Code;
 - (b) neither Woodford nor any person acting in concert with Woodford has entered into any agreement, arrangement or understanding (including any compensation arrangement) with any of the Directors, recent directors of the Company, Shareholders, recent shareholders or any other person interested or recently interested in existing Ordinary Shares which are connected with or dependent upon the outcome of the proposals set out in this Circular (including the Placing and the Rule 9 Waiver); and
 - (c) Woodford has not entered into any agreement, arrangement or understanding to transfer to any other person any interest acquired in the Company pursuant to the Placing.
- 3.7 Following consideration of the dealings in Ordinary Shares disclosed above, the Directors confirm that no disqualifying transactions, as defined in Note 5 to Rule 37.1 of the Takeover Code, have been undertaken by Woodford during the disclosure period.

4 Intentions of Woodford

- 4.1 Woodford, acting as agent for, and in its capacity as discretionary investment manager of, the Woodford Funds, has confirmed that, it is not intending to seek any changes in respect of: (i) the future business of the Company, (ii) the Board, nor the Company's plans with respect to the continued employment of employees and management of the Company and its subsidiaries (including any material change in conditions of employment or in the balance of skills and functions of the employees and management of the Company); (ii) the strategic plans for the Company; (iii) the location of the Company's place of business (including the location of its headquarters); (iv) employer contributions into any of the Company's pension schemes, the accrual of benefits for existing members, nor the admission of new members; (v) redeployment of the Company's fixed assets; or (vi) the continuation of the Ordinary Shares being admitted to trading on AIM.
- 4.2 Woodford has also confirmed that as a result of and following Admission, it does not intend to change its business strategy as an investor in public equity and alternative investment markets.

5 Material contracts entered into by the Company

- 5.1 The following are the material contracts (not being contracts entered into in the ordinary course of business) which have been entered into within the two years prior to the date of this Circular by the Company:
- 5.2 Placing Agreement
- (a) Pursuant to the Placing Agreement, Peel Hunt has agreed to use reasonable endeavours, as agent for the Company, to procure subscribers for 120,317,323 new Ordinary Shares.
 - (b) The Placing Agreement provides, among other things, for payment by the Company to Peel Hunt of a broking commission of £150,000. In addition, the Company will bear the costs and expenses of and incidental to the Placing and Admission and the transactions connected with them, including the fees of the London Stock Exchange, all accountancy,

legal and other professional expenses incurred by the Company and Peel Hunt, all properly incurred out-of-pocket expenses and disbursements of Peel Hunt and the costs of printing, advertising and circulating the Circular and the Placing documents and, where applicable, any VAT payable.

- (c) The Placing Agreement contains certain customary warranties and indemnities from the Company in favour of Peel Hunt and is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 12 February 2019 (or such later time and date as the Company and Peel Hunt shall agree, not being later than 8.30 a.m. on 26 February 2019).
- (d) Peel Hunt may (in its absolute discretion) terminate the Placing Agreement at any time before Admission in certain circumstances, including, *inter alia*, if in the opinion of Peel Hunt (acting in good faith), the Company fails to comply with any of its obligations under the Placing Agreement and that failure is material in the context of the Placing and/or Admission; in the opinion of Peel Hunt (acting in good faith), any of the Company's warranties in the Placing Agreement are untrue or inaccurate in any material respect or have become misleading (or would not be true and accurate in any material respect or would be misleading if they were to be repeated at any time before Admission) by reference to the facts then subsisting in each case in a way that is material in the context of the Placing and/or Admission; or there has been a force majeure or market disruption event as would be likely in the opinion of Peel Hunt (acting in good faith) to materially prejudice the success of the Placing.
- (e) It is expected that, subject to the Placing Agreement becoming unconditional in all respects, the Placing Shares to be issued pursuant to the Placing will be registered in the names of the Placees in CREST where an applicant who is a 'system member' (as defined in the CREST Regulations) in relation to CREST has so elected in which case delivery (to the designated CREST account) of the Placing Shares is expected to take place as soon as practicable following Admission, unless the Company exercises its right to issue such Placing Shares in certificated form.
- (f) The Placing Agreement is governed by the law of England and Wales and is subject to the exclusive jurisdiction of the English courts.

5.3 IPO Placing Agreement

- (a) A placing agreement dated 15 May 2017 and made between Peel Hunt, the IPO Directors, the IPO Senior Managers and the Company pursuant to which Peel Hunt agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure placees to subscribe for 34,587,411 new Ordinary Shares to be issued by the Company in the context of its IPO.
- (b) The IPO Placing Agreement contained warranties from the Company, the IPO Directors and the IPO Senior Managers in favour of Peel Hunt in relation to, amongst other things, the accuracy of the information in the Admission Document and other matters relating to the Company and its business. The liability of the IPO Directors and the IPO Senior Managers under the IPO Placing agreement was limited. No warranty claim shall be made by Peel Hunt against any of the IPO Directors or IPO Senior Managers after the second anniversary of the IPO. The Company agreed to indemnify Peel Hunt in respect of certain liabilities it incurred in respect of its procurement of placees in the context of the IPO.
- (c) Each of the IPO Directors and the IPO Senior Managers undertook to the Company and Peel Hunt that he would not (and would procure that his connected persons would not) dispose of any Ordinary Shares or interest in Ordinary Shares or any rights arising from or attached to such Ordinary Shares (the **Restricted Interests**) at any time from IPO for 12 months after Admission (the **Lock-in Period**) without the prior written consent of Peel Hunt. These restrictions are subject to certain limited exceptions including transfers to connected persons and disposals by way of acceptance of a recommended offer of the entire issued share capital of the Company, made pursuant to a scheme of arrangement which is sanctioned by the court or where a transfer may be required by law.

- (d) Furthermore each of the IPO Directors and the IPO Senior Managers also undertook to the Company and to Peel Hunt not to dispose of the Restricted Interests for the period of 12 months following the expiry of the Lock-in Period other than through Peel Hunt or the Company's broker from time to time with a view to maintaining an orderly market in the Ordinary Shares.
- (e) The Company agreed to pay a commission to Peel Hunt in the context of the IPO together with the costs and expenses reasonably incurred in connection with the IPO and, at the Company's sole discretion, an additional fee.
- (f) The IPO Placing Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

5.4 Nominated adviser and broker agreement

- (a) A nominated adviser and broker agreement dated 12 May 2017 and made between the Company, the IPO Directors and Peel Hunt pursuant to which the Company appointed Peel Hunt to act as nominated adviser and broker to the Company for the purposes of the AIM Rules.
- (b) The Company agreed to pay Peel Hunt a fee of £50,000 per annum in respect of the first 12 months of this agreement for its services as nominated adviser and broker under this agreement. Following the expiration of the initial 12 month period, the parties shall annually agree the fee for the following year.
- (c) The agreement contains certain customary undertakings, warranties and indemnities given by the Company and/or the IPO Directors to Peel Hunt. The agreement was for an initial fixed term of 12 months and is now terminable by either party providing three months' notice. Notwithstanding this, the Company may terminate the agreement at any time if Peel Hunt fails to carry out any material obligation as nominated adviser and/or broker. Peel Hunt has the right to terminate the agreement at any time in certain circumstances, for example, in the event of a material breach of the agreement or there has occurred a material adverse change in the business of, or in the financial or trading position of, the Company's group taken as a whole.
- (d) The nominated adviser and broker agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

5.5 Registrar services agreement

- (a) A registrar services agreement dated 16 May 2017 and made between Capita Registrars Limited (now trading as Link Asset Services) and the Company pursuant to which Capita Registrars Limited was appointed as registrar to the Company. The fees of the registrar are based on the services performed with certain minimum payments agreed by the Company. The registrar services agreement contains certain undertakings and warranties given by the Company to Capita Registrars Limited and an indemnity from the Company in favour of Capita Registrars Limited and its affiliates for any liabilities arising from the Company's breach of the registrar services agreement. The Capita Registrars Limited's liability to the Company is limited save in certain circumstances. The Company grants a first right of refusal to Capita Registrars Limited to manage any corporate action that the Company undertakes or is subject to.
- (b) The agreement is for an initial term of three years and is thereafter terminable annually on not less than six months' prior written notice by either party. The agreement may be terminated by either party by service of three months' written notice should the parties not reach an agreement regarding any increase of the fees payable under the registrar services agreement or with immediate effect at any time upon sending written notice to the other party if the other party commits a material breach of its obligations which such party fails to remedy within 45 days of receipt of notice to do so from the non-defaulting party or if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party, or if the other party is declared insolvent or if an administrator, administrative receiver, manager or provisional liquidator (or similar officer to any of the foregoing in the relevant jurisdiction) is appointed over the whole of or a substantial part of the other party or its assets or undertakings.
- (c) The registrar services agreement is governed by English law and both parties submit to the exclusive jurisdiction of the English courts.

5.6 Company secretarial services agreement

- (a) A company secretarial services agreement dated 16 May 2017 and made between Capita Registrars Limited (now trading as Link Asset Services) and the Company pursuant to which Capita Registrars Limited agreed to provide certain exclusive company secretarial services of the Company.
- (b) Pursuant to the company secretarial services agreement, the Company agreed to pay an annual fee of £50,000 to Capita Registrars Limited in consideration of the ongoing company secretarial services. The Company also agreed to pay a fee for certain pre-IPO transitional services which was capped at £10,000. The company secretarial services agreement contains customary undertakings, warranties and indemnities given by the Company. The Company Secretary's liability to the Company is limited save in certain circumstances. The agreement was for an initial term of one year and is now terminable annually on not less than six months' prior written notice by either party.
- (c) The agreement may be terminated by either party by service of three months' written notice should the parties not reach an agreement regarding any increase of the fees payable under the company secretarial services agreement or with immediate effect at any time upon sending written notice to the other party if the other party commits a material breach of its obligations which such party fails to remedy within 45 days of receipt of notice to do so from the non-defaulting party or if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party, or if the other party is declared insolvent or if an administrator, administrative receiver, manager or provisional liquidator (or similar officer to any of the foregoing in the relevant jurisdiction) is appointed over the whole of or a substantial part of the other party or its assets or undertakings.
- (d) The company secretarial services agreement is governed by English law and both parties submit to the exclusive jurisdiction of the English courts.

5.7 Deed of termination in relation to certain investment agreements

Prior to the IPO, the Company entered into various arrangements with certain of its shareholders that regulated the relationship of those shareholders with each other and with the Company and certain aspects of the affairs and dealings of the Company (including an investment agreement entered into in March 2015, various subscription documents and an investment agreement entered into in September 2016). These documents included provisions governing the business of the Group and the transfer of shares in the Company as well as certain provisions relating to an 'exit' (which included the IPO). Each of these documents was terminated without liability to the Company with effect from the IPO pursuant to the terms of a deed of termination entered into by the Company and all relevant shareholders on 12 May 2017.

5.8 Lock-in deeds

- (a) Lock-in deeds were entered into on or around 12 May 2017 between Peel Hunt and certain shareholders of the Company at the time of IPO. Certain shareholders of the Company who held more than one per cent. of the issued share capital of the Company at the time of the IPO undertook to the Company and Peel Hunt that they would not (and would procure that their respective connected persons would not) dispose of any Ordinary Shares or interest in Ordinary Shares or any rights arising from or attached to such Ordinary Shares (the **Relevant Interests**) at any time from IPO until the expiry of six months from IPO (the **Shareholder Lock-in Period**) without the prior written consent of Peel Hunt. These restrictions were subject to certain limited exceptions including transfers to connected persons and disposals by way of acceptance of a recommended offer of the entire issued share capital of the Company, made pursuant to a scheme of arrangement which is sanctioned by the court or where a transfer may be required by law. Furthermore each such shareholder also undertook to the Company and to Peel Hunt not to dispose of the Relevant Interests for the period of six months following the expiry of the Shareholder Lock-in Period other than through Peel Hunt or the Company's broker from time to time with a view to maintaining an orderly market in the Ordinary Shares. The relevant shareholders benefited from certain exemptions from this restriction under the terms of the lock-in deed entered into by them.

- (b) The lock-in deeds are governed by English law and are subject to the exclusive jurisdiction of the English courts.

5.9 Confirmation letter with the VCT Placee

- (a) The Company and the VCT Placee entered into a letter of confirmation on 22 January 2019 (the **VCT Letter**) which contains certain customary undertakings and warranties given by the Company to the VCT Placee in connection with certain factual information provided to the VCT Placee in connection with the VCT Placee's application to HMRC in respect of VCT relief. The Company's liability pursuant to this letter is limited in time and quantum.
- (b) The letter is governed by English law and is subject to the exclusive jurisdiction of the English courts.

5.10 Letter agreement with Channel Four

- (a) Channel Four has entered into a letter agreement with the Company, conditional upon the Placing, dated 21 January 2019, details of which are given in paragraph 13 of Part I.
- (b) The letter is governed by English law and is subject to the exclusive jurisdiction of the English courts.

6 Directors' service agreements

Save as disclosed below, there are no service contracts in force between any Director or proposed director of the Company and the Company or any of its subsidiaries and no such contract has been entered into or amended during the six months preceding the date of this document.

6.1 Executive Directors

- (a) James Sturrock's service agreement
 - (i) James Sturrock joined the Company in 2018. James Sturrock entered into a service agreement with the Company on 31 August 2018 under which he was appointed as Chief Executive Officer of the Company on a full time basis with effect from 10 September 2018.
 - (ii) Pursuant to the terms of the service agreement, James Sturrock receives a gross salary of £200,000 per annum (which is subject to annual review from time to time by the Remuneration Committee). James Sturrock may participate in an incentive scheme operated by the Company from time to time, is entitled to private medical insurance cover (for himself and his family) and life assurance and is entitled to 25 days of paid holiday plus all bank and public holidays normally observed in England and is eligible to receive sick pay of eight weeks' full basic salary in any rolling 12 month period. Subject to James Sturrock's statutory entitlement to opt out, James Sturrock will (when legally required) be automatically enrolled (to the extent that this has not already happened) in a pension scheme and be provided with pension benefits which as a minimum comply with the Company's obligations under the Pensions Act 2008 (as amended or supplemented from time to time).
 - (iii) James Sturrock's employment is terminable by either the Company or James Sturrock on 12 months' notice. The Company has the ability to terminate James Sturrock's employment with immediate effect by making a payment in lieu of notice to him which shall consist of basic salary only. This payment can be made as a lump sum or by instalments over the unexpired period of notice. If the Company elects to make such payment in instalments James Sturrock falls under a duty to seek alternative employment and the Company is entitled to cease payment of such instalments upon James Sturrock commencing a new employment. The Company also has the option to put James Sturrock on garden leave during any period of notice. During any period of garden leave, he will be entitled to receive his salary and contractual benefits in the normal manner. James Sturrock is subject to express confidentiality obligations which remain in place following termination of employment and is subject to 12 month post termination of employment restrictions on involvement in competing businesses, dealing with trade customers and commercial partners, solicitation of trade customers and commercial partners, interference with the supply of services from suppliers or commercial partners, and employing, or soliciting for employment, senior colleagues.

- (b) Abid Ismail's service agreement
- (i) Abid Ismail entered into a service agreement with the Company on 12 May 2017 under which he was appointed as Chief Financial Officer of the Company on a full time basis with effect from 18 May 2017.
 - (ii) Pursuant to the terms of the service agreement, Abid Ismail receives a gross salary of £150,000 per annum (which is subject to annual review from time to time by the Remuneration Committee). Abid Ismail may participate in an incentive scheme operated by the Company from time to time, is entitled to private medical insurance cover (for himself and his family) and life assurance and is entitled to 25 days of paid holiday plus all bank and public holidays normally observed in England and is eligible to receive sick pay of eight weeks' full basic salary in any rolling 12 month period. Subject to Abid Ismail's statutory entitlement to opt out, Abid Ismail will (when legally required) be automatically enrolled (to the extent that this has not already happened) in a pension scheme and be provided with pension benefits which as a minimum comply with the Company's obligations under the Pensions Act 2008 (as amended or supplemented from time to time).
 - (iii) Abid Ismail's employment is terminable by either the Company or Abid Ismail on 12 months' notice. The Company has the ability to terminate Abid Ismail's employment with immediate effect by making a payment in lieu of notice to him which shall consist of basic salary only. This payment can be made as a lump sum or by instalments over the unexpired period of notice. If the Company elects to make such payment in instalments Abid Ismail falls under a duty to seek alternative employment and the Company is entitled to cease payment of such instalments upon Abid Ismail commencing a new employment. The Company also has the option to put Abid Ismail on garden leave during any period of notice. During any period of garden leave, he will be entitled to receive his salary and contractual benefits in the normal manner. Abid Ismail is subject to express confidentiality obligations which remain in place following termination of employment, and is subject to 12 month post termination of employment restrictions on involvement in competing businesses, dealing with trade customers and commercial partners, solicitation of trade customers and commercial partners, interference with the supply of services from suppliers or commercial partners, and employing, or soliciting for employment, senior colleagues.

6.2 Non-executive Directors

(a) Paul Pindar's letter of appointment

Paul Pindar has been engaged as to act as Non-Executive Chairman of the Company since November 2016. Paul Pindar entered into a new letter of appointment with the Company dated 12 May 2017, with effect from 18 May 2017. Pursuant to the terms of the letter of appointment, Paul Pindar receives an annual gross fee of £30,000. The appointment is for an initial term of three years commencing on 18 May 2017 and is terminable at any time by either party giving to the other not less than three months' prior notice in writing.

(b) Thomas Enraght-Moony's letter of appointment

Thomas Enraght-Moony entered into a letter of appointment with the Company on 12 May 2017 under which he agreed to act as a Non-Executive Director of the Company with effect from 28 April 2017. Pursuant to the terms of the letter of appointment, Thomas Enraght-Moony will receive an annual gross fee of £30,000. The appointment shall continue for an initial term of three years following 18 May 2017 and is terminable at any time by either party giving to the other not less than three months' prior notice in writing. Thomas Enraght-Moony was entitled to be granted an option pursuant to the Company's share option plan in place as at 18 May 2017 for non-employees.

(c) Nikki Crumpton's letter of appointment

Nikki Crumpton joined the Company in 2018. Nikki Crumpton entered into a letter of appointment with the Company on 31 August 2018 under which she agreed to act as a Non-Executive Director of the Company with effect from 3 September 2018. Pursuant to the terms of the letter of appointment, Nikki Crumpton will receive an annual gross fee

of £30,000. The appointment is for an initial term from the date of appointment to three after from Admission and is terminable at any time by either party giving to the other not less than three months' prior notice in writing.

- 6.3 As at the Last Practicable Date, the Directors had the following interests in, and options over, Ordinary Shares:

- (a) Directors' interests in Ordinary Shares

Name	As at the Last Practicable Date		On Admission	
	Ordinary Shares	Percentage of Issued Share Capital (%)	Ordinary Shares	Percentage of Enlarged Issued Share Capital (%)
James Sturrock	52,750	0.04	252,750	0.1
Abid Ismail	4,151,841	2.97	4,151,841	1.6
Paul Pindar ¹⁷	6,527,126	4.67	16,527,126	6.4
Thomas Enraght-Moony	—	—	—	—
Nikki Crumpton	—	—	—	—

- (b) Directors' interests in options over Ordinary Shares

Name	As at the Last Practicable Date	
	Exercise price per Ordinary Share (pence)	Options
James Sturrock	—	—
Abid Ismail	101	389,843
Paul Pindar	—	—
Thomas Enraght-Moony	101	99,000
Nikki Crumpton	—	—

7 Significant change

- 7.1 There has been no significant change in the financial or trading position of the Company since 30 June 2018, being the date up to which the most recent interim results of the Company have been prepared.

8 Middle market quotations

- 8.1 The table below sets out the middle market quotations for an Ordinary Share, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first business day of each of the six months preceding the date of this Circular and on the Last Practicable Date:

Date	Price per Ordinary Share
1 August 2018	21.250
3 September 2018	16.000
1 October 2018	19.500
1 November 2018	17.000
3 December 2018	14.500
2 January 2019	10.250
22 January 2019	10.375

¹⁷ Includes connected persons

9 Consents

- 9.1 The nominated adviser to the Company is Peel Hunt and Peel Hunt is also acting as broker to the Company in respect of the Placing. Peel Hunt, who is authorised and regulated in the UK by the FCA, has given and has not withdrawn its consent to the inclusion of its name and references to it in this Circular, in the form and context in which they appear.

10 Incorporation of relevant information by reference

- 10.1 The following documents are incorporated by reference in this Circular in accordance with Rule 24.15 of the Takeover Code and are available from the Company's website at <https://investor.evesleep.co.uk/aim-rule>:
- (a) the Company's unaudited abbreviated accounts for the 15 month period ended 31 December 2015;
 - (b) the Company's consolidated annual report and accounts for the year ended 31 December 2016; and
 - (c) the Company's consolidated annual report and accounts for the year ended 31 December 2017; and
 - (d) the Company's consolidated interim results for the period ended 30 June 2018.
- 10.2 The following documents are incorporated by reference in this Circular in accordance with Rule 24.15 of the Takeover Code:
- (a) the periodic performance data of WEIF is set out in the "Fund Facts" section of Woodford's website which can be found at: <https://woodfordfunds.com/funds/weif/fund-facts/>;
 - (b) the periodic manager market reviews of OI&G are available for download via the "Factsheet" link at: www.omnisinvestments.com/our-fund-range/sector-fund-range/income-growth-fund/; and
 - (c) the fund performance data as set out in the "Factsheets" of Quilter Investors UKEI2 can be found at: <https://www.quilterinvestors.com/uk-professional/literature/filter/page/1/?type=Factsheets&group=UK+Equity+Income+I+Fund>
- 10.3 Shareholders or other recipients of this Circular may request copies of the information incorporated by reference from the Registrar at its office at 34 Beckenham Road, Beckenham, BR3 4TU, or by telephone at 0871 664 0300. Hard copies of the information incorporated by reference will not be sent to Shareholders or other recipients of this Circular unless requested.

11 Documents available for inspection

- 11.1 Copies of the following documents are available for inspection on request by a Shareholder, person with information rights, or other person to whom this Circular is sent from the Registrar at its office at 34 Beckenham Road, Beckenham, BR3 4TU during normal business hours on any weekday (Saturdays, Sundays and public holidays in the UK excepted) from the date of this Circular until the conclusion of the General Meeting:
- (a) the Company's articles of association;
 - (b) the consent referred to in paragraph 9 above;
 - (c) the Company's unaudited abbreviated accounts for the 15 month period ended 31 December 2015;
 - (d) the Company's consolidated annual report and accounts for the year ended 31 December 2016; and
 - (e) the Company's consolidated annual report and accounts for the year ended 31 December 2017; and
 - (f) this Circular.
- 11.2 Copies of the documents set out in paragraph 11.1 above are also available on the Company's website at the following address: <https://investor.evesleep.co.uk/aim-rule>.

Part IV – Definitions

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

Act	the Companies Act 2006
Admission	the admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
AIM	the market of that name operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies as published by the London Stock Exchange from time to time
Announcement of the Placing	the announcement by the Company in relation to the Placing released on 23 January 2019
Articles	the articles of association of the Company, as in force from time to time
Channel Four	Channel Four Television Corporation, 4 Ventures Limited or any of their affiliates (as the case may be)
Circular	this document
Company or eve	eve Sleep plc
CREST	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
CREST member	a person who has been admitted by Euroclear as a system-member (as defined in the Regulations)
CREST participant	a person who is, in relation to CREST, a system-participant (as defined in the Regulations)
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
Directors or Board	the directors of the Company as at the date of this Circular
Enlarged Share Capital	the Ordinary Shares in issue immediately following Admission assuming the issue of the Placing Shares as outlined in this Circular
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Existing Ordinary Shares	the 139,735,161 Ordinary Shares in issue as at the date of this Circular
FCA	the Financial Conduct Authority
FSMA	the Financial Services and Markets Act 2000 (as amended) of the UK including any regulations made pursuant thereto
Form of Proxy	the form of proxy for use in connection with the General Meeting which accompanies this Circular
FP Omnis Portfolio Investments ICVC	a company incorporated in England and Wales with registered number IC000982
General Meeting	the General Meeting of the Company to be held at 10 a.m. on 11 February 2019
Group	the Company, its subsidiaries and its subsidiary undertakings
HMRC	Her Majesty's Revenue & Customs
Independent Directors	Abid Ismail, Thomas Enraght-Moony and Nikki Crumpton
Independent Shareholders	all Shareholders other than Woodford (and anyone acting in concert with Woodford) and the Placees
Independent Shares	the Ordinary Shares held by Independent Shareholders

IPO	the admission of the Company's entire issued and to be issued share capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies on 18 May 2018
IPO Directors	Jas Bagniewski, Abid Ismail, Paul Pindar, Peter Hepworth and Thomas Enraght-Moony
IPO Senior Managers	Kuba Wieczorek, Felix Lobkowicz and James Fryer
Last Practicable Date	22 January 2019 (being the last practicable date prior to the publication of this Circular)
LF Woodford Investment Fund	a company incorporated in England and Wales with registered number IC001010
London Stock Exchange	London Stock Exchange plc
Notice of General Meeting	the notice convening the General Meeting which is set out on pages 37 to 38 of this Circular
Official List	the Official List of the UK Listing Authority
OI&G	Omnis Income and Growth Fund, being a sub fund of FP Omnis Portfolio Investments ICVC
Ordinary Shares	ordinary shares of 0.1 pence each in the capital of the Company
Panel	UK Panel on Takeovers and Mergers
Peel Hunt	Peel Hunt LLP
Placees	investors who are participating in the Placing (including the VCT Placee)
Placing	the placing by Peel Hunt on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement dated 23 January 2019 between the Company and Peel Hunt relating to the Placing
Placing Price	10 pence per Placing Share
Placing Shares	the 120,317,323 new Ordinary Shares proposed to be issued under the Placing (including the VCT Placing Shares)
Placing T&Cs	the terms and conditions of the Placing as appended to the Announcement of the Placing
Quilter Investors UKEI2	Quilter Investors UK Equity Income II Fund, being a sub-fund of Quilter Investors Trust
Quilter Investors Trust	an authorised unit trust established in England and Wales and authorised by the FCA with product reference number 200108
Preferred A Shares	the preferred A Shares of 0.01 pence each in the Company in issue prior to the share capital reorganisation which was effected in connection with the IPO
Registrar	Link Asset Services
Regulations	the Uncertificated Securities Regulations 2001, as amended from time to time
Regulatory Information Service	has the meaning given to it in the AIM Rules
Resolutions	the resolutions set out in the Notice of General Meeting
Rule 9 Waiver	the conditional waiver by the Panel of the obligation that would otherwise arise following the issue of the Placing Shares for Woodford to make a general offer to all the other Shareholders pursuant to Rule 9 of the Takeover Code
Shareholders	holders of Ordinary Shares

Share Option Plan	the Company's share option plan adopted on 12 May 2017 for the purpose of incentivising (<i>inter alia</i>) certain of the Company's employees and directors
Takeover Code	The City Code on Takeovers and Mergers
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK&I	the UK and the Republic of Ireland
uncertificated or in uncertificated form	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST
US or United States	the United States of America, its territories and possessions
VCT	a venture capital trust as defined in Part 6 of the Income Tax Act 2007
VCT Placee	collectively, Octopus Titan VCT plc, Octopus Investments Nominees Limited and Octopus Apollo VCT plc
VCT Placing Shares	those Placing Shares to be issued to VCTs as part of the VCT Placing
VCT Scheme	Venture Capital Trust Scheme under the provisions of Part 6 of the Income Tax Act 2007
Whitewash Resolution	the ordinary resolution to approve the Panel's waiver of Woodford's obligation to make an offer under Rule 9 of the Takeover Code on completion of the Placing, which is set out in Resolution 3 of the Notice of General Meeting in this Circular, and is required to be passed on a poll at the General Meeting by the Independent Shareholders
WEIF	the LF Woodford Equity Income Fund, being a sub fund of LF Woodford Investment Fund
Woodford	Woodford Investment Management Ltd incorporated in England and Wales with company number 10118169, in its capacity as discretionary investment manager, acting on behalf of the Woodford Funds
Woodford Funds	together WEIF, OI&G and Quilter Investors UKEI2 (each being a fund managed by Woodford)
Woodford Information	the information in the following sections of the Circular (in each case insofar as such information relates to Woodford and the Woodford Funds and the persons set out in paragraph 2.1 of Part III of the Circular, and their immediate families, related trusts and persons connected with them: Part III, paragraphs 2.1, 2.2, 3.1, 3.2, 3.3 (but only in regard to the Woodford Fund's position as at the Last Practicable Date), 3.4(a), 3.4(b), 3.6, 4 and 10.2

Notice of General Meeting eve Sleep plc

(incorporated and registered in England and Wales under the Companies Act 2006 with registered no. 09261636)

NOTICE IS HEREBY GIVEN that a General Meeting of eve Sleep plc (the **Company**) will be held at the offices of Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET at 10 a.m. on 11 February 2019. The business of the meeting will be to consider and, if thought fit, to pass the following resolutions (the **Resolutions**), of which Resolution 1 and 3 will be proposed as ordinary resolutions of the Company and Resolution 2 will be proposed as a special resolution of the Company.

Capitalised terms contained in this notice shall have the meaning given to them in the circular to shareholders published by the Company on 23 January 2019 (the **Circular**), unless the context requires otherwise.

ORDINARY RESOLUTION

- 1 THAT, for the purposes of section 551 of the Companies Act 2006 (the **Act**) (and so that expressions used in this resolution shall bear the same meanings as in the said section 551), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £155,322.57.

This authority shall apply in addition to all previous authorities and shall expire at the end of the next annual general meeting of the Company following the passing of this resolution or, if earlier, 15 months after the date of this resolution, save that the Company may before such expiry make any offer or enter into any agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the power had not expired.

SPECIAL RESOLUTION

- 2 THAT, subject to and conditional upon the passing of Resolution 1, the Directors be empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by Resolution 1 above, as if section 561(1) and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities for cash up to the maximum aggregate nominal amount of £155,322.57.

This authority shall apply in addition to all previous authorities and shall expire at the end of the next annual general meeting of the Company following the passing of this resolution or, if earlier, 15 months after the date of this resolution, save that the Company may before such expiry make any offer or enter into any agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the power had not expired.

ORDINARY RESOLUTION

- 3 THAT, subject to the passing of Resolutions 1 and 2, the waiver on the terms described under the heading “Rule 9 Waiver” contained in paragraph 5 of Part I of the Circular by the Panel of any requirement under Rule 9 of the Takeover Code for Woodford to make a general offer to all the other Shareholders as a result of the allotment and issue of new Ordinary Shares in connection with the Placing be approved by the Independent Shareholders on a poll.

BY ORDER OF THE BOARD
Abid Ismail
Company Secretary

Date: 23 January 2019

Registered Office
128 Albert Street
London
England
NW1 7NE

Notes:

- 1 A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote in that member's place. A member may appoint more than one proxy in relation to this meeting provided that each proxy is appointed to exercise rights attached to a different share or shares held by that member. A proxy need not also be a member. Completion and return of a Form of Proxy (or any CREST Proxy Instruction, as described in notes 8 to 10) will not preclude a member from attending and voting at the meeting should the member so decide. A Form of Proxy accompanies this notice. If you wish to appoint multiple proxies please photocopy the Form of Proxy, fill in each copy in respect of different shares and send the multiple forms together to the Company's registrars, Link Asset Services, in accordance with note 4 below. Alternatively you may appoint multiple proxies by CREST Proxy Instruction in accordance with note 8 below.
- 2 All Shareholders are entitled to appoint a proxy to vote on Resolution 1 and Resolution 2.
- 3 Resolution 3 shall be taken on a poll of the Independent Shareholders only and therefore only Independent Shareholders are entitled to appoint a proxy to vote on Resolution 3. Any votes by Shareholders other than Independent Shareholders on Resolution 3 will not be counted.
- 4 To be valid, the enclosed Form of Proxy and any power of attorney or other authority (if any) under which it is signed (or a copy certified notarially, or in some other manner approved by the Board) must be completed and returned so as to reach the Company's registrars, Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU by 10 a.m. on 7 February 2019 (or, if the meeting is adjourned, not less than 48 hours (excluding weekends and public holidays) before the time fixed for the holding of the adjourned meeting).
- 5 In the event that a poll is demanded at the meeting, and such poll is to be taken more than 48 hours (excluding weekends and public holidays) thereafter, the enclosed Form of Proxy (together with any documents of authority required by note 4) may be returned to the Company's registrars, Link Asset Services at the address in note 4 above so as to arrive not later than 24 hours (excluding weekends and public holidays) before the time appointed for such poll. In the event that a poll is demanded at the meeting, and such poll is not taken at the meeting, but is taken less than 48 hours (excluding weekends and public holidays) after the meeting, the enclosed Form of Proxy (together with any documents of authority required by note 4) may be delivered at the meeting to the chairman of the meeting or to the secretary or any director of the Company.
- 6 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), to be entitled to attend and vote at the meeting (and for the purpose of determining the number of votes a member may cast), members must be entered on the Register of Members of the Company by close of business on 7 February 2019.
- 7 In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others.
- 8 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Shareholders wishing to vote online should visit www.signalshares.com and follow the instructions.
- 9 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**Euroclear**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent (ID RA10) by the latest time for proxy appointments set out in note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 10 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com/CREST).
- 11 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
- 12 Any electronic address provided either in this notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

