THIS ADMISSION DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Admission Document, or the action you should take, you are recommended immediately to seek your own financial advice from an independent financial adviser, such as a stockbroker, solicitor, accountant or other adviser who specialises in advising on the acquisition of shares and securities and is authorised under the Financial Services and Markets Act 2000 ("FSMA") (or, if you are a person outside the UK, a person otherwise similarly qualified in your jurisdiction).

Application has been made for the whole of the Company's issued and to be issued ordinary share capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings on AIM will commence at 8.00 a.m. on 5 April 2017.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA (the "Official List"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

London Stock Exchange plc has not itself examined or approved the contents of this Admission Document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any recognised investment exchange and no such applications have been made.

Prospective investors should read the whole of this Admission Document. An investment in the Company is speculative and involves a high degree of risk. The attention of prospective investors is drawn in particular to Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

SkinBioTherapeutics plc

Incorporated and registered in England and Wales with registered number 09632164

Placing of 50,000,000 new Ordinary Shares each at a price of 9p per share and Admission of the Enlarged Ordinary Share Capital to trading on AIM

Nominated Adviser

Cairn Financial Advisers LLP

Authorised and regulated by the Financial Conduct Authority

Broker

Turner Pope Investments (TPI) Ltd

Authorised and regulated by the Financial Conduct Authority

ORDINARY SHARES IMMEDIATELY FOLLOWING ADMISSION

118,708,494 issued and fully paid Ordinary Shares of 1p each

This document is an Admission Document drawn up in accordance with the AIM Rules for Companies and has been prepared in connection with the proposed application for admission of the issued and to be issued share capital of the Company to trading on AIM, a market of London Stock Exchange plc. This Admission Document does not constitute a prospectus within the meaning of section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority ("FCA") and a copy has not been, and will not be, approved or filed with the FCA.

This Admission Document does not constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise.

The Company and each of the Directors, whose names appear on page 13 of this Admission Document, individually and collectively accept responsibility for the information contained in this Admission Document, including for its compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions declared, paid or made after Admission.

Cairn Financial Advisers LLP ("Cairn") and Turner Pope Investments (TPI) Ltd ("Turner Pope"), which are both regulated in the UK by the FCA, are acting as the Company's nominated adviser and broker, respectively, in connection with the proposed Admission. Cairn's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers and Turner Pope's responsibilities as the Company's broker under the AIM Rules for Companies are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director, or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document without limiting the statutory rights of any person to whom this document is issued. No representation or warranty, express or implied, is made by Cairn or Turner Pope as to, and no liability whatsoever is accepted by Cairn or Turner Pope for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document for which the Company and the Directors are solely responsible. Neither Cairn nor Turner Pope will be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of any acquisition of Ordinary Shares.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays and public holidays) at the offices of Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside EC2V 6AX from the date of this document and shall remain available for a period of one month from Admission. This document will also be available on the Company's website, www.skinbiotherapeutics.com, from Admission.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Ordinary Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable securities laws of any of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan and, subject to certain exceptions, may not be offered or sold, directly or indirectly, in the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan, or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Neither this document nor any copy of it may be distributed, published, sent to or taken (by any means, including electronic submission) into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or any other jurisdiction where to do so would be in breach of any applicable law and or regulation.

IMPORTANT INFORMATION

Forward-Looking Statements

This document includes forward-looking statements. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Company's future prospects, developments and business strategies.

These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are contained in all sections of this document. The forward-looking statements in this document, including statements concerning projections of the Company's future results, operating profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks relating to the Company are specifically described in Part II "Risk Factors". If one or more of these risks or uncertainties arises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these uncertainties, potential Shareholders should not place over-reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this document. The Company undertakes no obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or applicable law, whether as a result of new information, future events or otherwise.

Notice to overseas persons

Prospective subscribers or purchasers should read the restrictions described below. Each subscriber for or purchaser of the Ordinary Shares will be deemed to have made the relevant representations described therein.

Unless otherwise agreed by the Board, the Ordinary Shares are only being and will only be offered for subscription to potential investors in the United Kingdom. The distribution of this document and the offer of the Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors or Turner Pope to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this document (or any other offering or publicity materials relating to the Shares) in the UK or any other jurisdiction, where action for that purpose may be required. Accordingly, neither this document nor any advertisement or any other placing material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, no actions have been taken to allow for a public offering of the Ordinary Shares under the applicable securities laws of any jurisdiction, including Australia, Canada, Japan or the United States. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy any of, the Ordinary Shares in any jurisdiction where it is unlawful to make such offer or solicitation.

Industry, market and other data

Information regarding the economic environment in the UK has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, which data has been accurately reproduced and, so far as the Company and the Directors are aware and able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Neither the

Company, Turner Pope nor Cairn has independently verified that data. Neither the Company, Turner Pope nor Cairn gives any assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Board believes its internal estimates to be reasonable, they have not been verified by any independent sources and neither the Company, Turner Pope nor Cairn can give any assurance as to their accuracy.

Notice to prospective investors in the European Economic Area

This document is not a Prospectus for the purposes of the Prospectus Directive (as defined below) in relation to each Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State"). This document has been prepared on the basis that any offers of Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a Prospectus in connection with any offers of Ordinary Shares. Accordingly, any person making or intending to make any offer within the EEA of Ordinary Shares which is the subject of the offering contemplated in this document should only do so in circumstances in which no obligation arises for the Company or Turner Pope to produce a Prospectus for such offer. Neither the Company, Cairn nor Turner Pope has authorised, nor will any of them authorise, the making of any offer of the Placing Shares through any financial intermediary, other than offers made by Turner Pope which constitute the final placing of the Placing Shares contemplated in this document. The expression "Prospective Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

CONTENTS

DEFINITIONS

The following words and expressions shall have the following meanings in this document, unless the context otherwise requires:

"**Act**"	the UK Companies Act 2006, as amended;
"**Admission**"	the admission of the Enlarged Ordinary Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
"**Admission Document**"	this document dated 29 March 2017;
"**Admission Fee**"	a fee payable to certain directors and consultants of the Company upon Admission;
"**AIM**"	the market of that name operated by the London Stock Exchange;
"**AIM Rules**"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
"**AIM Rules for Companies**"	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time;
"**AIM Rules for Nominated Advisers**"	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time;
"**Articles**"	the articles of association of the Company for the time being;
"**Audit Committee**"	the audit committee of the Company;
"**Board**" or "**Directors**"	the current directors of the Company, whose names are set out on page 13 of this document;
"**Business Day**"	any day which is not a Saturday, Sunday or a public holiday in the UK;
"**Cairn**"	Cairn Financial Advisers LLP;
"**CEO**" or "**Managing Director**"	the chief executive officer of the Company;
"**City Code**"	The City Code on Takeovers and Mergers;
"**Company**" or "**SkinBioTherapeutics**"	SkinBioTherapeutics plc;
"**CREST**"	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear UK & Ireland Limited;
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
"**CSOP**"	the Company share option plan, details of which are set out in paragraph 8 of Part VI of this document;
"**Dealing Day**"	any day the London Stock Exchange is open for the transaction of business;

"**Disclosure Guidance and Transparency Rules**"	the rules and regulations made by the FCA in its capacity as the UKLA under Part VI of FSMA, as amended, and contained in the UKLA publication of the same name;
"**EEA**"	the European Economic Area;
"**EIS**"	the Enterprise Investment Scheme as set out in Part 5 of the Income Tax Act 2007 and sections 150A-150C and Schedule 5B to the Taxation of Chargeable Gains Act 1992;
"**EIS Shares**"	the Placing Shares to be issued by the Company under EIS;
"**Enlarged Ordinary Share Capital**"	the number of Ordinary Shares of the Company upon Admission, comprising the Existing Ordinary Share Capital, Loan Shares and the Placing Shares;
"**EU**"	the European Union;
"**Euroclear**"	Euroclear UK & Ireland Limited;
"**Executive Directors**"	Dr Catherine Anne O'Neill and Douglas John Quinn;
"**Existing Ordinary Shares**"	Ordinary Shares in issue as at the date of this document;
"**Existing Ordinary Share Capital**"	the number of Ordinary Shares of the Company at the date of this document, comprising 39,404,800 Existing Ordinary Shares;
"**Financial Conduct Authority**" or "**FCA**"	the United Kingdom Financial Conduct Authority;
"**FSMA**"	the Financial Services and Markets Act 2000 of the United Kingdom, as amended;
"**General Meeting**"	a general meeting of the Shareholders called in accordance with the Company's Articles;
"**General Placing Shares**"	Placing Shares which are not EIS Shares or VCT Shares;
"**Group**"	the Company and its subsidiary, SkinBiotix Ltd;
"**Historical Financial Information on the Company**"	the Company's historical financial information as set out in Part IV of this document;
"**HMRC**"	Her Majesty's Revenue & Customs;
"**IFRS**"	International Financial Reporting Standards as adopted by the European Union;
"**Insider Committee**"	the insider committee of the Company;
"**IP**"	intellectual property;
"**Intellectual Property Rights**" or "**IPR**"	intellectual property rights;
"**ISIN**"	international security identification number;
"**Loan Shares**"	new Ordinary Shares to be issued to Optibiotix immediately prior to Admission on conversion of a convertible loan, details of which are set out at paragraph 9.2 of Part VI of this document;

"**Lock-in Arrangements**"	the lock-in arrangements entered into by the Locked-in Persons, described in paragraph 16 of Part I and paragraph 9.5 of Part VI of this document;
"**Locked-in Persons**"	OptiBiotix, the Directors, Professor Andrew McBain and the University of Manchester;
"**London Stock Exchange**"	London Stock Exchange plc;
"**MAR**"	Market Abuse Regulation;
"**New Shares**"	the 79,303,694 Placing Shares and Loan Shares;
"**Non-Executive Chairman**"	Martin Braddock Hunt;
"**Non-Executive Directors**"	Stephen Patrick O'Hara and Dr Catherine Denise Prescott;
"**OptiBiotix**"	OptiBiotix Health plc;
"**OptiBiotix Concert Party**"	(1) OptiBiotix; (2) John O'Hara; (3) Thomas O'Hara and (4) Kate O'Hara as further described in paragraph 5.2 of Part VI of this document;
"**Options**"	options to subscribe for Ordinary Shares under the terms of the CSOP;
"**Ordinary Shares**"	ordinary shares in the issued share capital of the Company, with a nominal value of 1 pence from time to time;
"**Panel**"	the UK Panel on Takeovers and Mergers;
"**Placees**"	investors to whom Placing Shares are issued pursuant to the Placing;
"**Placing**"	the conditional placing by Turner Pope on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
"**Placing Agreement**"	the conditional agreement dated 29 March 2017 between the Company, Turner Pope, Cairn, the Directors and OptiBiotix relating to the Placing, details of which are set out at paragraph 9.6 of Part VI of this document;
"**Placing Price**"	9 pence;
"**Placing Shares**"	50,000,000 new Ordinary Shares comprising the General Placing Shares, EIS Shares and VCT Shares to be issued to the Placees pursuant to the Placing;
"**QCA Guidelines**"	the corporate governance code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance from time to time;
"**Register**"	the register of members of the Company;
"**Relationship Agreement**"	the conditional agreement dated 29 March 2017 between the Company, OptiBiotix, Stephen O'Hara, Turner Pope and Cairn, details of which are set out at paragraph 9.7 of Part VI of this document;
"**Remuneration Committee**"	the remuneration committee of the Company;

"**Securities Act**"	the United States Securities Act of 1933, as amended;
"**Shareholders**"	the persons who are registered as holders of Ordinary Shares;
"**SkinBiotix**"	the Company's technology platform;
"**SkinBiotix Ltd**"	SkinBiotix Ltd, the Company's wholly owned subsidiary;
"**Sterling**" or "**£**"	the legal currency of the UK;
"**Takeover Code**"	the City Code on Takeovers and Mergers;
"**TIDM**"	tradable instrument display mnemonic;
"**Turner Pope**"	Turner Pope Investments (TPI) Ltd;
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**UKLA**"	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
"**Uncertificated**" or "**in Uncertificated Form**"	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"**VAT**"	Value Added Tax;
"**VCT**"	The Venture Capital Trust Scheme as set out in Part 6 of the Income Tax Act 2007 and sections 151A and 151B of the Taxation of Chargeable Gains Act 1992;
"**VCT Shares**"	the Placing Shares to be issued by the Company under VCT;
"**Warrants**"	warrants to subscribe for Ordinary Shares, details of which are set out at paragraph 9.10 of Part VI of this document; and
"**Warrant Agreement**"	the agreement dated 29 March 2017 between the Company and Cairn, details of which are set out at paragraph 9.10 of Part VI of this document.

GLOSSARY OF TECHNICAL TERMS

The following table provides an explanation of certain technical terms and abbreviations used in this document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

"**GRAS**"	generally recognised as safe;
"**HCAIs**"	health care acquired infections;
"**lysate**"	preparation containing the products of lysis of cells;
"**microbiome**"	the combined genetic material of microorganisms living at a particular body site;
"**microbiota**"	the community of micro-organisms living at a particular body site;
"**MRSA**"	methicillin-resistant staphylococcus aureus, a bacterium responsible for several difficult-to-treat infections;
"**tight junctions**"	a specialised connection of two adjacent cell membranes preventing the passage of toxins, molecules and ions through these spaces;
"**PIF**"	product information file; and
"**Proof of Principle**"	early stage pre-clinical studies undertaken in order to demonstrate the efficacy of the SkinBiotix technology.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2017
Publication of this document	29 March
Issue of Loan Shares (immediately prior to Admission becoming effective)	5 April
Issue of General Placing Shares, Admission effective and dealings in the Ordinary Shares commence	5 April

The above dates are indicative only and are subject to change.
All references to time in this document are to London time unless otherwise stated.

KEY STATISTICS

Placing Price (per Ordinary Share)	9 pence
Existing Ordinary Shares	39,404,800
Loan Shares	29,303,694
Placing Shares	50,000,000
Enlarged Ordinary Share Capital	118,708,494
Placing Shares as a percentage of the Enlarged Ordinary Share Capital	42.1 per cent.
Gross proceeds of the Placing	£4,500,000
Number of Ordinary Shares under Option or Warrant following the Placing and Admission	11,917,879
Number of Ordinary Shares on a fully diluted basis following the Placing and Admission*	130,626,373
Market capitalisation of the Company's Enlarged Ordinary Share Capital on Admission based on Placing Price	£10.7 million
ISIN for the Ordinary Shares	GB00BF33H870
AIM Symbol	SBTX

**on the basis that all options and warrants in existence on Admission have been exercised.*

DIRECTORS AND ADVISERS

Directors	Dr Catherine Anne O'Neill – *Chief Executive Officer* Martin Braddock Hunt – *Non-Executive Chairman* Douglas John Quinn – *Chief Financial Officer* Stephen Patrick O'Hara – *Non-Executive Director* Dr Catherine Denise Prescott – *Non-Executive Director*
Company Secretary	Douglas John Quinn
Registered office	**SkinBioTherapeutics plc** 15 Silk House, Park Green Macclesfield SK11 7QJ
Website	www.skinbiotherapeutics.com
Phone Number	0161 468 2760
Nominated Adviser	**Cairn Financial Advisers LLP** Cheyne House, Crown Court 62-63 Cheapside London EC2V 6AX
Broker	**Turner Pope Investments (TPI) Ltd** 6th Floor, Beckett House 36 Old Jewry London EC2R 8DD
Solicitors to the Company	**Turner Parkinson LLP** 64a Bridge Street Manchester M3 3BA
Solicitors to the Nominated Adviser and Broker	**DAC Beachcroft LLP** 100 Fetter Lane London EC4A 1BN
Reporting Accountants and Auditors to the Company	**Jeffreys Henry LLP** Finsgate, 5-7 Cranwood Street London EC1V 9EE
Registrars	**Share Registrars Limited** The Courtyard 17 West Street Farnham Surrey GU9 7DR
Public Relations	**Instinctif Partners** 65 Gresham Street London EC2V 7NQ

PART I

INFORMATION ON THE COMPANY

1. INTRODUCTION

SkinBioTherapeutics has acquired technology and intellectual property ("SkinBiotix") founded on scientific evidence indicating that the molecules found in the human microbiota can be used to protect, manage and restore the skin. Following the completion of successful Proof of Principle studies at the University of Manchester, SkinBioTherapeutics has identified a range of potential applications for SkinBiotix, and is looking to demonstrate viability for these applications through continued development and human studies in order to gain access to a range of large and growing markets.

The Company is seeking Admission to AIM and to raise approximately £4.1 million net of expenses through the Placing in order to progress the Company's technology platform and to accelerate the clinical development of its main active ingredients. Due to the clearly defined regulatory requirements imposed upon cosmetic applications, the Company's priority is to first focus on the preparation of a cosmetic formulation for human studies. Following the completion of these studies, SkinBioTherapeutics will seek to enter into licensing agreements and partnerships with established companies that have specialist skin divisions to take products to market. Upon successful completion and testing of the cosmetic candidate, the Company intends to subsequently develop and validate dermatological applications for its products in the consumer, health and well-being sectors.

The Directors believe that its management team has an appropriate mix of industry experience and scientific knowledge to guide the Company through the development of its therapeutic and consumer healthcare candidates, with the aim of initiating human studies for its first cosmetic product within approximately 18 months from Admission. Successful development of the cosmetic and subsequent applications will facilitate the SkinBiotix technology becoming relevant to several markets, including skincare, dermatology and infection management specifically in HCAIs and wound care.

The SkinBioTherapeutics business model is based around in-house research and development performed at selected specialist centres (currently at the University of Manchester), together with developing an IPR portfolio and outsourced formulation. Ultimately the Company intends to seek to enter into licensing agreements and relationships with multiple commercial partners across its numerous application areas.

The Placing will provide investors with the opportunity to invest in innovative technology at an early stage of development that is underpinned by a portfolio of patent applications, supported by an experienced board, and applicable to a range of significant markets.

2. HISTORY

Dr Catherine O'Neill, Chief Executive Officer, began to explore the potential of the human microbiota in skin health several years ago with her colleague Professor Andrew McBain. They began by investigating the actions of 'probiotic' bacteria on skin; members of the gut microbiota that are known for their positive effects. Dr O'Neill and Professor McBain reasoned that these positive effects shown by probiotics in the gut could also be applicable to the skin since it shares a number of characteristics with the gut.

In 2009, research was commenced at the University of Manchester under the guidance of Dr O'Neill exploring ways in which to improve the barrier of skin cells through the use of probiotics. This research led to the discovery that certain strains of probiotics have an impact upon the molecular barrier of skin; specifically the tight junctions of skin. These tight junctions control the passage of fluid and electrolytes into and out of the surrounding tissue. It was also discovered that these bacteria demonstrate a number of other mechanisms beneficial to the skin.

The discoveries made by Dr O'Neill at the University of Manchester from 2009 to 2015 have led to a number of observations, patent applications and the publication of Proof of Principle studies in peer reviewed scientific journals between 2012-2015.

In early 2015, OptiBiotix, an AIM quoted life sciences business with an interest in the human microbiome space, approached Dr O'Neill and the University of Manchester having identified the commercial potential

of the SkinBiotix technology and possibilities for new product opportunities based on the research performed to date.

The Company, which was at the time a wholly owned entity of OptiBiotix, acquired the technology and intellectual property owned by the University of Manchester in respect of SkinBiotix on 17 March 2016. The intellectual property acquired included two patent families at varying stages of prosecution, and a body of confidential know-how on the performance of the SkinBiotix technology in lab based studies.

Following the acquisition, subsequent IP relating to a third patent family has been filed to extend the scope of the SkinBiotix technology.

The resultant ownership of the Company immediately following the acquisition of the IP from the University of Manchester was split between OptiBiotix (52.0%), the University of Manchester (21.6%), Professor McBain (13.2%) and Dr O'Neill (13.2%).

Immediately prior to Admission, following the conversion of a loan made to the Company by OptiBiotix and resultant issue of the Loan Shares (further details of which are included in paragraph 9.2 of Part VI of this document), the ownership of the Company is split between OptiBiotix (72.5%), the University of Manchester (12.4%), Professor McBain (7.6%) and Dr O'Neill (7.6%).

The voting rights attaching to the shares held by OptiBiotix and the University of Manchester do not differ to those attaching to the other Ordinary Shares.

3. INVESTMENT OPPORTUNITY

The Directors believe that SkinBioTherapeutics presents an attractive opportunity for the following reasons:

- Although at an early stage of development, the Company has demonstrated through proof of principle studies that it is able to protect, manage and restore skin models through the utilisation of bacteria derived from probiotic organisms in order to modulate the skin.
- The Company's commercial strategy is underpinned by its portfolio of patent applications based on several years of scientific research on the potential benefits of probiotics, and active components derived from them, on skin barrier improvement. Applications have been progressed for a total of eighteen patents split into three patent families.
- The Board has a range of experience covering fund-raising, early phase corporate development in life science companies and operating in public markets. Additionally, certain members of the Board and management team possess core scientific and product development expertise with experience leading new product concepts into human studies.
- Proof of Principle has been achieved for the SkinBiotix technology in human skin organ culture models. This successful demonstration of the technology's three modes of action (skin protection, skin management and skin restoration) is a critical technical hurdle in the planned transition to human studies.
- Successful validation of an application of the SkinBiotix technology on human test subjects would provide the Company with potential access to global markets.
- The probiotic species from which the SkinBiotix technology is derived has been given the Generally Recognized as Safe (GRAS) designation from the US Food and Drug Administration (FDA).
- The Board's strategy is to minimise overheads through utilising the laboratories and resources of the University of Manchester, and subcontracting product formulation and lysate scale-up to third parties.

Your attention is also drawn to the Risk Factors in Part II of this document.

4. BUSINESS MODEL

The business model of the Company is designed to minimise costs through strategic partnership agreements while simultaneously maintaining control over the research and development process.

Under a contract research agreement between SkinBioTherapeutics and the University of Manchester, all IP developed at the University's facilities in relation to SkinBiotix remains the property of the Company. The core team responsible for performing the laboratory based research and development consists of Dr O'Neill and post-doctoral research associate, Dr Cecile El Chami.

Where appropriate, patent applications are made for significant findings arising from the work performed that complement the Company's existing portfolio. SkinBioTherapeutics currently owns three patent families comprised of eighteen patent applications that are in varying stages of prosecution, yet to be given notice of allowance or proceed to grant. In addition, a body of propriety know-how is held by the Company. It is the IP strategy of the Company to avoid using third party proprietary technology in designing its candidates. The Directors believe that this both keeps the cost to the Company low and mitigates the risk of patent infringement.

In formulating its SkinBiotix technology, the Company intends to utilise third party specialist formulation providers. These providers will develop suitable formulations for the SkinBiotix technology that are designed to address the aesthetic needs of consumers while retaining the functions of the SkinBiotix technology. This allows for formulation at the quantities and to the regulatory standards needed for human studies and commercial sale.

Once a formulation has been developed, clinical studies will be performed by specialist contract research organisations. This ensures that clinical studies are performed independently from the Company. The nature and extent of the clinical studies performed will be dependent upon the proposed use of the product (i.e. human studies in the case of the cosmetic product, which will be used for skincare).

Upon successful completion of human studies, SkinBioTherapeutics will seek to enter into partnerships and licensing agreements with product focused health, wellbeing and therapeutic companies. Partnerships are key to the business model for all potential indications.

Consumer appetite for products that have a scientifically proven beneficial effect is driving significant growth in the cosmetics market. The Directors of SkinBioTherapeutics believe that its innovative and proprietary technology positions it as a potential partner of choice in this high growth sector. The Company will explore product opportunities both in the premium and mass market beauty/cosmetic markets.

5. OPERATIONS

The Company has a total of seven directors, contractors and consultants that are responsible for the development of the SkinBiotix technology and its commercialisation. The operations of the Company will largely be outsourced, as explained in paragraph 4 of this Part I.

At the current stage of development of the SkinBiotix technology, the Company is adequately staffed for its present requirements. As the Company approaches the human studies stage of its development, the Board will review the requirement for increasing the staff base. Biographies of Board members are included within paragraph 13 of this Part I.

In addition, a number of third parties will be engaged that are integral to the operations of the Company, including:

- **Formulation specialists**

  The Company aims to formulate SkinBiotix along established development pathways with specialist third party formulation companies. Providers will prepare prototype formulation for testing. Selected formulations will be produced at the scale and quality required for subsequent human studies. The Company intends to select providers with the appropriate quality systems to meet regulatory requirements.

- **IP consultants**

  The Company currently retains Appleyard Lees IP LLP as its IPR management agent. Appleyard Lees IP LLP is an established intellectual property firm, with a team of patent and trademark specialists.

- **Regulatory consultants**

  The Company retains the services of Dr Stephen France (a biography for Dr France is included in paragraph 13 of this Part I) on a consultancy basis. Dr France aids the Company in ensuring its development activities conform with and meet the standards required to place products on the market.

- **Commercial consultants**

  The Company retains the services of Dr Kevin Bilyard (a biography for Dr Bilyard is included in paragraph 13 of this Part I) on a consultancy basis. Dr Bilyard supports the Company on the development of its commercialisation plans.

6. TECHNICAL BACKGROUND – PROBIOTICS & HUMAN MICROBIOME

The human body contains on and within it, roughly 10 times more bacterial cells than human cells. The genetic content of all the bacteria in and on our bodies is called the human microbiome. Our microbiome contains roughly 1,000,000 genes whereas humans possess around 23,000 genes. Therefore, the microbiome has a huge potential to be able to change the way the body functions.

The best understood members of the microbiome are the bacteria that live in the gut. As changes to gut microbiome are often associated with disease, this has led to the idea that manipulating the gut microbiome through the ingestion of probiotics may therefore be associated with a return to health.

Probiotics are live micro-organisms which, when administered in adequate amounts, confer a health benefit on the host. They are usually members of the gut microbiota where they are well known for their positive effects. In the gut, probiotics have been used to treat or prevent a number of disorders ranging from travellers' diarrhoea to the chronic inflammatory condition Crohn's disease. Although the mechanisms by which probiotics act in the gut are unclear, data suggests that probiotics can:

- Increase the gut's barrier integrity by enhancing the formation of multi-protein complexes called 'tight junctions'. Tight junctions seal the space between adjacent gut cells to prevent the passage of toxins, molecules and ions through these spaces;
- Protect the gut from infection by outcompeting harmful pathogens;
- Modulate the immune responses of the human body; and
- Increase the rate of intestinal healing in response to injury.

To date, the majority of focus within the probiotics industry has been placed upon ingestible applications of probiotics and their ability to maintain and improve intestinal gut health. Microbiologists, immunologists and dermatologists are now beginning to unlock the importance of how skin interacts with bacteria. In addition, advances in molecular biology and other areas of research are enabling scientists to understand and intervene in skin conditions in ways that were not previously possible.

The Directors believe SkinBioTherapeutics is one of the first companies developing innovative technology that is designed to promote skin health by harnessing the beneficial properties of probiotic bacteria and the active components derived from them. The approach taken is to utilise a 'lysate' of probiotic bacteria as a topical agent. The lysate is prepared by ultrasonic disruption of the bacterial cells. The lysate is then filtered to remove any remaining living bacteria. The use of a lysate rather than live bacteria circumvents the possible safety considerations associated with applying live bacteria to the skin, and also the potential formulation difficulties of keeping bacteria alive in a cream.

SkinBioTherapeutics has generated an evidence base indicating that skin models can benefit from the introduction of certain modulators in the form of lysates of probiotic bacteria. This has been achieved in skin models through the SkinBiotix technology and its three "modes of action", being protection, management and restoration.

7. TECHNICAL BACKGROUND – SKINBIOTIX

The SkinBiotix technology is designed to impact upon the skin in three key ways: protection, management and restoration.

- **Skin protection**

  The skin acts as the interface between the entire body and the outside environment. This means that the skin undergoes daily exposure to potentially noxious stimuli including pathogens, toxins, pollutants and ultraviolet radiation from the sun. Skin therefore must act as a barrier to protect the body from these various agents. In addition, skin provides a barrier to regulate water loss from within the body.

  Part of the skin's ability to function as a tough, waterproof protective barrier is due to structures known as tight junctions. These structures physically block the spaces between adjacent skin cells and prevent the entry of pathogens, and toxins etc as well as the loss of water from within the body. Proof of principle studies have demonstrated that the SkinBiotix technology is able to modulate the levels of certain molecules important to the formation of tight junctions between skin cells. In doing so, SkinBiotix improves the function of tight junctions.

- **Skin management**

  Staphylococcus aureus is one of the most common skin pathogens and is implicated in a range of skin conditions from relatively mild diseases such as impetigo, to life threatening septicemia. Although Staphylococcal infections can be treated successfully with antibiotics, resistant strains, such as *Methicillin-resistant Staphylococcus aureus* ("MRSA") are beginning to emerge. Growing resistance and the lack of new antibiotics is driving the need to discover and develop new methods of controlling bacterial growth, colonisation and infection.

  Staphylococcal skin infections are relatively common and they are especially troublesome in hospitals where patients with open wounds and weakened immune systems are at risk. When MRSA is the infectious agent the morbidity and mortality risk rises significantly. Healthcare providers spend huge sums on infection prevention, allocating resources to the management of patients with infections. The Directors believe this exemplifies the opportunity for new products that are effective in improving the skin barrier and reducing the risk of infection.

  SkinBiotix is able to reduce *Staphylococcal* load in skin cells and prevents the attachment of *Staphylococcus aureus* to skin cells.

- **Skin restoration**

  The importance of an intact skin barrier is demonstrated by the body's response to a breach in the barrier i.e. a wound or burn where there is an increase in infection risk. When the skin is wounded, the skin cells (keratinocytes) proliferate and migrate across the wound site to attempt to fill in the gap. This happens quickly in healthy individuals but in some patients with underlying problems e.g. diabetes, the skin can be slow to heal. A delay in healing can leave the body exposed to potential infection. The SkinBiotix technology has shown potential to enhance the speed of wound closure by both increasing the proliferation and the migration of keratinocytes across the wound site.

8. APPLICATIONS

SkinBioTherapeutics has identified a range of potential cosmetic and dermatological applications for its technology platform. The stage of development of each of these applications is illustrated below.

Skin Health/Cosmetics (Cosmetic Application)

Due to the clearly defined regulatory requirements surrounding cosmetics, the first prioritised application for the SkinBiotix technology is a cosmetic application for skin health. Consideration will be given to formulations that meet and address the needs of the consumer. The target product profile is a non-irritating formulation that can be used liberally and generally on areas of dry, sensitive skin, without leaving a residue, and is unlikely to be wiped away or removed by casual contact.

Targeted benefits of the cosmetic application may include the promotion of general skin health and skin radiance with properties that help to soothe skin, improve moisture retention and skin smoothness. This could create opportunities in the anti-ageing and sensitive skin health markets.

An overview of the development activities to be undertaken and route to commercialisation for the cosmetic application is included within paragraph 9 of this Part I.

Healthcare Acquired Infections (HCAIs) (Dermatological/Pharmaceutical Application)

SkinBiotix has demonstrated inhibitory activity against the pathogenic bacteria *Staphylococcus aureus* in skin cells. This creates the potential for a product which can reduce the risk of HCAI's. This raises the possibility that this activity may be applicable across a wider range of harmful human skin bacterial pathogens. Testing this inhibitory activity in skin cells against a panel of bacterial strains known to be of importance in HCAIs will be used to determine a spectrum of effectiveness. This activity profiling will direct the development and clinical testing of formulations and product positioning approaches which target harmful infectious bacterial strains.

Other Dermatological Applications

The properties of the SkinBiotix technology create opportunities for demonstrating its efficacy in the prevention (prophylaxis) and management/treatment of skin diseases. The path to regulatory approval involves preclinical development and clinical trials in humans. The studies will be designed to evaluate safety, dosage, and to demonstrate effectiveness in a specific indication. If the trials are successful, then an application for marketing authorisation will be submitted to the appropriate regulatory authority for consideration. The Company has yet to fully validate an indication, although the Directors believe SkinBiotix has properties that indicate it could be used as a supportive treatment in the management of both adult and paediatric atopic dermatitis. Pre-clinical and clinical testing will be performed to validate the indication prior to entering human study programmes.

9. STRATEGY, DEVELOPMENT & COMMERCIALISATION

Strategic Overview

The aim of the Company is to develop its SkinBiotix technology into commercially successful products supported by a strong scientific evidence base. The strategic aim is to partner with health and wellbeing and/or pharmaceutical companies currently in this area or looking to move into this sector.

Developing strategic alliances with major companies can be a difficult and time consuming process, therefore the Company will only approach such organisations once it can demonstrate efficacy by carrying out early human studies. Establishing clinical efficacy of health benefits is seen as a key market differentiator, a pre-requisite for license deals and a major value enhancing step. This will be supported by international presentations at conferences and exhibitions with a view to bringing the Company and its products to the attention of a wider corporate audience, enhancing industry credibility. SkinBioTherapeutics' commercial strategy is to engage potential partners in early dialogue, building up relationships and maintaining communication on technical and commercial progress, until one or more deals can be secured.

Development – Skin Health/Cosmetics

To date, SkinBioTherapeutics has completed studies using human skin models, successfully demonstrating the three modes of action of the SkinBiotix technology. In order to complete the validation stage for the cosmetic application, a number of steps must be taken that will ultimately result in the performance of human studies.

The planned development activities include:

Upscale of SkinBiotix Lysate and Lysate Testing

To date, the lysate used in the research studies performed by SkinBioTherapeutics has been produced only on a small scale at the University of Manchester laboratories. In order to progress the development of the cosmetic formulation, the lysate is required to be produced on a larger scale. This manufacturing will be performed by expert third party partners. Maintaining and optimising lysate activity at the volumes required for formulation is a critical next step in the development of the cosmetic formulation. As this has not yet been done, risks exist surrounding the performance of the lysate once produced. It will need to be tested

by the Company to ensure that the benefits seen to date on skin in the ex vivo studies have not been lost in the lysate preparation process.

The functionality will be assessed by the SkinBioTherapeutics team, inclusive of short term and long term stability studies. There may be several iterations of the lysate produced prior to achieving the results required for the next stage in the cosmetic formulation's development. While it is assumed that a number of iterations will be required, any significant delay could have an adverse impact upon the Company's business, financial condition and results from operations.

Formulation

Product formulation is a highly specialised function and as such, specialist providers will be contracted at this stage to prepare prototypes, manufacture batches and package study samples. This is a critical stage in the process as the formulation must be capable of maintaining the SkinBiotix activity and also appeal to consumers. Formulations will include excipients that are required to ensure stability and sterility. In de-risking this stage, a number of test prototype formulations will be developed and each formulation will be validated for activity using the skin organ culture model. Once selected, the lead formulation will be produced to the quality required for subsequent studies. A placebo formulation, containing no SkinBiotix lysate, will be prepared as a comparator. The finished formulation will be packaged into sterile containers and labelled according to the requirements of the human study.

While it is assumed that a number of iterations will be required, any significant delay could have an adverse impact upon the Company's business, financial condition and results from operations.

Organ Culture

Prototype formulations will be tested in human skin organ cultures. Through use of a third party, vertical diffusion cell models will be used in order to examine the transition of active SkinBiotix ingredients into human skin. Multiple formulations will be tested, with the preparation most efficient at delivering the lysates contained within selected for production. The final study formulations will also undergo a safety assessment via an authorised testing laboratory.

At the end of this stage of development a formulation will be ready for human testing.

Human Study

In order to complete the development stage, a human study will be performed at a contracted research organisation both for regulatory purposes, and to ensure that the skin benefits that were evidenced through laboratory testing are also apparent within the final formulation. Prior to commencing the human study, the formulation specifications will need to be collated by the Company in respect of the formulation to be tested. Much of this information will be compiled into a Product Information File ("PIF") at the commercialisation stage. Test formulations will also be assessed for consumer acceptability and stability.

Commercialisation – Skin Health/Cosmetics

After demonstrating the cosmetic formulation in human studies the Company will work with its consultants and commercial partners so as to ensure that the cosmetic application that will have the formulation that is suitable for market entry. SkinBioTherapeutics will collate and maintain a data room of the necessary information required to comply with EU regulations or any successor relevant legislation for cosmetic products entering the market. Under current legislations the information required for a PIF includes, but is not limited to: full product formulation, method of manufacture, specifications of the raw materials used, a statement on compliance with good manufacturing practice ("GMP"), product characteristics, stability test data and an assessment of safety/toxicology.

Development – HCAIs (Dermatological/Pharmaceutical Application)

Staphylococcus aureus is the most common skin pathogen and one of the major causes of HCAI. Its management is of concern across the healthcare sector and the need for safe and effective agents to manage *Staphylococcus aureus* infections are well recognised. The growing resistance of *Staphylococcus aureus* to antibiotics represents a significant public health threat that has no short term solution. For every

100 hospitalised patients 7 will acquire at least one HCAI. SkinBiotix has the potential to protect skin from *Staphylococcus aureus* infection and inhibit *Staphylococcus aureus* growth. This represents an opportunity to develop products that prevent the binding of *Staphylococcus aureus* to the skin.

It is the Company's intention that SkinBiotix will be formulated into a suitable delivery vehicle and undergo tests to demonstrate its performance and acceptability to prevent infection. Performance of any such formulation will be tested in human skin models prior to human clinical trials.

Development – Other Dermatological Applications

Changes to the composition of the skin microbiome are associated with a number of common inflammatory skin diseases. Atopic dermatitis (the most common form of eczema) is one such disease in which skin function is impaired and its protective function diminished. It is characterised by inflammation of the skin causing dryness, redness, itching and swelling. Atopic dermatitis is treated with a wide number of therapies, with treatment choice being determined by the severity of the disease. Currently available treatments target symptoms and provide only temporary relief.

The Directors believe that the SkinBiotix technology's ability to improve the barrier function, protect the skin from harmful pathogens and promote healthy skin has the potential to address these characteristics in order to support in the management of atopic dermatitis.

Development Timeline

An indicative projected timeline for the programmes outlined above is set out below.

	Proof of mechanism	Development (formulation)	Proof of concept Human studies	Commercialisation
MANAGE Cosmetic	✓	Q4 2017	Q3 2018	2018
PROTECT HCAI's	✓	Q3 2018	H2 2019	2020
RESTORE Dermatology (Eczema)	✓	Q1 2020	2021	21/22

The Company will seek to test the healthcare use and application of its technology in humans. These studies aim to support the progression of the SkinBiotix technology in skin health and skin care uses and the partnering and licensing activities of the Company. They do not guarantee that the studies will result in a successful commercial deal or that any product which incorporates the SkinBiotix lysates or components derived from them will be progressed into product development or will result in a product that can be placed on the market. All human studies will be conducted and approved by the appropriate national authority/agency prior to commencing with study recruitment and the testing of topical formulations which incorporate the SkinBiotix lysates in humans. These requirements vary according to the jurisdiction where the study will be conducted. The Company will comply with the appropriate national requirements that are in place at the time of seeking human studies approval and will support any submission with public domain and company propriety information on the properties and performance of SkinBiotix in cell models. Only studies that are safe, ethical and of a sufficient quality standard will be conducted by the Company. The Company will work with appropriately qualified and compliant testing sites to comply with the requirements.

10. MARKET

Market Overview & Competitive Landscape

The SkinBiotix technology platform is targeted at improving skin health by supporting the prevention and management of skin ailments and diseases. Skin care spans a number of market sectors and includes

products targeting a range of issues from everyday consumer problems to specific disease indications. Rising medical costs, a public health policy shift towards prevention and consumer trends towards healthier lifestyles and self-help continue to drive growth across each of the identified markets.

The Directors believe the SkinBiotix technology to be relevant to a number of markets:

Cosmetic Skin Care

Skin care which includes facial, body and hand care products is the largest category within the beauty and personal care sector. It is valued at over $112 billion (Euromonitor Passport). It continues to see growth with topical skin care products being the single biggest product format. An awareness of the need to nourish and support the skin to maintain its health and beauty is a significant driver of consumers demanding products that can demonstrate an improvement. Technology and innovation has a big influence in the sector.

Health Care Acquired Infections

Skin hygiene is vital in infection prevention. Skin infections are of considerable concern in hospital care. A significant number of patients are affected annually with the global burden of HCAIs estimated in the USA alone in 2011 to be between $35-$88 billion. According to the European Commission, there are approximately 4.1 million healthcare associated infections and 50,000 attributable deaths in the European Union each year (2012). This corresponds to an economic burden of €13-24 billion.

The cost of HCAIs to the NHS is estimated at £1 billion per year (NHS England). Pharmaceuticals, environmental treatments and infection control devices are used in the management and prevention of HCAIs with these products generating estimated sales of $17.1 billion in 2015.

Dermatology

It has been estimated that at any given moment one-third of the global population is experiencing at least one active skin disease outbreak. This represents a considerable social and economic cost that can include physician visits, hospital care, prescription drugs and/or over-the-counter products for treating or managing these conditions.

Eczema is one of the most common of these skin diseases. It is characterised by dry, itchy and cracked skin with sufferers having an increased susceptibility to bacterial infection. Sales are dominated by topical steroids which can cause skin atrophy. This excludes emollients/moisturisers which are commonly used to artificially restore the skins barrier and improve skin hydration. Indeed emollients containing antibacterial agents that are designed to reduce the levels of pathogens on the skin are now being introduced.

While there is a wide range of companies that have an interest in the area of utilising probiotics for skincare purposes, the Directors believe that SkinBiotix is at an advantage due to the following combined properties:

- Contains no live bacteria;
- Has protective characteristics demonstrated by pathogen exclusion in human skin models;
- Has shown benefits to the skin cell barrier through the modulation of tight junctions;
- Enhances skin restoration following damage.

Additionally the majority of brands operating within this space have a focus on either cosmetics or therapeutic products. The Company intends to use SkinBiotix technology across a number of applications, both cosmetic and therapeutic.

11. INTELLECTUAL PROPERTY

IP Strategy

The IP strategy of SkinBioTherapeutics is to develop its IP portfolio through ongoing research. The applied for portfolio, which has been built on several years of research, is focussed on the potential of probiotics and specifically probiotic lysates as agents for skin barrier protection. The portfolio underpins the commercial strategy of SkinBioTherapeutics and will, once developed, help to support its market proposition.

All disclosures and publications made by SkinBioTherapeutics are submitted to the Company's patent attorney (Appleyard Lees IP LLP) for consideration and review. It is also a policy of the Company to avoid the use of third party proprietary technology in developing its products in order to mitigate the risk of patent infringement.

A number of commercial organisations and research institutions have begun establishing IP positions in the area of probiotics and specifically their use on the skin and in skin care applications.

Current Portfolio

The Company acquired a portfolio of intellectual property from the University of Manchester in March 2016, consisting of two patent families. Ongoing development activities by SkinBiotherapeutics resulted in the filing of an additional patent family in May 2016. A separate report, prepared by a third party IP specialist, Keltie LLP, has been included in full within Part III of this document.

Keltie IP Report Executive Summary

The points from the executive summary of Keltie's report are duplicated below:

- The Company is aware of the value of patents and actively engages with a specialist intellectual property firm in order to ensure its inventions are protected to maximum advantage.
- The Company currently has pending patent rights covering three patent families relating to its proprietary technology in the use of probiotic bacteria, the lysates thereof, or conditioned media derived therefrom, in medical and cosmetic treatments. Each patent family offers the potential for broad geographic protection for the Company's technology in the major commercial jurisdictions of the world.
- In view of the filing dates of the patent applications, examination of the applications by the respective national Patent Offices is either in the early stages or is yet to commence. Accordingly, the patent rights are not yet enforceable against third parties.
- The Company owns the rights to all the inventions covered by the patent families. Where the rights have been acquired by assignment, the Company has taken steps to ensure that the ownership is recorded on the relevant patent registers.
- The "SKINBIOTIX" mark is already protected under an EU trade mark registration, and an application to protect "SKINBIOTIX" in the United States, Japan and Australia has been filed.

Please note that this executive summary is for reference only and is not intended as a substitute for reading and considering the report prepared by Keltie LLP in full, which is set out in Part III of this document.

12. SUMMARISED HISTORICAL FINANCIAL INFORMATION

The selected financial information has been extracted from the historical financial information in Part IV of this document.

Statement of Financial Position

Assets	*As at 31 December 2016* £	*As at 30 June 2016* £
Non-current assets	162,213	136,214
Current assets	495,611	287,274
Total assets	657,824	423,488
Liabilities		
Non-current liabilities	313,003	–
Current liabilities	91,186	33,641
	404,189	33,641
Net assets	253,635	389,847
Equity and reserves	253,635	389,847

- Non-current assets as at 30 June 2016 and 31 December 2016 comprise intangible assets, being the IP purchased from the University of Manchester and subsequently further developed by the Company.

- Current assets held by the Company predominantly comprise cash. The increase seen from June to December (and corresponding increase in liabilities) is due to a convertible loan granted to the Company by OptiBiotix, further details of which are included within paragraph 9.2 of Part VI of this document.

Statement of Comprehensive Income

	6 months ended 31 December 2016 £	*Period ended 30 June 2016* £
Revenue	–	–
Other income	–	3,000
Administrative expenses	(248,836)	(7,201)
Loss from operations	(248,836)	(4,201)
Finance costs	(6,154)	–
Taxation	25,627	–
Total comprehensive loss for the period	(229,363)	(4,201)

- The loss of £229,363 for the six months ended 31 December 2016 is due to expenditure in relation to the research agreement with the University of Manchester and costs incurred during the AIM admission process.

13. DIRECTORS AND CONSULTANTS

The Company's Board is as follows.

Martin Hunt, Non-Executive Chairman (aged 58)

Martin Hunt has over 30 years' experience in large multi-nationals, start-ups and public companies with a strong track record of management success and fund raising in the life science sector. His previous roles include CEO of biomaterials company Tissue Science Laboratories plc. Mr Hunt is Programme Director of the NIHR translational funding programme Invention for Innovation (i4i) and a member of the NIHR Strategy Board.

Dr Catherine O'Neill, Chief Executive Officer (aged 51)

Dr Catherine O'Neill is an accomplished biologist and a leader in human-bacterial interactions. Dr O'Neill previously founded a specialist dermatology business, Curapel Limited, leading the company through its formation and development stage. As an innovator and expert Dr O'Neill has worked as an adviser for a number of skincare businesses and brand owners. This includes delivering technology from the lab, through development and onto new product concepts in partnership with global corporations. Dr O'Neill is a biochemist by training and has previously led large multidisciplinary research teams as a senior lecturer at the University of Manchester.

Douglas Quinn, Chief Financial Officer (aged 49)

Douglas Quinn has spent the last 15 years involved in start-up and early stage businesses helping to manage them through subsequent levels of growth and secure the requisite funding. Mr Quinn has operational experience both within finance and across other business functions as well as considerable corporate finance experience, including in public markets. He was previously CFO at AIM listed Arthro Kinetics Plc and is currently CFO with regenerative medicine company Videregen and prior to joining Skin Biotherapeutics was CFO with University of Manchester spinout Gelexir Healthcare.

Stephen O'Hara, Non-Executive Director (aged 57)

Stephen O'Hara spent 20 years working for the National Health Service (NHS) where he was responsible for delivering microbiology services to a large university teaching hospital.

Mr O'Hara left the NHS in 2000 to set up Acolyte Biomedica Limited (Acolyte), which developed rapid diagnostics for healthcare acquired infections such as MRSA. Acolyte was sold to 3M in 2007 where he became Director of Microbiology. Mr O'Hara left 3M in 2009 to become a Director at Taunton and Somerset Foundation Trust. In 2011 he founded Intelligent Biotech Limited as a vehicle to identify technologies and market opportunities in healthcare, which has enabled him to identify the emerging potential of the human microbiome and set up OptiBiotix.

During over 30 years in microbiology and healthcare, Mr O'Hara has authored over 40 articles, including chapters in several books, and is the inventor on a number of patents. He has at various times been editorial referee for the Journal of Medical Pathology and Journal of Clinical Microbiology.

Dr Catherine Prescott, Non-Executive Director (aged 55)

Catherine has over two decades of experience in research, management and business in the biotechnology, pharmaceutical and venture capital sectors. Founder/Director of the consultancy Biolatris Ltd., Non-Executive Director of Videregen Ltd., Chair of the Trakcel Ltd Advisory Board, Translation Advisory Group member of the Babraham Institute, and Member of the Board of Trustees IMET2000. She is also a visiting professor at Kings College (London) teaching on the MSc programme 'Cellular Therapies from bench to market' and Senior Associate for the Masters in Bioscience Enterprise (Cambridge University).

SCIENTIFIC AND COMMERCIAL CONSULTANTS

Scientific and commercial consultants to be used by SkinBioTherapeutics are as follows.

Dr Stephen France (aged 42)

Stephen France has a background in developing new product concepts based on emerging market trends. His experience spans business operations, technology licensing and investment funding in the life sciences and pharmaceutical industry. As a venture manager at UMI3 Ltd he led the formation and operational start-up of a portfolio of venture backed biotechnology companies, including Gelexir Healthcare, Spectromics Ltd, IF Sensing Ltd, Bioxydyn Ltd, Manchester Imaging Ltd, Clin-e-cal Ltd and Renephra Ltd. He was also previously a director of Curapel Limited, a specialist dermatology business, where he supported the translation of the businesses technology pipeline from the laboratory bench, through development and into human studies. He has a PhD in molecular cancer biology from the University of Glasgow, carried out postdoctoral research at Harvard University (USA) and has worked in the pharmaceutical industry with AstraZeneca PLC.

Dr Kevin Bilyard (aged 60)

Kevin Bilyard has over 35 years' experience in a variety of roles with healthcare-related business, including AstraZeneca and GlaxoSmithKline and multiple earlier stage companies in the biotechnology, diagnostic and functional food sectors in Europe and the USA. He has broad knowledge of product development, the regulatory environment and the requirements for commercial success. From 2008-2016 he was CEO of the cancer immunotherapy company Immodulon Therapeutics, guiding its growth from early research to encouraging clinical trial outcomes in pancreatic cancer and melanoma which have placed it on the radar of several larger companies. He is a founder member of the French cell therapy CMO, Bio Elpida SAS and has run a successful consultancy business since 2000.

14. REASONS FOR THE PLACING AND ADMISSION AND USE OF PROCEEDS

The Directors believe that Placing and Admission will assist the Company in its development by:

- providing access to working and development capital to progress the current and future product pipeline;
- strengthening the Company's balance sheet;
- raising the Company's profile;
- providing a market on which the Ordinary Shares of the Company can be traded in order to provide liquidity and a market valuation for the Company's equity which, in conjunction with the employee option schemes, should assist the Company in attracting, retaining and incentivising high calibre employees.

Details of the Placing

The Placing will raise approximately £4.5 million (before expenses) through the issue of 50,000,000 Placing Shares at the Placing Price. The Placing Shares will represent approximately 42.1 per cent. of the Enlarged Ordinary Share Capital.

15. ADMISSION, SETTLEMENT, TRADING AND CREST

General

Application has been made to the London Stock Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Ordinary Share Capital will commence at 8.00 a.m. on 5 April 2017. No application has been or will be made for any warrants or options to be admitted to trading on AIM.

CREST

CREST is a computerised share transfer and settlement system. The CREST system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

For more information concerning CREST, Shareholders should contact their stockbroker or Euroclear UK & Ireland Limited at 33 Cannon Street, London, EC4M 5SB or by telephone on +44 (0)20 7849 0000.

16. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS

Immediately prior to Admission, OptiBiotix, the University of Manchester, the Directors and Professor Andrew McBain (the "Rule 7 Locked-in Parties") own, between them, 68,708,494 Ordinary Shares representing 57.9 per cent. of the Enlarged Ordinary Share Capital of the Company. The Rule 7 Locked-in Parties have undertaken to the Company, Cairn and Turner Pope that they will not sell or dispose of, except in certain limited circumstances permitted by Rule 7 of the AIM Rules for Companies, any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission. The Rule 7 Locked-in Parties have further agreed that they will, for a further period of 12 months thereafter, be subject to orderly market arrangements during which time they will only dispose of their Ordinary Shares through the company's broker.

Further details of the lock-in and orderly market agreements are set out in paragraph 9.5 of Part VI of this document.

17. DIVIDEND POLICY

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

18. WARRANTS

The Company has agreed to issue Warrants on Admission to subscribe for 890,314 new Ordinary Shares at the Placing Price to Cairn. Further details of the Warrants to be issued to Cairn are set out in paragraph 9.10 of Part VI of this document.

19. OPTIONS

Prior to Admission, the Company will implement option arrangements to incentivise certain of the Directors and consultants to the Company and to align their interests with the interests of the Shareholders. Further details of the Options to be issued on Admission are set out in paragraph 8 of Part VI of this document.

20. CORPORATE GOVERNANCE AND INTERNAL CONTROLS

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

The QCA Guidelines recommend that the board of directors should include a balance of executive and non-executive directors, such that no individual or small company of individuals can dominate the board's decision taking. In the case of a smaller company, such as the Company, the QCA Guidelines recommends that the board should include at least two non-executive directors who are independent (being Martin Hunt and Dr Catherine Prescott).

The Company will hold regular board meetings and the Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have, conditional on Admission, established an audit committee, insider committee, and a remuneration committee with formally delegated rules and responsibilities.

Remuneration Committee

The Remuneration Committee, which will comprise Martin Hunt and Stephen O'Hara will meet once each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

Audit Committee

The Audit Committee, which will comprise Dr Catherine Prescott, Martin Hunt and Douglas Quinn, will meet not less than twice a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company.

Insider Committee

The Insider Committee, which will comprise Douglas Quinn and Martin Hunt, will meet at such times and frequency as necessary. This committee will be responsible for monitoring and ensure compliance with the Group's MAR dealing policy, reviewing and updating the classification of Group employees, directors and key consultants as regards to clearance requirements, updating the dealing code, policy and dealing procedures as appropriate, and reviewing all requests for dealings in shares of the Company by its employees and directors.

21. SHARE DEALING CODE

The Company will, with effect from Admission, adopt a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules) and the Company will take all reasonable steps to ensure compliance by the Directors, related parties and any relevant employees.

22. TAKEOVER CODE

The Takeover Code applied to the Group from 23 December 2016 when the Company was re-registered as a public limited company.

The Takeover Code is issued and administered by the Takeover Panel. The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the "Directive"). Following the implementation of the Directive by the Takeovers Directive (Interim Implementation) Regulations 2006, the rules in the Takeover Code which are derived from the Directive now have a statutory basis.

The Takeover Code applies to all offers for companies, however effected, where, *inter alia*, the offeree company is a public company which has its registered office in the United Kingdom, the Isle of Man or the Channel Islands, and which are considered by the Panel to have their place of central management and control in the United Kingdom. The Takeover Code therefore applies to the Group and its Shareholders will be entitled to the protection afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time, interests in securities which (taken together with securities in which he is already interested and 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 by the Panel to make a general offer to all the remaining shareholders of that company to acquire their shares. Similarly, 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 and such person, or any persons acting in concert with him, acquires an interest in any other shares in the company which increases the percentage of shares carrying voting rights in which he is interested, such person would normally have to extend a general offer to all shareholders to acquire their shares for cash at not less than the highest price paid by him, or parties acting in concert with him, during the 12 months prior to the announcement.

Certain shareholders (the "OptiBiotix Concert Party") are deemed to be acting in concert for the purposes of the Takeover Code in relation to their shareholding in the Company on Admission.

Further information on the Takeover Code and the OptiBiotix Concert Party is set out in paragraph 5.2 of Part VI of this document.

23. RELATIONSHIP AGREEMENT

At the date of Admission, OptiBiotix will control the exercise of voting rights in respect of approximately 41.9 per cent. of the Enlarged Ordinary Share Capital.

Accordingly, a relationship agreement has been entered into between OptiBiotix, Stephen O'Hara, the Company, Turner Pope and Cairn to ensure that the Company is able to carry on its business independently and to regulate the relationship between them on an arm's length and normal commercial basis. Further details of the Relationship Agreement are set out in paragraph 9.7 of Part VI of this document.

24. TAXATION

Your attention is drawn to paragraph 10 of Part VI of this document. These details are intended only as a general guide to the current tax position under UK taxation law and practice. If an investor is in any doubt as to his or her tax position he or she should immediately consult his or her own independent financial advisor.

Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares.

The Company has received provisional notification from HMRC that the new Ordinary Shares to be issued pursuant to the Placing will rank as "eligible shares" for the purposes of EIS and are capable of being a "qualifying holding" for the purposes of investment by Venture Capital Trusts. However, neither the Company nor the Directors nor any of the Company's advisers give any warranties or undertakings that such reliefs will continue to be available and are not withdrawn at a later date. Further, it should be noted that the advance assurance referred to above is based on certain assumptions and does not cover all aspects of EIS or VCT.

25. FURTHER INFORMATION AND RISK FACTORS

Shareholders should read the whole of this document, which provides additional information on the Company and the Placing and should not rely on summaries of, or individual parts only of, this document. Your attention is drawn, in particular, to the Risk Factors set out in Part II, the Report on Intellectual Property set out in Part III, the Accountants Report on the Company in Part IV, the information on Taxation set out in Part VI and the Additional Information in Part VI of this document.

PART II

RISK FACTORS

There are significant risks associated with the Company. Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this document, including the following risk factors. The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this document of which the Directors are not aware or believes to be immaterial but which may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities, if you are in the United Kingdom, or any appropriately authorised person under applicable laws, if you are located in any other jurisdiction.

RISKS RELATING TO THE COMPANY'S BUSINESS

Stage of Operations

SkinBioTherapeutics is at an early stage of development, yet to generate revenues and has a limited history to date. The ability of the business to generate revenue depends on the successful completion of commercial development of its SkinBiotix platform. The business will incur losses for the foreseeable future and has not yet demonstrated an ability to complete human studies, obtain regulatory approval or manufacture and commercialise its SkinBiotix platform successfully.

Clinical Development Risk

The commercialisation of SkinBioTherapeutics' intellectual property and the potential applications of its technology platform requires pre-clinical development, product formulation, process development and human consumer/clinical studies that exemplify product claims. There is a risk that the business's SkinBiotix platform does not perform as expected and it fails to perform in the applications identified by the Company.

Furthermore, clinical development and human studies can result in unexpected costs. Agreeing study designs, study endpoints and study recruitment timelines without unforseen delays with regulatory agencies is key. Regulatory body guidelines and marketing authorisation requirements for products may be subject to alteration and are divergent in different jurisdictions. The Company has not yet engaged or sort clarification on the date requirements, regulatory pathways or marketing authorisation requirements for any human studies to demonstrate it technology in the proposed applications. Regulatory authorities may require study redesigns or amendments that may have financial implications that could adversely impact upon the business.

Product Development Timelines

The Company has identified a number of applications for its SkinBiotix technology platform. Development programme delays, inconclusive results, identification of safety issues, product formulation failures or regulatory challenges may require additional follow-up studies that are not envisaged at this time. Such

delays will have an adverse impact upon the Company's business, financial condition and results from operations.

Dependence on Key Personnel

The Company's success is highly dependent on the expertise and experience of its board and management. Retention and incentivisation of these individuals is critical to the Company. In the event that SkinBioTherapeutics is unable to retain any member of its management team it may not be able attract appropriate replacements. Should this be the case, loss of key personnel could have a material adverse effect on the Company, its financial condition, results from operations and prospects. In order to mitigate this risk, the Company has commenced proceedings to put into place key-man insurance for Dr Catherine O'Neill, CEO. This is expected to be in place shortly after Admission.

Lysate Manufacturing Risk

All research performed to date has been performed on a small scale at the University of Manchester. In order to scale up the manufacturing process and produce lysate the Company will need to successfully negotiate manufacturing arrangements with a third party. There is no guarantee that it will be possible to find a suitable third party, to agree favourable economic terms for this process, or that manufacturing will result in a suitable lysate product being produced on a large scale.

Lysate produced will need to be tested by the Company to ensure that the benefits seen to date on skin in the ex vivo studies have not been lost in the lysate preparation process. It may require a number of iterations before a suitable lysate is able to be produced. While it is assumed that a number of iterations will be required, any significant delay could have an adverse impact upon the Company's business, financial condition and results from operations.

Formulation Risk

In order to proceed to human studies for the Company's cosmetic application, a formulation will need to be prepared by a third party. As this has not yet been done, risks exist surrounding the successful selection of a third party and the performance of the formulation once produced. It will need to be tested by the Company to ensure that the benefits seen to date in the ex vivo skin studies have not been lost in the formulation preparation process. It may require a number of iterations before a suitable formulation is able to be produced. While it is assumed that a number of iterations will be required, any significant delay could have an adverse impact upon the Company's business, financial condition and results from operations.

Human Studies

SkinBioTherapeutics has invested effort and resources in its SkinBiotix technology platform and the potential applications of the technology. Success in human studies in part hinges on this development activity. It is however possible that the results of these studies may not be predictive of those obtained in later-stage expensive, time consuming and difficult to design human studies.

Research Agreement with the University of Manchester

The agreement in place with the University of Manchester allowing the Company access to its laboratories is due to expire in October 2017. It is the intention of the Directors to enter into a new agreement with the University. The Directors do not foresee any issues in entering into a new agreement and are currently progressing matters with the University. In the event of the Company being unable to negotiate suitable terms with the University of Manchester, it will have to move its operations to a new location. This could result in delays to the development timeline of the Company.

The research agreement provides that all new foreground IPR created during the research project will belong to the Company. It should be noted that if the Company becomes insolvent at any point and the University cancels the research agreement as a result, then the foreground IPR will revert to being owned by the University.

Intellectual Property and Proprietary Technology

SkinBioTherapeutics is focused on maintaining and expanding its intellectual property portfolio. The portfolio includes patent applications, trademarks and know-how.

Success of the Company will depend in part on its ability to obtain and maintain effective patent rights. These rights need to be sufficiently broad to protect SkinBioTherapeutics' technology in its chosen markets. The application process is expensive and time-consuming and SkinBioTherapeutics may not be able to file all its patent applications in all jurisdictions.

All of the Company's patent applications remain pending and have not been given notice of allowance. National patent offices may raise objections in relation to the on-going patent applications. These may result in revised applications or prevent patent applications from being granted.

No assurance can be given that any pending or future patent application will result in a granted patent and that the scope of any patent protection will exclude competitors or provide a competitive advantage. Granted patents can be challenged and can be invalidated or unknown third parties can claim rights in, or ownership of the patents or inventions relating to them.

Patent litigation is costly and time consuming and there can be no assurance of a favourable outcome in such cases. Any third party asserting and securing an infringement claim could harm the prospects of the Company and prevent it from selling commercial rights to its technology platform and for products that incorporate it. Licensing and royalty arrangements may be required and, should non-infringing solutions be required, it will take time and substantial resources to develop them.

Securing Commercialisation/Distribution Partners

The business model of SkinBioTherapeutics is reliant upon securing commercialisation/distribution partners in order to commercialise products incorporating its technology platform and generate revenue. Currently there are no agreements in place with commercialisation/distribution partners. Securing attractive commercial terms can be a lengthy process and at present the business has no meaningful commercial operations upon which to evaluate its predictions for its success in this area. Failure to enter into, or delays in entering into such agreements will have an adverse impact upon the Company's business, financial condition and results from operations.

Reliance on Commercialisation/Distribution Partners

Reliance on third parties requires the sharing of proprietary information, intellectual property and trade secrets. Entering into confidentiality agreements, research agreements, consulting agreements or other similar arrangements which limit the rights of the third parties to use or disclose the information is standard practice. However these agreements can be difficult to enforce and the business's propriety information may become publicly available without its knowledge or consent, which could have an adverse impact upon the Company's business, financial condition and results from operations.

Reliance on Manufacturing/Research Organisations

SkinBioTherapeutics will outsource aspects of its development activities. This includes working with research institutes and specialist testing houses. These specialised activities are provided through fee for service agreements and each provider is subject to market pressures that could impact the delivery of these activities. Outsourced activities also require intensive management and the timelines for securing development slots are subject to external factors beyond the control of the Company. Delays that arise in respect of outsourced clinical research could have an adverse impact upon the Company's business, financial condition and results from operations.

Future Funding Requirements

As SkinBioTherapeutics is at an early stage of development, the Company will likely need to raise additional funding to reach commercialisation beyond that being raised by the Placing. There is no certainty that this will be possible at all or on acceptable terms. Additionally, further fundraisings may dilute the existing shareholders.

RISKS RELATING TO THE MARKETS IN WHICH THE COMPANY OPERATES

Economic, Political, Judicial, Administrative, Taxation or Other Regulatory Factors

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in the areas in which the Company will operate.

Assumptions Made in Respect of Potential Market Opportunity

The potential market opportunity for the SkinBiotix technology platform is difficult to estimate despite the significant unmet needs that have been identified by the Directors. Estimates of the potential market opportunity for each product candidate are based on several key assumptions, such as industry knowledge and publications, third-party research reports and other surveys. Although the Directors believe these internal assumptions to be reasonable, they may prove to be inaccurate. Should the market opportunity be less favourable than assumed, this will result in reduced opportunities for the Company and could have an adverse effect on the Company's business, financial condition and/or operating or financial results.

Competitive Risk

The Directors believe the skin microbiome to be an innovative area of development and scientific focus. As such this area is subject to significant and rapid technological and consumer change. It is an area of interest to academic institutions, government agencies and private and public companies. Competition from existing skin care companies or new entrants is beginning to emerge and maintaining a first mover IP and technology advantage over the competition will require a sustained development focus.

Should the Company not be able to maintain or enhance the competitive value of its technology platform or develop and introduce new products successfully, or if new products fail to generate sufficient revenues to offset research and development costs, the Company's business, financial condition and operating results could be adversely affected. The Company cannot guarantee that it will successfully develop these types of products.

The need for safe and supportive skin health and well-being products is acknowledged by consumers and healthcare providers around the globe. Large multinationals have divisions dedicated to the sector and many have established brands or approved products on the market. These brand owners, have greater financial and human resources which can be deployed to maintain the brand position. Many also have dedicated R&D units and could therefore choose to develop technologies that compete with the Company's SkinBiotix technology platform.

Regulatory Environment – General

The Company operates in a regulated environment that varies dependent upon the jurisdiction. These regulations are subject to change at short notice and differ according to any proposed product claims, intended use or marketing route. While the Company will take every effort to ensure that it and its partners comply with all applicable regulations, there can be no guarantee of this. Failure to comply with applicable regulations could result in the Company being unable to successfully commercialise its technology or any products that incorporates it and/or result in legal action being taken against the Company which could have a material adverse effect.

Regulatory Environment – Marketing

SkinBioTherapeutics will seek to enter the market through 3rd parties. Neither the Company nor any of its partners will be permitted to market or promote any of its technology applications or any product candidates or opportunities that incorporate any of its technology before it/or its partners receive the relevant approvals. Some technology applications and products that seek to incorporate these attributes may never receive the marketing authorisations that are appropriate and required for such products. Even products that receive market authorisation can have this subsequently withdrawn.

Regulatory Environment – Human Studies

To secure approval for human studies SkinBioTherapeutics must demonstrate, through its pre-clinical development activities and use of public domain information that its product candidates are safe for use on human skin. To date no discussions have taken place with any agencies in respect to securing approvals for any such studies. There can be no guarantee that any such approvals can be secured.

RISKS RELATING TO THE ADMISSION AND THE PLACING

Transition to Publicly Quoted Company

The consequence of the Company becoming a publicly quoted company whose shares are admitted to trading on AIM is that certain changes in operations or controls will be required. In addition, an increased

awareness is needed of the requirements of being a publicly quoted company and a requirement to ensure that staff satisfy a number of new requirements, including the AIM Rules for Companies, disclosure and financial reporting requirements and enhanced corporate governance. While the Board will make every effort to successfully manage the transition, there can be no assurance that the Company will be able to successfully manage the transition, and its failure to do so could have a material adverse effect on the Company's business, financial condition and/or operating or financial results.

Investment in AIM Securities

Although the Company is applying for the admission of its Ordinary Shares to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Prospective investors should be aware that the value of the 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.

AIM Rules for Companies

The AIM Rules for Companies are less onerous than those of the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Volatility of Share Price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, announcements of innovations or new services by the Company or its competitors, variations in operating results, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and market conditions in the industry, the industries of customers and the economy as a whole. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

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

Impact of Research on Share Price

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Ordinary Shares could decline.

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

If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

EIS/VCT Status

The Company has obtained advance assurance from HMRC that it should be a qualifying company for EIS purposes and the Placing Shares should be eligible shares under the VCT provisions. However, investors

should be aware that, whilst advance assurance has been obtained from HMRC, the Directors cannot guarantee that the Placing Shares or the Company will satisfy, and will continue to satisfy, the requirements for tax relief under EIS and VCT rules.

The continuing status of the Placing Shares as qualifying for EIS purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership.

Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of Placing Shares will be or will continue to be a qualifying investment for EIS or VCT purposes. EIS eligibility is also dependent on a Shareholder's own position and not just that of the Group. Accordingly, investors should take their own advice in this regard.

Future Payment of Dividends

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

Valuation of Shares

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

Market Perception

Market perception of the Company may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise.

Suitability

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment in it. Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. This document should be read in its entirety.

Forward Looking Statements

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

The specific and general risk factors detailed above do not include those risks associated with the Company which are unknown to the Directors.

Although the Directors will seek to minimise the impact of the Risk Factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.

PART III

REPORT ON THE COMPANY'S INTELLECTUAL PROPERTY

Keltie

The Directors
SkinBioTherapeutics Plc
15 Silk House
Park Green
Macclesfield
SK11 7QJ

The Partners
Cairn Financial Advisers LLP
Cheyne House, Crown Court
62-63 Cheapside
London
EC2V 6AX

29 March 2017

Dear Sirs

Re: Statement on the patent applications in the name of SkinBiotherapeutics Plc.

Our Reference: S42305/JMC/JG

We have prepared this statement for the Directors of SkinBioTherapeutics Plc (the "Company") and also for Cairn Financial Advisers LLP for inclusion in the Admission Document to be issued by the Company in connection with the Placing and the Company's admission to trading on AIM. This statement has been prepared pursuant to, as appropriate, the "AIM Rules for Companies" issued by the London Stock Exchange covering certain aspects of the Company's intellectual property rights (IPR). We are responsible for this statement as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this statement is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Statement on the Patent Applications of SkinBioTherapeutics Plc.

The Company has to date a portfolio of filed patent applications comprising 18 pending cases in 3 patent families[1]. These patent applications relate to various aspects of the Company's proprietary technology relating to the use of probiotic bacteria, the lysates thereof, or conditioned media derived therefrom, in medical and cosmetic treatments. It is evident that the Company is aware of the importance of the protection offered by IPR, both for the protection and exploitation of the results of its research and development activities and for potential revenue generation through licensing of its IPR to third parties

For the purposes of this report, each patent family will be defined as follows:

Patent Family 1: Patent applications relating to International patent application no. PCT/GB2013/050646.

Patent Family 2: Patent applications relating to International patent application no. PCT/GB2015/051529.

Patent Family 3: Patent applications relating to UK patent application no. GB 1608762.9.

1. A patent family refers to a group of patent applications and/or granted patents in one or more territories that relate to a common invention, typically each member of the family being derived from the same "priority" patent application and therefore sharing the same priority date – i.e. the date on which the first application relating to the invention was filed.

Patent Family 1 is based on International (PCT)[2] application no. PCT/GB2013/050646 (published as WO 2013/153358). In accordance with standard practice, the International application claimed priority to an initial UK national patent application and fragmented into separate national/regional patent applications at 30-months from its earliest priority date (13 October 2014). Patent Family 1 provides the potential for broad global coverage having pending patent applications in Europe, the US, China, Japan, and Russia; as well as in Australia, Brazil, Canada, Hong Kong, Mexico and New Zealand. The initial UK application was allowed to fall abandoned in favour of the filing of the PCT application in line with common filing practices. Patent protection in the UK may be derived via the European regional patent application.

Patent Family 2 is based on International application no. PCT/GB2015/051529 (published as WO 2015/181534). Again, in accordance with standard practice, the International application claimed priority to an initial UK national patent application and fragmented into separate national/regional patent applications at 30-months from its earliest priority date (29 November 2016). Patent Family 2 also provides the potential for protection in the commercially important jurisdictions of Europe, the US, China and Japan, as well as Australia and Canada. As for Patent Family 1, the initial UK application was allowed to fall abandoned in favour of the filing of the PCT application in line with common filing practices. Patent protection in the UK may be derived via the European regional patent application.

While the territorial coverage for Patent Family 2 is not as extensive as that for Patent Family 1, this is not uncommon as a filing strategy, and in any event both Patent Families 1 and 2 continue to offer the potential for broad geographic protection in the major commercial jurisdictions of the world.

Patent Family 3 currently comprises UK patent application no. GB 1608762.9. We have been informed that the Company has instructed filing of an International application based on this UK application within the 12-month priority period (i.e. on or before 18 May 2017). Patent Family 3 therefore also has the potential for wide territorial coverage as a precursor to an International patent application.

All applications in the portfolio have been properly filed and all formal procedures have been complied with to date.

Turning to the substantive content of the patent applications, each of the applications has been prepared by a patent attorney with experience in the technical field. Although all the applications relate to a similar underlying concept, there is no obvious overlap in their claimed subject-matter. This is advantageous in that each of the inventions will be assessed independently for novelty and inventiveness, and for sufficiency.

At present, the subject-matter of Patent Families 1 and 2 has been published and is therefore available to the public. The UK patent application that forms the basis of Patent Family 3 remains unpublished (its content is kept secret by the United Kingdom Intellectual Property Office (UK IPO)). In the normal course of events publication would be expected shortly after 18 November 2017. In view of its unpublished status, it is inappropriate to discuss the detail of this invention in this statement as this may be prejudicial in respect of future patent applications that contain additional subject matter relating to modifications or improvements to the present invention which the Company, or their successor in title, may wish to file.

The claims of patent applications in all three patent families have been drafted in a reasonably broad manner. According to normal practice, amendment to a narrower scope is to be expected during examination at the various Patent Offices in order to expedite grant.

The patent applications of Patent Family 1 have claims to the use of probiotic bacteria and lysates thereof in the treatment of disease, in particular skin infections, and cosmetic treatments. The patent applications of Patent Family 2 have claims that relate to the use of probiotic bacteria, lysates thereof, and conditioned media, in the treatment of disease. Although this general subject-matter is patentable across the major jurisdictions, it is dependent on the claim format that is to be used; in the United States, the so-called "method of treatment" claim format is allowable, in the UK and Europe, where the "method of treatment" claim format is not allowed, use-limited composition claims in the format "substance X for use in the treatment of disease Y" are allowed. As is good practice when an applicant is proposing to file in different

2. An International (PCT) patent application provides provisional protection across 148 countries worldwide and allows 30 months from the priority date in which to initiate national processing before the individual patent offices in the territories elected by the applicant.

jurisdictions in due course, the claim-sets of these applications have independent claims relating to methods of use of compositions in the treatment of disease or disorder in both formats.

Recent changes in the approach taken by the US Patent and Trademark Office means that claims to naturally-occurring products *per se*, such as the probiotic bacteria of the patent applications in the Company's portfolio, may be deemed non-patentable. While this type of rejection remains a risk for all applicants seeking protection for such products in the US, it may be overcome, for example, by amendment of the claims so that they are directed to non-naturally occurring materials. The Company's approach to date to overcome this type of rejection in the US application in Patent Family 1 has been to limit the claims to the lysate and/or the conditioned medium deriving from the probiotic bacteria, neither of which is naturally occurring. Appropriate drafting of the original application provides good support for this type of amendment and this therefore appears to be a robust approach in overcoming this type of rejection in the US in this patent family, and in other jurisdictions where necessary.

It is our understanding that the strains of probiotic bacteria that are the subject of each of the Company's three patent families were known before the earliest priority date of the Company's patent applications. It is therefore appropriate that the applications do not contain claims to these products per se as they would be unpatentable in all jurisdictions for lack of novelty. The patent applications do contain claims to the pharmaceutical composition based on these products which remains, in principle, patentable.

Each of the three patent applications contains data in support of the claimed subject-matter. For Patent Family 3, it remains possible to add further data at the foreign (International) filing stage although this does not appear to be necessary.

A number of the national/regional applications in Patent Family 1 are now in the process of examination at the respective Patent Offices. In the International phase, and in early prosecution in the national/regional Offices (for example, Europe, New Zealand and the US), a number of prior art documents were cited as relevant to the novelty and inventive step of the claims. This is not unusual at this stage of prosecution.

In examination, the claims have been amended to expedite grant by limiting the scope thereof to the lysate of the specified probiotic bacteria in a topical medicament or composition. While it is too early to determine if such an amendment will secure grant, it is clear that appropriate steps are being taken to overcome any Patent Office objections and a consistent approach is being applied across the applications in this family. Any subject-matter that is deleted during examination may generally be re-instated, or may form the basis of further so-called divisional (or in the US, continuation) applications in due course.

Examination by the national/regional Offices in respect of the patent applications of Patent Family 2 has not yet commenced since entry to the national phase was only effected in late 2016. The International application from which the pending applications derive was subject to International Search by the European Patent Office which identified a number of allegedly relevant prior art documents. However, the search was based on the broad claims of the International application and therefore may not be relevant to the scope of the claims for which protection will be sought in the national/regional phase. In accordance with standard procedure, the Company is required to respond to the International Preliminary Report on Patentability on the European application prior to commencement of examination at the European Patent Office.

The UK patent application of Patent Family 3 was filed without a request for search. This is normal practice when the application is intended to be superseded by a subsequent International application. It is not possible to assess whether the scope of protection may need to be restricted during prosecution in the absence of search results. Currently, the application includes claims directed to a composition, use of the composition for the prevention, management or treatment of certain skin conditions and for cosmetic use.

Ownership

The inventions that are the subject of the patent applications in Patent Families 1 and 2 were assigned to the Company from the University of Manchester. We have been advised by the Company that they own the rights to the inventions described in their patent applications.

Through an assignment of intellectual property dated 17 March 2016, the Company acquired full title, rights and interests Patent Families 1 and 2. We understand from Appleyard Lees (the specialist intellectual property firm that manages the portfolio) that the recordal of the assignment of the patent applications on the various

Patent Office Registers is ongoing. We have been informed that all necessary confirmatory assignments have been duly executed and the necessary formal requirements to record the assignment will continue until all applications are in the name of assignee, Skinbiotix Limited.

To date, recordal of the assignment of Patent Family 1 on the national registers in Brazil, Canada, Japan, Mexico and Russia is not yet completed, whereas the recordal of the assignment has been completed for all applications in Patent Family 2.

The invention that is the subject of UK patent application no. GB 1608762.9 (Patent Family 3) belongs to the Company without the need for assignment. It will be necessary on filing an International application for the Company to identify the inventors for this application and how the Company acquired the rights from the inventors, for example via employment or assignment.

The consequences of not requesting the recordal of the assignment varies by jurisdiction. In the UK, failure to record an assignment within 6 months, or as soon as practicable after the effective date of the assignment can mean that costs or expenses may not be recovered in proceedings relating to infringement, where the infringement occurred before the assignment was registered. In other jurisdictions, failure to record the assignment may mean simply that infringement proceedings cannot be commenced prior to updating of the national register. As none of the cases in the Company's portfolio are currently granted, and therefore cannot be enforced in any event at this stage, this currently has little or no effect.

On 23 December 2016, Skinbiotix Limited changed its name to SkinBioTherapeutics Limited and then to SkinBioTherapeutics Plc. As SkinBioTherapeutics Plc is the same legal entity which was previously known as Skinbiotix Limited the change in name has no affect on legal ownership of the rights to these patent applications. We have been advised recordal of the change of name of the applicant to SkinBioTherapeutics Plc at the respective Patent Offices will be recorded as soon as possible, and subsequent to any outstanding recordal of the earlier assignment to ensure chain of title is maintained.

Finally, all patent applications are currently pending and will not therefore be enforceable against third parties until they are granted. Entitlement to damages, or an account of profits, in respect of infringements may accrue from the date of publication of the applications or from the date upon which an alleged infringer is notified of the existence of the patent applications. This applies equally to any overseas applications that are filed.

Management of IP

The Company patent portfolio is managed by the specialist intellectual property firm, Appleyard Lees, which firm assumed responsibility for the portfolio in April 2016. The management is undertaken by Simon Bradbury, an experienced European and Chartered Patent Attorney and Head of the firm's Life Sciences patent practice, supported by appropriately qualified staff and experienced formalities and renewals teams.

Appleyard Lees have confirmed that they have established ways of working and processes for the management and monitoring of due dates. Standing instructions are in place to provide initial reporting of office actions to the Company with subsequent detailed review of any objections raised and prior art cited together with recommendations for response.

Schedules of the portfolio which track and highlight any new activity on any of the cases are provided to the Company by Appleyard Lees on a regular basis. The schedule provides a useful summary document for discussion with the Company at regular review meetings.

Statement on the other IPRs of the Company.

A United Kingdom Registered Trade Mark, no. 00003141538, filed in December 2015 for the mark "Skinbiotix", is in force in the name of Optibiotix Health PLC, and a European Community Registered Trade Mark, no. 015734411, filed in August 2016 for the mark 'SKINBIOTIX', is in force in the name of OptiBiotix Ltd. In addition, an International Trade Mark application, filed 8 February 2017 for the mark "SKINBIOTIX", has been applied for in the name of Optibiotix Limited; this application claims priority from the European Community Registered Trade Mark, no. 015734411 and designates Australia, Japan and the US.

Through an assignment of intellectual property dated 21 February 2017, the Company acquired full title, rights and interests to each of the above-referenced trade marks and trade mark applications. No steps have yet been taken to record the assignment of any of the Registered trade marks or the pending trade mark application to the Company, however, we understand from Appleyard Lees that it is their intention is to record the change of ownership upon instruction. Trade mark registrations may be kept in force indefinitely subject to use and the timely payment of renewal fees.

As a biotechnology company, the Company will have confidential know-how, trade secrets and biological matter, such as potentially novel probiotic strains, relating to the products and processes being developed that is either not yet subject to a patent application or cannot be protected via patents. Such proprietary technology nevertheless may have significant value in terms of the commercial advantage the Company holds and its potential to strengthen its position in this field.

Non-patented and confidential information relating to the inventions assigned to the Company from the University of Manchester, including but not limited to protocols, fermentation, purification and extraction processes, were assigned to the Company together with the patent rights.

General comments

We have not conducted relevant prior art or freedom-to-operate searches in respect of the Company's technology as this was considered to be outside the scope of this report. Accordingly, we cannot comment on whether there are any third party patents that might impact upon the ability to exploit the inventions described in the patent applications.

The scope of protection afforded by the claims currently presented in the patent applications filed by the Company may be revised and/or limited in light of objections that may be raised by Patent Offices. Such objections may prevent the patent applications from being granted. If the patent applications are not granted, the compositions and processes described in the patent applications would not benefit from patent protection, and would be in the public domain. Where possible, the Company, or their successor in title, would be able pursue new patent applications for such related, ancillary and other compositions and techniques it has developed.

After grant, a patent can still be challenged by third parties both in the relevant Patent Office and in the national courts. For example, third parties can submit new prior art and arguments which the granting Patent Office may not have considered. Therefore, a granted patent may be revoked, or its claims restricted at the discretion of the relevant Patent Office or court.

The assertion by the Company, or their successor in title, of its IPR against third parties, can be costly and time consuming. Potentially unfavourable outcomes in such proceedings could limit the intellectual property rights and activities of the Company, or their successor in title.

For trade-secrets and "know-how" currently held by the Company that is not currently the subject of a patent application, there is no assurance that obligations to maintain the confidentiality of this information would not be breached or otherwise become known in a manner which provides the Company, or their successor in title, with no recourse.

Any claims made against the IPR of the Company, or their successor in title, even if proven to be without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the resources and reputation of the Company, or their successor in title. A third party asserting infringing activity against the Company, or their successor in title, could require them to cease the infringing activity and/or require them to enter into licensing and royalty arrangements. In addition, the Company, or their successor in title, may be required to develop alternative non infringing solutions that may require significant time and substantial unanticipated resources. There can be no assurance that such claims would not have a material adverse effect on the business of the Company, or their successor in title, its financial condition or results.

No assurance can be given that third parties will not in the future claim rights in or ownership of the patents and other proprietary rights held by the Company, or their successor in title. As further detailed above, substantial costs may be incurred if the Company, or their successor in title, is required to defend its right of ownership of what it considers to be its intellectual property.

Yours faithfully

Judith Caldwell
Partner
judith.caldwell@keltie.com
UK and European Patent Attorney
for and on behalf of Keltie LLP

PART IV

HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

29 March 2017

The Directors
Skinbiotherapeutics Plc
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and

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Accounting Outsourcing
Business Advisors
Corporate Finance
Financial Services
Listed Company Specialists
Statutory Auditors
Tax Specialists

Dear Sirs,

Skinbiotherapeutics Plc ("Company")

We report on the financial information set out on pages 43 to 54. This financial information has been prepared for inclusion in the AIM admission document (the "Admission Document") of Skinbiotherapeutics Plc, on the basis of the accounting policies set out in paragraph 1 of the financial information.

Responsibilities

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that regulation and for no other purpose.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in this Admission Document.

Basis of Preparation

The financial information has been based on audited financial statements for the period from 10 June 2015 to 30 June 2016 and the 6 months to 31 December 2016 to which no adjustments were considered necessary.

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in paragraph 1 of the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 December 2016 and 30 June 2016 of its results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation and the applicable reporting framework set out in paragraph 1 of the financial information.

Declaration

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

The financial information included herein comprises:

- a statement of accounting policies;
- income statements, statements of financial position, statements of changes in equity, statements of cash flow;
- notes to the income statements and the statements of financial position.

Yours faithfully

JEFFREYS HENRY LLP

1. General information

This financial information reflects the financial performance and position of SkinBioTherapeutics Plc (the "Company') for the period from 10 June 2015 to 31 December 2016 (made up of the period from 10 June 2015 to 30 June 2016 and the 6 month period ended 31 December 2016).

The Company is incorporated and domiciled in the United Kingdom. The address of the Company's registered office and principal place of business is 15 Silk House, Park Green, Macclesfield, SK11 7QJ.

The principal activity of the Company is the development of technology to protect, manage and restore skin utilising proteins found in human microbiota.

2. Accounting policies

(a) ***Statement of compliance***

The financial information for the Company has been prepared in accordance with International Financial Reporting Standards 'IFRS' adopted for use in the European Union, and IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS.

(b) ***Basis of preparation***

The financial information has been presented in Pounds Sterling ('Sterling') as this is the currency of the primary economic environment in which the Company operates.

Estimates and judgements

The financial information has been prepared on the historical cost basis. The accounting policies have been applied consistently in all material respects.

The preparation of financial information requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets and liabilities as at each balance sheet date and the reported amounts of revenues and expenses during each reporting period. Any estimates and assumptions are based on experience and any other factors that are believed to be relevant under the circumstances and which the Board considers to be reasonable. Actual outcomes may differ from these estimates. Any revisions to accounting estimates will be recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, the change will be recognised over those periods.

Certain accounting policies which have a significant bearing on the reported financial condition and results of the Company require subjective or complex judgements. An example of such areas of judgement is the estimation of the lifetime of intangible assets.

Application of new and revised International Financial Reporting Standards (IFRSs)

No new standards or interpretations issued by the International Accounting Standards Board ('IASB') or the IFRS Interpretations Committee ('IFRIC') have led to any material changes in the Company's accounting policies or disclosures during each reporting period.

New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Reference	*Title*	*Summary*	*Application date of standard (Periods commencing on or after)*
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more information and relevant disclosures	1 January 2017
IFRS 16	Leases	Principles for the recognition, measurement, presentation and disclosure of leases	1 January 2019

The adoption of these Standards and Interpretations is not expected to have a material impact on the financial information of the Company in the period of initial application when they come into effect.

(c) ***Foreign currencies***

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

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

(d) ***Research and development***

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Company is expected to benefit.

(e) ***Impairment testing of intangible assets and property, plant and equipment***

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the assets may be impaired.

(f) ***Financial assets and liabilities***

Financial assets and liabilities are recognised when the Company unconditionally becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of financial assets and liabilities are considered by the Directors to be a reasonable estimate of their fair values at each balance sheet date.

Financial assets include trade and other receivable; these are classified as loans and receivables. Financial liabilities include trade and other payables, convertible loans and borrowings; these are classified as other financial liabilities carried at amortised cost.

Compound instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. The amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible notes, the balance recognised in equity will be transferred directly to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Derecognition

Financial assets are derecognised when rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statements.

When the terms of a financial liability are renegotiated and result in the Company issuing equity instruments to a creditor of the Company to extinguish all or part of the financial liability, the Company recognises the issue of equity instruments at their fair values. Any difference between the fair value of the equity instruments and the carrying amount of the financial liability to be extinguished is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are recognised initially at their fair value and subsequently at their amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the recoverability of the asset is at risk, appropriate allowances for any estimated irrecoverably amounts are recognised in the income statement.

Trade and other payables

Trade and other payables are recognised initially at their fair value, net of transaction costs, and subsequently at their amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand.

Borrowing and finance charges

Bank borrowings are initially recognised at their fair value, net of any transaction cost directly attributable to their issue. Subsequently bank borrowings are carried at their amortised carrying value using the effective interest method.

(g) ***Tax***

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the income statement because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Company's current tax is calculated using rates that have been enacted during the reporting period.

Deferred tax

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

A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

3. Statements of Comprehensive Income

	Notes	*For the 6 months ended 31 December 2016* £	*For the period from 10 June 2015 to 30 June 2016* £
Revenues		–	–
Cost of Sales		–	–
Gross profit		–	–
Other income		–	3,000
Administrative expenses		(248,836)	(7,201)
Loss from operations	7.1	(248,836)	(4,201)
Finance costs	7.2	(6,154)	–
		(254,990)	(4,201)
Taxation	7.3	25,627	–
Loss from continuing operations		(229,363)	(4,201)
Loss for the period		(229,363)	(4,201)
Other comprehensive income		–	–
Total comprehensive loss for the period		(229,363)	(4,201)
Basic and diluted loss per share (pence)	7.11	(0.58)	(0.03)

4. Statements of Financial Position

	Notes	*As at 31 December 2016* £	*As at 30 June 2016* £
Assets			
Non-current assets			
Intangible assets	7.4	162,213	136,214
		162,213	136,214
Current assets			
Trade and other receivables	7.5	98,431	30,607
Cash and cash equivalents		397,180	256,667
		495,611	287,274
Total assets		657,824	423,488
Equity			
Capital and reserves			
Issued capital	7.9	394,048	1,000
Share premium	7.9	–	393,048
Other reserves	7.10	93,151	–
Accumulated deficit	7.10	(233,564)	(4,201)
Total equity		253,635	389,847
Liabilities			
Non-current liabilities			
Borrowings	7.7	313,003	–
Current liabilities			
Trade and other payables	7.6	91,186	33,641
Borrowings	7.7	–	–
		91,186	33,641
Total liabilities		404,189	33,641
Total equity and liabilities		657,824	423,488

5. Statements of Changes in Equity

	Share capital £	*Share Premium* £	*Other Reserves* £	*Retained Earnings* £	*Total* £
As at 10 June 2015					
Loss for the period	–	–	–	(4,201)	(4,201)
Issue of shares	1,000	393,048	–	–	394,048
Members' net distributions	–	–	–	–	–
As at 30 June 2016	1,000	393,048	–	(4,201)	389,847
Bonus issue of shares	393,048	(393,048)	–	–	–
Issue of convertible loan	–	–	93,151	–	93,151
Loss for the period	–	–	–	(229,363)	(229,363)
As at 31 December 2016	394,048	–	93,151	(233,564)	253,635

Other reserves arise from the equity element of a convertible loan issued in the period to 31 December 2016.

6. Statements of Cash Flows

	For the 6 months ended 31 December 2016 £	*For the period from 10 June 2015 to 30 June 2016* £
Cash flows from operating activities		
Loss before tax for the period	(229,363)	(4,201)
Adjustments for:		
Finance costs recognised in income statement	6,154	–
Changes in working capital:		
(Increase) in trade and other receivables	(67,824)	(30,607)
Increase in trade and other payables	57,545	33,641
Net cash utilised by operating activities	(233,488)	(1,167)
Cash flows from investing activities		
Payments for intangible assets	(25,999)	(136,214)
Net cash used in investing activities	(25,999)	(136,214)
Cash flows from financing activities		
Net proceeds from issue of equity instruments of the Company	–	394,048
Net proceeds from issue of convertible loan	400,000	–
Net cash generated by financing activities	400,000	394,048
Net increase in cash and cash equivalents	140,513	256,667
Cash and cash equivalents at beginning of period	256,667	–
Cash and cash equivalents at end of period	397,180	256,667

7. Notes to the Financial Information

7.1 *Operating loss*

	31 December 2016 £	*30 June 2016* £
Operating loss is stated after charging:		
Research and development	89,952	
Auditors' remuneration		1,400
– audit fees	2,750	2,750
– all services relating to corporate finance transactions	12,500	–
Foreign exchange differences	69	–
Other AIM admission cost	57,835	–
Directors remuneration	–	

7.2 *Finance costs*

	31 December 2016 £	*30 June 2016* £
Other interest payable	6,154	–
	6,154	–

7.3 ***Taxation***

	31 December 2016 £	*30 June 2016* £
Current tax		
UK corporation tax credit	25,627	–
Deferred tax		
In respect of the current period		
Total income tax credit	25,627	–
Loss on ordinary activities before tax	(254,990)	(4,201)
Normal applicable rate of tax	20%	20%
Loss on ordinary activities multiplied by normal rate of tax	(50,998)	(840)
Effects of:		
R&D Tax credit	(25,627)	
Expenses not deductible in determining taxable profit	34	–
Losses carried forward	50,964	840
UK tax credit	(25,627)	–

The Company has a deferred tax asset of £23,274 at the period end, which has not been recognised in the financial statements due to uncertainty of future profits. The Company has an estimated tax loss of £116,371 available to be carried forward against future profits.

7.4 ***Intangible assets***

	Intellectual property £	*Total* £
Cost		
At 10 June 2015	–	–
Additions	136,214	136,214
At 30 June 2016	136,214	136,214
Additions	25,999	25,999
At 31 December 2016	162,213	162,213
Accumulated amortisation		
At 10 June 2015	–	–
Charge for the period	–	–
At 30 June 2016	–	–
Charge for the period	–	–
At 31 December 2016	–	–
Net book value		
At 10 June 2015	–	–
At 30 June 2016	136,214	136,214
At 31 December 2016	162,213	162,213

7.5 ***Trade and other receivables***

	31 December 2016	*30 June 2016*
	£	£
Trade debtors	–	3,600
Unpaid share capital	132	364
Corporation tax	25,627	–
VAT recoverable	72,672	26,643
	98,431	30,607

The fair values of the Company's trade and other receivables are considered to equate to their carrying amounts. The maximum exposure to credit risk for trade receivables is represented by their carrying amount. There are no financial assets which are past due but not impaired. No financial assets are impaired.

7.6 ***Trade and other payables***

	31 December 2016	*30 June 2016*
	£	£
Current		
Trade creditors	75,122	28,143
Accruals	16,064	5,498
	91,186	33,641

The fair values of the Company's trade and their payable are considered to equate to their carrying amounts.

7.7 ***Borrowings***

	31 December 2016	*30 June 2016*
	£	£
Non-current		
Other borrowings	313,003	–
	313,003	–

Other borrowings as at 31 December 2016 includes the 5 per cent. convertible unsecured loan totaling £313,003 from Optibiotix, the parent Company, which is repayable by 30 September 2020. See note 7.12 for further information on the 2016 loan.

7.8 ***Financial instruments***

Classification

All financial assets have been classified as loans and receivables, and all financial liabilities have been classified as other financial liabilities measured at amortised cost.

Risk management objectives

Management identify and evaluate financial risks on an on-going basis. The principal risks to which the Company is exposed are market risk (including interest rate risk, and cash flow risk), credit risk, and liquidity risk.

Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions

in interest-bearing assets and liabilities; to the extent that these are exposed to general and specific market movements (see details below).

Interest rate risk

The Company's interest-bearing assets comprise of only cash and cash equivalents. As the Company's interest-bearing assets do not generate significant amounts of interest; changes in market interest rates do not have any significant direct effect on the Company's income.

The Company's interest-bearing liabilities comprise of a convertible loan.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash balances (including bank deposits, cash and cash equivalents) and credit exposures to trade receivables. The Company's maximum exposure to credit risk is represented by the carrying value of cash and cash equivalents and trade receivables.

Credit risk is managed by monitoring clients and performing credit checks before accepting any customers.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Company seeks to manage its liquidity risk by ensuring that sufficient liquidity is available to meet its foreseeable needs.

A summary table with maturity of financial assets and liabilities presented below is used by management to manage liquidity risks. The amounts disclosed in the following tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not material.

The maturity analysis of financial instruments at 31 December 2016 is as follows:

	Carrying amount £	*On Demand and less than 3 months* £	*3 to 12 years* £	*1 to 2 years* £	*2 to 5 years* £
Assets					
Cash and cash equivalents	397,180	397,180	–	–	–
Trade and other receivables	98,431	72,804	25,627	–	–
	495,611	469,984	25,627	–	–
Liabilities					
Trade and other payables	91,186	91,186	–	–	–
Borrowings	313,003	–	–	–	313,003
	404,189	91,186	–	–	313,003

The maturity analysis of financial instruments at 30 June 2016 is as follows:

	Carrying amount £	*On Demand and less than 3 months* £	*3 to 12 years* £	*1 to 2 years* £	*2 to 5 years* £
Assets					
Cash and cash equivalents	256,667	256,667	–	–	–
Trade and other receivables	30,607	3,964	26,643	–	–
	287,274	260,631	26,643	–	–
Liabilities					
Trade and other payables	33,641	33,641	–	–	–
Borrowings	–	–	–	–	–
	33,641	33,641	–	–	–

Capital management

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders of the parent company Optibiotix and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Prior to 3 November 2016 the company was ungeared, with only equity funding. On 3 November 2016, Optibiotix issued a convertible loan to an amount of £400,000 to the Company, having entered into a loan agreement on 13 October 2016, as set out in note 7.12. The convertible loan will convert to equity immediately prior to the Company's admission to AIM.

The capital structure of the Company therefore currently consists of cash and cash equivalents, issued capital, the share premium account, convertible loan and retained earnings.

As part of the Company's management of capital structure, consideration is given to the cost of capital.

7.9 ***Share capital***

Authorised share capital	*31 December 2016* £	*30 June 2016* £
39,404,800 (30 June 2016-100,000) ordinary shares of £0.01 each	394,048	1,000

Movement in share capital	*No of shares* £	*Share capital* £
As at 30 June 2016	100,000	1,000
Bonus issue of shares	39,304,800	393,048
As at 31 December 2016	39,404,800	394,048
Cost of issue of shares	–	–
	39,404,800	398,048

Share capital is the amount subscribed for shares at nominal value and issued. £132 of this share capital was unpaid at 31 December 2016, the remainder is fully paid up.

Share premium is the amount subscribed for share capital in excess of nominal value.

The issued ordinary shares carry one voting right per share and do not carry any rights to fixed income.

Summary of movement in share capital

On 10 June 2015, 100 ordinary share of £1 were issued on incorporation.

On 17 March 2016, these shares were subdivided into 10,000 ordinary shares of £0.01, and a further 90,000 ordinary shares of £0.01 each were issued.

On 22 December 2016, a further 39,304,800 ordinary shares of £0.01 each were issued.

7.10 ***Reserves***

	Other reserves £	*Accumulated deficit* £	*Total* £
As at 10 June 2015	–	–	–
Loss for the period	–	(4,201)	(4,201)
As at 30 June 2016	–	(4,201)	(4,201)
Issue of convertible loan	93,151	–	93,151
Loss for the period	–	(229,363)	(229,363)
As at 31 December 2016	93,151	(233,564)	(140,413)

Other reserves arise from the equity element of the convertible loan issued in the period to 31 December 2016.

7.11 ***Loss per share***

Loss after tax	*31 December 2016*	*30 June 2016*
Basic and diluted loss per share		
Loss after tax (£)	(229,363)	(4,201)
Weighted average number of shares	39,404,800	13,654,221
Basic and diluted loss per share (pence)	(0.58)	(0.03)
Reconciliation of denominator for basic and diluted earnings per share		
Weighted average number of shares	39,404,800	13,654,221
Issue of convertible loan in the period (see note 7.12)	29,304,029	–
Reversal of anti-dilutive instruments for the period	(29,304,029)	–
Diluted weighted average number of shares	39,404,800	13,654,221

7.12 ***Convertible loan notes and warrants***

On 31 October 2016, the Company drew down a loan of £400,000 ("Loan") under a term loan facility agreed on 13 October 2016 with its parent company to fund its ongoing working capital requirements (the funds for which were received by the Company on 3 November 2016). The Loan is unsecured, bears interest at a rate of 5 per cent. per annum and is repayable in full on 30 September 2020. The Loan will automatically convert into 1 ordinary share in the Company for every £0.01365 of the Loan that is outstanding prior to Admission.

Value of liability component and equity conversion component

The values of liability component and equity conversion component were determined at issuance of the respective convertible loan. The liability component of the loan was calculated using a market interest rate for an equivalent non-convertible loan with effective interest rates of 12 per cent. at initial recognition. The residual amount, representing the value of the equity conversion component, is included and presented in equity under the heading of "other reserves".

The movement of the liability portion of loan is as follows:

	31 December 2016 £
Carrying amount at beginning of the period	–
Face value of the convertible loan issued during the period	400,000
Less: equity component	(93,151)
Liability component on initial recognition	306,849
Interest charged calculated at an effective interest rate	6,154
Liability component at the end of the period	313,003

7.13 ***Related party transactions***

During the period ended 31 December 2016, the Company was charged fees of £10,500 and travel expenses of £543 by Quinn Corporate Services Ltd, a company in which Douglas Quinn, a director of the Company, is also a director. These fees relate to Douglas Quinn's services as Chief Financial Officer of the Company. As at 31 December 2016 £3,884 was outstanding.

During the period ended 31 December 2016, the Company was charged fees of £8,250 and travel expenses of £301 by Invictus Management Ltd, a company in which Martin Hunt, a director of the Company, is also a director. These fees relate to Martin Hunt's consultancy services to the Company. As at 31 December 2016 £nil was outstanding.

During the period ended 31 December 2016, the Company was charged accountancy fees of £670 and travel expenses of £3,851 by Optibiotix, the controlling owner of the share capital of the business. These charges were recharges of expense incurring by Optibiotix on behalf of Skinbiotherapeutics Plc. As at 31 December 2016 £804 was outstanding.

7.14 ***Controlling party***

As at 31 December 2016 the controlling party of the Company was Optibiotix, a company listed on AIM, by virtue of its 52 per cent. ownership of the issued share capital of the Company.

Copies of the accounts for Optibiotix can be obtained by contacting Walbrook PR Ltd, 4 Lombard Street, London, EC3V 9HDZ

7.15 ***Subsequent events***

The convertible loan of £400,000 will be converted into 29,303,694 shares in the Company immediately prior to Admission.

PART V

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of net assets. This unaudited pro forma statement of net assets is provided for illustrative purposes only to show the effect of the loan conversion and Placing as if it had occurred on 31 December 2016.

Because of the nature of pro forma information, this information addresses a hypothetical situation and does not therefore represent the actual financial position or results of the Company.

The statement of pro forma net assets set out below is based on the audited balance sheet of the Company as at 31 December 2016 (as extracted without material adjustment from the Company's financial information in Part IV of this document and adjustments on the basis described in the notes below).

	Company £'000 Note 1	*Loan conversion £'000 Note 2*	*Placing net of expenses £'000 Note 3*	*Net Assets £'000*
Non-current assets				
Intangible assets	162	–	–	162
	162	–	–	162
Current assets				
Trade and other receivables	98	–	–	98
Cash and cash equivalents	397	–	4,117	4,514
	495	–	4,117	4,612
Total assets	657	–	4,117	4,774
Current liabilities				
Trade and other payables	91	–	–	91
Borrowings	313	(313)	–	–
	404	(313)	–	91
Net assets	253	313	4,117	4,683

Notes:

1. The financial information in respect of the Company as at 31 December 2016 has been extracted, without material adjustment, from the audited report, set out in Part IV of this document.
2. The £400,000, 5 per cent. convertible Loan repayable 30 September 2020 received from Optibiotix on 3 November 2016 will convert into 29,303,694 ordinary shares of 1p each immediately prior to Admission. £313,000 of this loan was disclosed under borrowing and the balance under equity at 31 December 2016.
3. The Placing receipts are £4.5 million. The total expenses of the transaction are expected to total £545,500, of which £383,500 remains outstanding on Admission and will be settled from the Placing proceeds.

PART VI

ADDITIONAL INFORMATION

1. Responsibility

The Company and each of the Directors, whose names appear on page 13 of this Admission Document, individually and collectively accept responsibility for the information contained in this Admission Document, including for its compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and Activity of the Company

2.1 The Company was incorporated in England and Wales, where it remains domiciled, as a private limited company on 10 June 2015 with registered number 9632164 and the name SkinBiotix Limited. On 23 December 2016 the Company changed its name to SkinBioTherapeutics Ltd.

2.2 The Company re-registered as a public limited company on 23 December 2016.

2.3 The Company's registered office and principal place of business is at 15 Silk House, Park Green, Macclesfield, England, SK11 7QJ. The Company's telephone number is 0161 468 2760.

2.4 The liability of the members of the Company is limited.

2.5 The principal legislation under which the Company operates and under which the Ordinary Shares were created is the Act.

2.6 The principal activity of the Company is to develop new products for skin in health and disease.

2.7 The Company has one wholly owned subsidiary, SkinBiotix Limited, which was incorporated in England and Wales as a private limited company on 5 January 2017 with registered number 10549152.

2.8 The accounting reference date of the Company is 30 June.

3. Share Capital

3.1 As permitted under the Act, the Company was incorporated with no authorised share capital. The share capital history of the Company is as follows:

3.1.1 On incorporation, one hundred ordinary shares of £1.00 each in the Company were allotted and issued fully paid as subscriber shares to OptiBiotix in consideration for the payment of £100;

3.1.2 The following alterations in the issued share capital of the Company have taken place since incorporation:

3.1.2.1 On 17 March 2016, pursuant to a special resolution of the Company, each ordinary share of £1.00 each in the issued share capital of the Company was sub-divided into 10,000 ordinary shares of 1p each;

3.1.2.2 On 17 March 2016, an aggregate of 90,000 Ordinary Shares were issued to OptiBiotix, Dr Catherine O'Neill, Professor Andrew McBain and the University of Manchester in consideration of the payment of £393,948 in aggregate, creating a share premium account of £393,048;

3.1.2.3 on 31 October 2016, the Company drew down a £400,000 loan facility provided by OptiBiotix, the principal amount of which will, immediately prior to Admission, automatically convert into 29,303,694 Ordinary Shares to be issued to OptiBiotix (on the basis of one Ordinary Share in respect of every £0.01365 of loan outstanding);

3.1.2.4 on 22 December 2016, pursuant to a special resolution of the Company passed on 22 December 2016, the Company issued 39,304,800 Ordinary Shares in aggregate to OptiBiotix, Dr Catherine O'Neill, Professor Andrew McBain and the University of Manchester pro rata the number of Ordinary Shares held by them credited as fully paid using the balance of the Company's share premium account of £393,048; and

3.1.2.5 pursuant to the Placing Agreement referred to in paragraph 9.6 of this Part VI the Company has agreed to issue 50,000,000 Placing Shares to certain institutional and other investors conditional upon Admission.

3.2 The issued and fully paid share capital of the Company (a) as at 28 March 2017, being the latest practicable date prior to the date of this document (b) in issue immediately prior to Admission and following conversion of the loan facility and (c) in issue immediately following Admission, is and will be as follows:

(a)		*(b)*		*(c)*	
In issue at the date of this document		*In issue immediately prior to Admission and following conversion of the loan facility*		*In issue immediately following Admission*	
Number of Ordinary Shares	*Nominal Amount*	*Number of Ordinary Shares*	*Nominal Amount*	*Number of Ordinary Shares*	*Nominal Amount*
39,404,800	£0.01	68,708,494	£0.01	118,708,494	£0.01

As at 28 March 2017 (the latest practicable date prior to the date of this document), the Company held no treasury shares.

3.3 By resolutions passed on 17 March 2016:

3.3.1 each of the ordinary shares of £1 each in the capital of the Company were sub-divided into one hundred ordinary shares of 1p each;

3.3.2 new articles of association of the Company were adopted;

3.3.3 the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and/or grant rights to subscribe for or convert any security into such shares up to an aggregate nominal amount of £900, such authority to expire on 17 March 2021, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares or the grant of rights to subscribe for or to convert any securities into shares in pursuance of such an offer or agreement as if such authority had not expired; and

3.3.4 the Directors were generally empowered (pursuant to section 570 of the Act) to allot equity securities pursuant to the authority referred to in paragraph 3.3.3 above as if rights of pre-emption under the Articles did not apply to any such allotment.

3.4 By resolutions passed on 22 December 2016:

3.4.1 new articles of association of the Company were adopted;

3.4.2 the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and/or grant rights to subscribe for or convert any security into such shares up to an aggregate nominal amount of £393,048, such authority to expire on 22 December 2021, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares or the grant of rights to subscribe for or to convert any securities into shares in pursuance of such an offer or agreement as if such authority had not expired; and

3.4.3 the Directors were generally empowered (pursuant to section 570 of the Act) to allot equity securities pursuant to the authority referred to in paragraph 3.4.2 above as if rights of pre-emption under the Articles did not apply to any such allotment.

3.5 By resolutions passed on 28 March 2017:

3.5.1 new articles of association of the Company were adopted with effect from Admission;

3.5.2 the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to:

(a) allot shares in the Company and/or grant rights to subscribe for or convert any securities into such shares ("Rights") up to an aggregate nominal amount of £593,542 (being equal to fifty per cent of the Enlarged Ordinary Share Capital), such authority to expire on the earlier of the conclusion of the next annual general meeting after the date of the resolutions were passed and the date falling 15 months from the date of Admission, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require shares to be allotted or rights to be granted and the directors may allot shares or grant Rights in pursuance of such an offer or agreement as if such authority had not expired;

(b) allot up to an aggregate nominal amount of £500,000 in respect of the Placing Shares;

(c) allot up to an aggregate nominal amount of £293,037 in respect of the Loan Shares;

(d) allot up to an aggregate nominal amount of £209,486 in respect of the Ordinary Shares to be issued in connection with the Options; and

(e) allot up to an aggregate nominal amount of £8,904 in respect of the Ordinary Shares to be issued in connection the Warrants,

in each case such authority is (i) subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange and (ii) in substitution for all previous authorities conferred on the directors in accordance with section 551 of the Act but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities.

3.5.3 the Directors were generally empowered (pursuant to section 570 of the Act) to allot equity securities pursuant to the authority referred to in paragraph 3.5.2 above as if section 561 of the Act did not apply to any such allotment provided that power be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities:

i. to the holders of Ordinary Shares in proportion (as nearly as practicable) to their respective holdings; and

ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary;

(b) the allotment of equity securities (otherwise than pursuant to paragraph 3.5.3(a) above) up to an aggregate nominal amount of £593,542 (being equal to fifty per cent of the Enlarged Ordinary Share Capital);

(c) the allotment of the Placing Shares up to an aggregate nominal amount of £500,000;

(d) the allotment of the Loan Shares up to an aggregate nominal amount of £293,037;

(e) the allotment of Ordinary Shares pursuant to the Options up to an aggregate nominal amount of £209,486; and

(f) the allotment of Ordinary Shares pursuant to the Warrants up to an aggregate nominal amount of £8,904,

in each case, (i) subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange and (ii) such power to expire on the conclusion of the next annual general meeting after the date the resolutions were passed and 15 months from the date of Admission.

3.6 In accordance with the authorities referred to in paragraphs 3.5.2 and 3.5.3 above, the New Shares were allotted pursuant to a resolution of the Board passed on 28 March 2017, conditional upon Admission.

3.7 The provisions of section 561 of the Act (which confer on Shareholders rights of pre-emption in respect of the allotment or sale of equity securities for cash) shall apply to any unissued share capital of the Company to the extent not disapplied pursuant to section 570 of the Act.

3.8 The Board considers the authorities and powers set out above to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

3.9 The Directors consider it desirable to have flexibility to respond to market developments and to enable allotments to take place to finance business opportunities as they arise. There are no present plans to undertake a rights issue or to allot Ordinary Shares other than in connection with the Placing, the Loan Shares, the Warrants and the Options.

4. Articles of Association

A summary of the main provisions of the Articles is set out below.

4.1 ***Objects***

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

4.2 ***Variation of Rights***

Subject to the provisions of the Act and every other statute from time to time in force concerning companies and affecting the Company (the "Companies Acts"), if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class can be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the authority of a special resolution passed at a separate meeting of the holders of the relevant class of shares (a "class meeting"). The provisions in the Articles as to general meetings shall apply, with any necessary modifications, to every class meeting except that the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting one person holding shares of the class who is present in person or by proxy shall be a quorum).

4.3 ***Issue of Shares***

Subject to the provisions of the Companies Acts and the Articles and to any relevant authority of the Company required by the Act, the Board may offer, allot (with or without conferring rights of renunciation), grant options over or otherwise deal with or dispose of shares or grant rights to subscribe for or convert any security into shares to such persons, at such times and upon such terms as the Board may decide.

4.4 ***Dividends and Other Distributions***

Subject to the provisions of the Act and the Articles, the Company may by ordinary resolution declare dividends to be paid to members in accordance with their respective rights and interests in the profits of the Company. However, the dividends shall not exceed the amount recommended by the Board.

Subject to the Act, the Board may declare and pay such interim dividends (including any dividend at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution.

Subject to the rights attaching to the shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. However, if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

4.5 ***Voting Rights***

Subject to the Companies Acts and to any rights or restrictions attached to any shares, on a show of hands every member who is present in person (or by proxy) has one vote. Every proxy present who has been duly appointed by more than one member shall be entitled to one vote for and one vote against a resolution if the proxy has been instructed by one or more of those members to vote for the resolution and by one or more of those members to vote against it, or where the proxy has been instructed by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his/her discretion as to how to vote. On a poll, every member present in person (or by proxy) has one vote for every share of which he is the registered holder.

If two or more persons are joint holders of a share, then in voting on any question the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders stand in the register of members.

No member shall be entitled to vote at any general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right or privilege as a member in respect of a share held by him if any call or other sum then due and payable by him in respect of that share whether alone or jointly has not been paid in full to the Company.

4.6 ***Transfer of Shares***

Subject to the Articles, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form, or in any other form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and, in the case of a share which is not fully paid up, by or on behalf of the transferee.

Subject to the Articles, each member may transfer all or any of his shares which are in certificated form by means of a relevant system (being a computer-based system which allows units of securities without written instruments to be transferred and endorsed) in such manner provided for, and subject as provided in the uncertified securities rules under the Companies Acts.

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

- the share is fully paid up;
- is for a share upon which the Company has no lien;
- it is only for one class of share;
- it is in favour of a single transferee or no more than four transferees;
- it is duly stamped or duly certificated; and
- it is delivered for registration at the registered office of the Company or such other place as the Board may determine and is accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution of the transfer by him or on his behalf.

The Board shall not refuse to register any transfer of partly paid shares which are admitted to AIM on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

The Board may refuse to register a transfer uncertificated shares in any circumstances that are allowed or required by the uncertified securities rules under the Companies Acts.

If the Board refuses to register a transfer of a share it shall notify the transferee of the refusal and the reasons for it within two months after the date on which the transfer was lodged with the Company or the instructions to the relevant system received. Any instrument of transfer which the Board refuses to register shall be returned to the person depositing it (except if there is suspected or actual fraud). All instruments of transfer which are registered may be retained by the Company.

No fee shall be charged for the registration of a transfer or other document or instruction relating to or affecting the title to any share or for making any other entry in the register of members.

4.7 ***Distribution of Assets on a Winding-Up***

If the Company is wound up the liquidator may, with the authority of a special resolution and with any other authority required by law, divide amongst the members in specie the whole or any part of the assets of the Company. For this purpose the liquidator may set such value as he considers fair on any assets and may determine how such division shall be carried out as between the members or different classes of members. With the like authority, the liquidator may transfer all or any part of the assets to trustees upon such trusts for the benefit of the members as he decides. No member shall be required to accept any asset in respect of which there is a liability.

4.8 ***Restrictions on Rights: failure to respond to a section 793 notice***

If a member, or any other person appearing to be interested in any shares held by that member, fails to provide the information requested in a notice given to him under section 793 of the Act by the Company in relation to his interest in shares (the "default shares") within 14 clear days after the notice has being given, the following restrictions shall apply:

- the member shall not be entitled in respect of the default shares to attend or vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll;
- where the nominal value of the default shares represents at least 0.25 per cent. In nominal value of the issued shares of their class, the holder of the default shares shall not be entitled:
    - o to receive any dividend or other distribution; or
    - o to transfer or agree to transfer any of the shares or rights in them.

The restrictions shall cease to have effect (and any dividends withheld shall become payable):

- if the shares are transferred by means of an excepted transfer but only in respect of the shares transferred; or
- at the end of the period of seven days (or such shorter period as the Board may determine) following receipt by the Company of the information required by the section 793 notice and the Board being fully satisfied that such information is full and complete.

4.9 ***Untraced Members***

Subject to certain notice requirements, the Company shall be entitled to sell at the best price reasonably obtainable any share held by a member if and provided that, during a period of 12 years, the Company has paid at least three cash dividends in respect of the share in question and cheques, orders or warrants have been sent by the Company in accordance with the Articles and, during that period of 12 years, no cheque, order or warrant, has been cashed and no communication has been received by the Company from the member or the person entitled by transmission to the share.

4.10 ***Directors***

Unless the Company determines otherwise by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to a maximum.

Subject to the Articles, the Company may by ordinary resolution appoint any person to be a Director either to fill a vacancy or as an additional Director. Any Director so appointed shall retire at the Company's next annual general meeting and shall then be eligible for re-election.

Any Director may appoint any other Director, or any other person to be his alternate and may remove such alternate and appoint another in his place.

The business of the Company shall be managed by the Directors who, subject to the Act, the provisions of the Articles and any directions of the Company may exercise all the powers of the Company.

No business shall be transacted at any meeting of the Directors unless a quorum is present and unless otherwise determined, two directors shall be a quorum. A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not himself a Director shall, if his appointor is not present, be counted in the quorum. An alternate director who is also a Director, shall count as only one for the purposes of determining whether a quorum is present.

Questions arising at a meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) and which may give rise to a conflict of interests, unless his interest arises only because the case falls within certain limited categories specified in the Articles.

Each Director must declare any existing or proposed arrangement with the Company in which he has or can have a direct or indirect interest.

For the purposes of section 175 of the Act, the Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach of duty by a Director under that section, including, without limitation, any matter which relates to a situation in which a Director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation will be effective only if (a) the meeting at which the matter is considered is quorate without counting the Director in question or any other interested Director; and (b) the matter was agreed to without the interested Director voting or, if the Director did vote, would have been passed if their vote was not counted.

The Board may (whether while authorising or subsequently) make any such authorisation subject to any conditions or limits it expressly imposes but such authorisation is otherwise given to the fullest extent permitted. The Board may terminate or vary such authorisation at any time.

4.11 ***Indemnity***

Subject to the provisions of, and so far as is permitted by and consistent with the Companies Acts, every Director, company secretary or other officer of the Company shall be indemnified out of the assets of the Company against (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated body; and (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office.

To the extent permitted by law, the Directors may arrange insurance cover at the cost of the Company in respect of any liability, loss or expenditure incurred by any Director, the company secretary, or other officer or auditor of the Company in relation to anything done or omitted to be done or alleged to have been done or omitted to be done as Director, company secretary, officer or auditor.

4.12 ***General Meetings***

No business shall be transacted at any general meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member present in person (or by proxy), shall be a quorum.

A member may appoint a proxy to act on his behalf. A proxy need not be a member of the Company. The appointment of a proxy to vote at a meeting shall be deemed to confer authority to demand or join in demanding a poll and to vote on any resolution put to the meeting as the proxy thinks fit and shall be deemed to confer the right to speak at a meeting.

A member may appoint more than one proxy to attend on the same occasion and if he does so he shall specify the number of shares held by him in respect of which each proxy is entitled to exercise his rights. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share.

Any corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of members of the Company.

The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting at a show of hands or on the poll concerned.

A Director shall, notwithstanding that he may not be a member of the Company, be entitled to attend and speak at general meetings or separate meetings of the holders of any class of shares.

Every resolution submitted to a general meeting shall be determined in the first instance by a show of hands of the members present in person by proxy or by corporate representative. However, subject to the provisions of the Companies Acts, a poll may be demanded (before or upon the declaration of the result of the show of hands) by (i) the chairman of the meeting; (ii) not less than five members present in person (or by proxy) having the right to vote at the meeting; (iii) a member or members present in person (or by proxy) representing at least one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (d) a member or members present in person (or by proxy) holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to at least one-tenth of the total sum paid up on all the shares conferring that right.

5. Takeover Code

5.1 *Mandatory bid*

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate interest in Ordinary Shares of the acquirer and any parties acting in concert with it to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the Ordinary Shares not already owned by the acquirer and its concert parties at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of Ordinary Shares by a person already holding together with its concert parties Ordinary Shares carrying at least 30 per cent., but not more than 50 per cent., of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties.

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

5.2 *OptiBiotix Concert Party*

Following Admission, certain Shareholders (the "OptiBiotix Concert Party") are deemed to be acting in concert for the purposes of the Takeover Code in relation to their shareholdings in the Company, namely (1) OptiBiotix; (2) John O'Hara; (3) Thomas O'Hara and (4) Kate O'Hara.

The members of the OptiBiotix Concert Party are deemed to be acting in concert because John O'Hara, Thomas O'Hara and Kate O'Hara are the brother, son and daughter respectively of Stephen O'Hara, a director of the Company and OptiBiotix.

On Admission, the OptiBiotix Concert Party will between them be interested in 51,071,968 Ordinary Shares representing 43.0 per cent. of the Enlarged Ordinary Share Capital.

The table below shows the holdings of the members of the OptiBiotix Concert Party:

	No. of Ordinary Shares held on Admission	*Percentage of Enlarged Ordinary Share Capital*
OptiBiotix	49,794,190	41.9%
John O'Hara	1,111,111	0.9%
Thomas O'Hara	111,111	0.1%
Kate O'Hara	55,556	0.1%
Total	51,071,968	43.0%

On Admission, the OptiBiotix Concert Party will be interested in Ordinary Shares which, in aggregate, carry not less than 30 per cent. of the voting rights of the Company but does not hold Ordinary Shares carrying more than 50 per cent. of such voting rights. Members of the concert party may not therefore acquire further shares so as to increase the concert party's combined holding in the Company without giving rise to an obligation to make a mandatory cash offer under Rule 9 of the Takeover Code.

5.3 ***Squeeze-out***

Under the Act, if an offeror were to acquire 90 per cent. or more of the ordinary shares within the period specified by the Act, it could then compulsorily acquire the remaining ordinary shares. It would do so by sending a notice to the relevant Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold such consideration on trust for such Shareholders.

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

5.4 ***Sell-out***

The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all of the ordinary shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the ordinary shares, any holder of ordinary shares to which such offer relates who has not accepted the offer can by written communication to the offeror require it to acquire those ordinary shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. If a Shareholder exercises its right to be bought out, the offeror is bound to acquire the relevant ordinary shares on the terms of the offer or on such other terms as may be agreed.

6. Subsidiary undertakings

At the date of this document the Company has one wholly owned subsidiary undertaking, SkinBiotix Ltd. SkinBiotix Ltd is a private limited company incorporated in England and Wales on 5 January 2017 with registered number 10549152. SkinBiotix Ltd has never traded and is currently a dormant company.

7. Information on the Directors

7.1 *Interests*

The interests of the Directors (within the meaning of Sections 820 to 825 of the Act) and persons connected with them (within the meaning of Sections 820 to 825 of the Act) in the share capital of the Company were as at 28 March 2017, being the latest practicable date prior to the date of this document, and immediately following Admission, are set out below:

	As at 28 March 2017	*As at 28 March 2017*	*Immediately following Admission*	*Immediately following Admission*
	Number of Ordinary Shares	*Percentage of Existing Ordinary Share Capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Ordinary Share Capital*
Dr Catherine O'Neill*	5,201,433	13.2%	5,256,989	4.4%
Douglas Quinn**	–	–	444,444	0.4%
Martin Hunt***	–	–	444,444	0.4%
Dr Catherine Prescott	-–	–	–	–
Stephen O'Hara	–	–	–	–

**of Dr Catherine O'Neill's shareholding immediately following Admission, 55,556 shares (representing 0.05% of the Enlarged Ordinary Share Capital) are held by her husband, Julian Burt.*

***of Douglas Quinn's shareholding immediately following Admission, 222,222 shares (representing 0.2% of the Enlarged Ordinary Share Capital) are held by his wife, Bernie Quinn.*

****Martin Hunt's shareholding is held through Invictus Management Limited, a company connected with Mr Hunt.*

7.2 *Options*

Upon Admission, share options to be granted under the Company's share option plan referred to in paragraph 8 of this Part VI, will be held by the Directors as follows:

Name of Director	*Number of Ordinary Shares under option*	**Percentage of Enlarged Ordinary Share Capital*
Dr Catherine O'Neill	3,892,082	3.0%
Douglas Quinn	2,594,721	2.0%
Martin Hunt	3,892,082	3.0%

**following the exercise of all options in issue on Admission*

7.3 *Engagement Terms*

Save as disclosed below, there are no service agreements or letters of appointment, existing or proposed between any Director and the Company that have been entered into or varied within six months prior to the date of this document. There are no existing or proposed service agreements or letters of appointment between the Company and any of the Directors which do not expire or are not determinable by the Company without payment of compensation within 12 months immediately preceding the date of this document.

Executive Directors

Dr Catherine O'Neill

On 29 March 2017, the Company entered into an appointment letter with Dr O'Neill as Chief Executive Officer. The annual fee payable to Dr O'Neill is £31,000. Additionally, Dr O'Neill is also providing services to the Group under a secondment agreement between the Company and University of Manchester pursuant to which the Company will pay the University £59,000 per annum for her services. The secondment agreement allows Dr O'Neill to spend 75% of her working week fulfilling her duties to the Company. The appointment letter may be terminated by either party giving three months' notice to the other, save that either party may not give notice which expires before a period

of 12 months from the date of the appointment letter. The secondment agreement may be terminated by either party giving three months' notice to the other, save that either party may not give notice which expires before a period of 12 months from the date of the secondment agreement. The letter of appointment contains restrictive covenants for a period of six months following the date of termination of her appointment. Dr O'Neill is eligible to participate in the CSOP referred to in paragraph 8 of this Part VI, and may be eligible to participate in any additional incentive or similar plan operated by the Company. The Company's total liability for Dr O'Neill in respect of her services to the Company is £90,000 per annum. On Admission, the Board will exercise its discretion and pay Dr O'Neill an Admission Fee of £22,500 (plus VAT where applicable).

Douglas Quinn

Douglas Quinn has agreed to act as part time Finance Director pursuant to a letter of appointment dated 29 March 2017. By agreement, Mr Quinn will receive an annual salary of £12,000. In addition, Quinn Corporate Services Limited ("QCSL"), a company connected with Mr Quinn, has agreed to provide financial and accounting consultancy services to the Company pursuant to a consultancy agreement dated 29 March 2017. Under such agreement, the Company has agreed to pay QCSL an annual fee of £48,000 (plus VAT). The appointment letter and consultancy agreement may be terminated by either party giving three months' written notice to the other, save that any party may not give notice which expires before a period of 12 months from the date of the appointment letter or consultancy agreement (as applicable). The letter of appointment contains restrictive covenants for a period of six months following the date of termination of his appointment. Mr Quinn is eligible to participate in the CSOP referred to in paragraph 8 of this Part VI, and may be eligible to participate in any additional incentive or similar plan operated by the Company. The Company's total liability for Mr Quinn in respect of his services to the Company is £60,000 (plus VAT where applicable) per annum. On Admission, the Board will exercise its discretion and pay Mr Quinn an Admission Fee of £15,000 (plus VAT where applicable).

Non-Executive Directors

Martin Hunt

Martin Hunt has agreed to act as Non-Executive Chairman pursuant to a letter of appointment dated 29 March 2017. By such agreement, Mr Hunt will receive an annual salary of £6,000. In addition, Invictus Management Limited ("Invictus"), a company connected with Mr Hunt, has agreed to provide consultancy services to the Company pursuant to a consultancy agreement dated 29 March 2017. Under such agreement, the Company has agreed to pay Invictus an annual fee of £24,000 (plus VAT where applicable). The appointment letter and the consultancy agreement may be terminated by either party giving three months' written notice to the other, except that Mr Hunt and Invictus cannot give notice which expires before a period of 12 months from the date of the appointment letter or consultancy agreement (as applicable). Mr Hunt is eligible to participate in the CSOP referred to in paragraph 8 of this Part VI, and may be eligible to participate in any additional incentive or similar plan operated by the Company. The Company's total liability for Mr Hunt in respect of his services to the Company is £30,000 (plus VAT where applicable) per annum. On Admission, the Board will exercise its discretion and pay Mr Hunt an Admission Fee of £30,000 (plus VAT where applicable).

Dr. Catherine Prescott

Cathy Prescott has agreed to act as Non-Executive Director pursuant to a letter of appointment dated 29 March 2017. By such agreement, Dr Prescott will receive an annual salary of £4,000. In addition, Biolatris ("Biolatris"), a company connected with Dr Prescott, has agreed to provide consultancy services to the Company pursuant to a consultancy agreement dated 29 March 2017. Under such agreement, the Company has agreed to pay Biolatris an annual fee of £16,000 (plus VAT where applicable). The appointment letter and the consultancy agreement may be terminated by either party giving three months' written notice to the other, except that Dr Prescott and Biolatris cannot give notice which expires before a period of 12 months from the date of the appointment letter or consultancy agreement (as applicable). Dr Prescott is eligible to participate in the CSOP referred to in paragraph 8 of this Part VI, and may be eligible to participate in any additional incentive or similar plan operated by the Company. The Company's total liability for Dr Prescott in respect of her services to the Company is £20,000 (plus VAT where applicable) per annum.

Stephen O'Hara

Stephen O'Hara has agreed to act as Non-Executive Director pursuant to a letter of appointment dated 29 March 2017. By such agreement, Mr O'Hara will receive an annual salary of £4,000. In addition, Intelligent Biotech Limited ("Intelligent Biotech"), a company connected with Mr O'Hara has agreed to provide consultancy services to the Company pursuant to a consultancy agreement dated 29 March 2017. Under such agreement, the Company has agreed to pay Intelligent Biotech an annual fee of £16,000 (plus VAT where applicable). The appointment letter and the consultancy agreement may be terminated by either party giving three months' written notice to the other, except that Mr O'Hara and Intelligent Biotech cannot give notice which expires before a period of 12 months from the date of the appointment letter or consultancy agreement (as applicable). The Company's total liability for Mr O'Hara in respect of his services to the Company is £20,000 (plus VAT where applicable) per annum. On Admission, the Board will exercise its discretion and pay Mr O'Hara an Admission Fee of £15,000 (plus VAT where applicable).

7.4 ***Other Information***

7.4.1 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of the following administrative, management or supervisory bodies and/or partnerships:

Name	*Current*	*Previous*
Martin Hunt	Invictus Management Limited Videregen Limited	MDY Healthcare Limited Oxford Medical Diagnostics Limited Dysis Medical Limited Trophos SA
Stephen O'Hara	Bamburgh Capital Limited The Healthy Weight Loss Company Limited Intelligent Biotech Limited OptiBiotix Limited OptiBiotix Health plc	Perfectus Biomed Limited
Dr Catherine O'Neill	None	None
Douglas Quinn	SkinBiotix Limited Cirrus Connect Limited Videregen Limited Quinn Corporate Services Limited	TQ Ventures Limited Arthro Kinetics UK Limited SSOTQV Limited
Catherine Prescott	Videregen Limited The International Medical Education Trust Biolatris Limited	Quartet Innovation Partners Limited Univercell Market Limited Till Financial Limited

7.4.2 None of the Directors has, in the five years prior to the date of this document:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

7.4.3 The Company has not made any loans to the Directors or senior management of the Company which are outstanding, nor has it ever provided any guarantees for the benefit of any Director (or the Directors collectively) or senior management of the Company.

7.4.4 The aggregate remuneration paid or payable by any company in the Group (including benefits in kind) to the Directors during the year ended 30 June 2016 was £nil. The aggregate estimated remuneration paid or payable to the Directors by any company in the Group for the current financial year under the arrangements in force is expected to amount to £110,000 and in addition Admission Fees are expected to amount to approximately £82,500.

7.4.5 ***Consultants Agreements***

Dr Stephen France

On 29 March 2017, the Company entered into a consultancy agreement with Dr France. Dr France provides consultancy services to the Company on regulatory matters. Under the consultancy agreement a daily rate of £500 is payable to Dr France by the Company. Dr. France is eligible to participate in the CSOP referred to in paragraph 8 of this Part VI, and may be eligible to participate in any additional incentive or similar plan operated by the Company. On Admission, the Board will exercise its discretion and pay Dr France an Admission Fee of £15,000. On Admission, Dr France will be granted share options over 0.5 per cent. of the Enlarged Share Capital of the Company.

Dr Kevin Bilyard

On 29 March 2017, the Company entered into a consultancy agreement with Nine-TZ Healthcare Ventures Limited ("Nine-TZ"), a company connected with Dr Bilyard. Dr Bilyard provides consultancy services to the Company on commercial matters. Under the consultancy agreement a daily rate of £950 is payable to Nine-TZ by the Company. Dr Bilyard is eligible to participate in the CSOP referred to in paragraph 8 of this Part VI, and may be eligible to participate in any additional incentive or similar plan operated by the Company.

7.4.6 ***Significant Shareholders***

In so far as is known to the Directors, the following are the interests (with the meaning of Part VI of the Act) (other than interests held by the Directors) which represent, or will represent, directly or indirectly, 3 per cent. or more of the issued share capital of the Company (being the

threshold for notification of interests that applies to the Company and Shareholders, pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules) as at 28 March 2017, being the latest practicable date prior to the date of this document and immediately following Admission:

Name	*As at 28 March 2017 Number of Ordinary Shares*	*As at 28 March 2017 Percentage of Existing Ordinary Share Capital*	*Immediately following Admission Number of Ordinary Shares*	*Immediately following Admission Percentage of Enlarged Ordinary Share Capital*
OptiBiotix	20,490,496	52.0%	49,794,190	41.9%
University of Manchester	8,511,838	21.6%	8,511,438	7.2%
Dr Catherine O'Neill*	5,201,233	13.2%	5,256,989	4.4%
Professor Andrew McBain	5,201,233	13.2%	5,201,433	4.4%
Seneca Partners Limited	–	–	17,388,889	14.6%
Total	39,404,800	100.0%	86,152,939	72.6%

* of Dr Catherine O'Neill's shareholding immediately following Admission, 55,556 shares are held by her husband, Julian Burt.

7.4.7 All Shareholders have the same voting rights in respect of the share capital of the Company.

7.4.8 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

7.4.9 None of the Directors nor any members of a Director's family is dealing in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or a fixed odds bet.

7.4.10 Other than those matters referred to in note 7.13 of Part IV of this document, the Company has not entered into any related party transaction in the financial period covered by the report in Part IV of this document or from the end of that period to the date of this document.

8. Share Option Plan

8.1 The Company adopted the SkinBioTherapeutics Plc Unapproved Share Option Plan (the "CSOP") on 29 March 2017. The CSOP provides for the grant of non-tax advantaged options ("Options"). On Admission, share options will be in issue over a total of 11,027,565 shares, representing 9.3 per cent. of the Enlarged Ordinary Share Capital of the Company.

8.2 The CSOP is administered by the Board. The Board may determine the number of Ordinary Shares subject to an Option and other terms and conditions of Options and determine the persons to whom Options will be granted.

8.3 All employees, service providers and directors of the Group will be eligible to participate in the CSOP.

8.4 The current intention is that the grant of Options will be based on the achievement of performance conditions measured following Admission. Options may normally be granted within the period of 42 days following the day of announcement of the Company's results for any period; or at any other time as the Board may determine in exceptional circumstances providing that Options may not be granted during a closed period. Options granted under the CSOP will be granted by deed ("Option Deed") and evidenced with Option agreements, which will set out any additional terms, conditions, limitations and/or restrictions covering the Option, including, without limitation, terms as determined by the Board providing for the date or dates at which all, or specified tranches of, the Option will vest (the "Vesting Conditions"), and any performance conditions to apply (the "Performance Conditions").

8.5 The Options will be granted at an exercise price equal to the market value of an Ordinary Share at the date of grant.

8.6 The Board may, in its absolute discretion, grant Options subject to Vesting Conditions, or the attainment of Performance Conditions, stated at the date of grant. Any Performance Condition may be amended or substituted if one or more events occur which cause the Board to consider that an amended or substituted Performance Condition would be more appropriate. Any amended or substituted Performance Condition would not be materially less difficult to satisfy.

8.7 Options will become exercisable in whole or in part (subject to any applicable Performance Conditions) on an exercise date(s), in accordance with the Vesting Conditions (if any). The exercise date(s) will be specified by the Board at the date of grant. Where Performance Conditions apply, Options will only become exercisable to the extent such conditions have been satisfied.

8.8 If a participant ceases to be eligible, his Options may generally be exercised within 90 days (subject to the Board's discretion to extend that period) or one year from his death (subject to Performance or Vesting Conditions, if any). In respect of a participant who ceases to be eligible as a result of summary dismissal or material breach of any applicable service agreement giving rise to a right to terminate without notice, his Options will lapse on the date of such cessation, unless the Board in its absolute discretion determines that they may be exercised.

8.9 In the event of a change of control, Options will be exercisable for a period of 90 days following such change of control pending the acquirer agreeing to grant replacement options. If no replacement options are granted by the end of that period, the Options shall lapse.

8.10 In the event of a variation of the Company's share capital (whether by way of capitalisation or rights issue or sub-division or consolidation of the Ordinary Shares or a share capital reduction), the number of Ordinary Shares subject to an Option may be adjusted by the Board in compliance with the relevant legislation.

8.11 Options granted under the CSOP are non-transferable, other than to a participant's personal representatives on the death of a participant. Any attempt to transfer will result in lapse of the Options. Participation in the CSOP will not be a term of a participant's contract of employment, and Options will not form part of a participant's pensionable earnings.

8.12 All Ordinary Shares allotted or transferred to a participant on the exercise of an Option will rank equally with other Ordinary Shares then in issue (except in respect of rights arising prior to the date of exercise).

8.13 The Board may amend the CSOP at any time, provided that the prior approval of the Company's shareholders in general meeting will be required for amendments to the advantage of eligible participants, and the consent of participants will be required for amendments which would adversely affect their subsisting rights.

8.14 There is no time limit during which Options may be granted or during which they may lapse.

9. Material Contracts

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

9.1 ***Shareholders' Agreement***

The Company and each of Dr Catherine O'Neill, Professor Andrew McBain, OptiBiotix and the University of Manchester entered into a shareholders agreement on 17 March 2016 regulating their respective rights and obligations in respect of their relationship with each other and the operation of the Company. The parties have entered into a deed of termination in respect of the shareholders agreement pursuant to which the shareholders agreement shall terminate immediately upon Admission.

9.2 ***OptiBiotix Facility Letter***

Pursuant to the facility letter dated 13 October 2016 from OptiBiotix to the Company ("Facility Letter"), OptiBiotix made available to the Company a convertible loan facility of £400,000 (the "Loan"). Interest is charged on the Loan at a rate of 5 per cent. per annum calculated daily on the basis of a 365-day year. Interest is not payable until the final repayment date of the Loan. If not previously converted, the Loan is to be repaid in full by the Company on 30 September 2020. Any early repayment is subject to OptiBiotix giving its written consent. Any prepayments made with the consent of OptiBiotix, shall be made together with any interest which has accrued on such prepayment amounts.

Upon Admission, the Loan becomes automatically convertible, subject to applicable laws, regulations and fiscal requirements. The conversion rate of the Loan is subject to adjustment if the Company has (i) issued additional Ordinary Shares; (ii) sub-divided, consolidated, reclassified, re-denominated or reduced its share capital; (iii) purchased any of its shares; or (iv) distributed any capital to its shareholders. As a consequence of the bonus issue of shares (as referred to in paragraph 3.1.2.4 of Part VI of this document) the conversion rate will be subject to adjustment such that if converted, OptiBiotix will receive one Ordinary Share in respect of every £0.01365 of Loan outstanding (**Conversion Rate**) to place OptiBiotix in the same position in terms of percentage of Ordinary Shares held by OptiBiotix as OptiBiotix would have been in had such bonus issue not occurred. In the event of conversion, the new Ordinary Shares shall be allotted to OptiBiotix credited as fully paid on the date of Admission.

9.3 ***Assignment of Intellectual Property***

The Company entered into an assignment of intellectual property on 17 March 2016 with the University of Manchester ("Assignment") pursuant to which the University of Manchester (i) assigned to the Company all rights, title and interest in all patents claiming priority from GB 1206599.1 and GB 1409541.8 (the "Assigned IP"); and (ii) granted to the Company a non-exclusive, worldwide, non-transferrable licence to use all know how and confidential information required to reduce the Assigned IP to practice, in consideration of the Company issuing 21,600 Ordinary Shares to the University of Manchester. In return the Company granted to the University of Manchester a non-exclusive, worldwide, irrevocable, royalty free licence for the life of the Assigned IP to use the Assigned IP for teaching and research purposes and to sub-licence the Assigned IP to wholly owned subsidiaries of the University for teaching and research purposes.

Pursuant the terms of the Assignment, the Company agreed to indemnify the University of Manchester against any claim made against the university as a result of the Company's manufacture, use, sale of or other dealings in the Assigned IP. The liability of the University of Manchester to the Company under the Assignment is limited to a maximum of £110,000 for all claims under the Assignment.

9.4 ***Research Agreement with University of Manchester***

On 30 June 2016 the Company entered into a research agreement with the University of Manchester pursuant to which the University has agreed to undertake research, development and other commissioned works in relation to the development of bacterial lysate as a novel agent to combat infections (the "Project") in return for which the Company has agreed to pay the University a fixed fee of £153,549 (excluding VAT). The agreement became effective as from October 2016 and will expire in October 2017 (though the Company is currently in discussions to extend the period of the agreement until May 2018). All intellectual property rights created during the Project will be owned by the Company. The Company has given an indemnity to the University in respect of any claims made against the University by any third party relating to the Project.

9.5 ***Lock-in and Orderly Market Arrangements***

On 29 March 2017 the Locked-in Persons entered into lock-in agreements with the Company, Cairn and Turner Pope pursuant to which they have agreed to be subject to a twelve month lock-in period, during which time, subject to certain exceptions, they may not offer, sell or contract to sell, or otherwise dispose of any Ordinary Shares or enter into any transaction with the same economic effect as the foregoing (each a "Disposal"). In addition, they have also agreed that any Disposal in the subsequent twelve month period will be undertaken, save in certain circumstances, only following Cairn's and Turner Pope's agreement and if brokered through the Company's broker.

9.6 ***Placing Agreement***

The Company, the Directors, OptiBiotix, Cairn and Turner Pope entered into the Placing Agreement on 29 March 2017, pursuant to which Turner Pope has agreed (conditionally, inter alia, on Admission taking place no later than 8.00 a.m. on 30 June 2017) as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

In consideration for their services the Company shall pay to Cairn a corporate finance fee of £120,000 and shall pay to Turner Pope a fee of £20,000 together with a commission of 5 per cent. of the aggregate value at the Placing Price of the Placing Shares placed to placees introduced by Turner Pope, and a commission of 0.5 per cent. of the aggregate value at the Placing Price of the Placing Shares placed to placees introduced by the Company. No commission is payable in respect of any funds raised directly by the Company from the Directors or their families.

The Company's obligation to issue new Placing Shares under the Placing Agreement is, and the several obligations of Turner Pope to procure subscribers for Placing Shares are, subject to certain conditions that are customary for an agreement of this nature. These conditions include, amongst others, the absence of any breach of warranty under the Placing Agreement, Admission occurring by no later than 8.00 a.m. on 30 June 2017 (or such later date, being no later than 30 September 2017) and no material adverse change having occurred. In addition, Cairn and Turner Pope have the right to terminate the Placing Agreement prior to Admission in certain specified circumstances that are customary in an agreement of this nature.

The Company has agreed to pay the costs, charges, fees and expenses of the Placing (including all fees and expenses payable in connection with Admission, the expenses of the Company's registrar, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses).

The Placing Agreement contains customary warranties given by the Company, the Directors and OptiBiotix to Cairn, and Turner Pope as to the accuracy of the information contained in this document and other matters relating to the Group's business. The agreement also contains an indemnity from the Company in favour of Cairn and Turner Pope. The liability of the Directors and OptiBiotix under the agreement is limited.

9.7 ***Relationship Agreement***

The Company entered into a relationship agreement dated 29 March 2017 with OptiBiotix, Stephen O'Hara, Turner Pope and Cairn the terms of which are conditional upon Admission. Pursuant to the agreement OptiBiotix provides certain undertakings to the Company, Cairn and Turner Pope to ensure *inter alia* that (i) the Group is capable of carrying on its business independently of OptiBiotix; (ii) any arrangements or agreements between OptiBiotix and the Group are on arms-length terms; and (iii) a majority of independent Directors approve all board decisions requiring approval of transactions or arrangements with OptiBiotix.

In addition OptiBiotix and Stephen O'Hara covenant (i) to comply with the AIM Rules in relation to the Company; (ii) to comply with the Company's articles of association; (iii) not to acquire shares in any other Group member (other than the Company); (iv) not to make or cause public announcements to be made relating to the Group; (v) not to carry out any insider dealing activities in respect of its holding of Ordinary Shares; (vi) not to influence the operational running of the Company; (vii) not to recruit any Group employees; (viii) not to compete with the Company's business; (ix) not to use its shareholding (or any part of its shareholding) to requisition a general meeting of the Company for the purpose of proposing, or exercise any voting rights attaching to his/its shareholding in favour of, any resolution to change the constitution of the board or appoint/remove directors except with the prior written approval of Cairn or de-list the Ordinary Shares from trading on AIM; and (x) that they have no right to nominate a director for appointment to the Board.

The Relationship Agreement will terminate if OptiBiotix's interest in the Company drops below 20 per cent..

9.8 ***Broker Agreement***

On 29 March 2017, the Company entered into a broker agreement with Turner Pope pursuant to which the Company appointed Turner Pope as broker for the purposes of the AIM Rules. The Company has agreed to pay Turner Pope an annual retainer of £30,000 plus VAT. In respect of the first year, such fee shall be payable immediately after Admission. In respect of any subsequent period, such fee shall be payable quarterly in advance.

The agreement contains certain undertakings and indemnities given by the Company in favour of Turner Pope. There is a minimum period of engagement of 12 months and thereafter a three month notice period to cancel the services of Turner Pope.

9.9 ***Nominated Adviser Agreement***

On 29 March 2017, the Company entered into a nominated adviser agreement with Cairn pursuant to which the Company appointed Cairn as nominated adviser for the purposes of the AIM Rules. The Company has agreed to pay Cairn an annual retainer of £30,000 plus VAT. Such fee shall be payable quarterly in advance.

The agreement contains certain undertakings and indemnities given by the Company in favour of Cairn. There is a minimum period of engagement of 12 months and thereafter a three month notice period to cancel the services of Cairn. Either party may terminate the agreement with immediate effect if the other party is in material breach of its obligations under the agreement.

9.10 ***Warrant Agreement***

On 29 March 2017, the Company executed the Warrant Agreement to create and issue warrants to Cairn to subscribe for, an aggregate, of 890,314 Ordinary Shares representing 0.75 per cent. of the Enlarged Ordinary Share Capital. The Warrants will be exercisable at any time from Admission for a period of five years from Admission at the Placing Price. The Ordinary Shares to be allotted and issued on the exercise of any or all of the Warrants will rank for all dividends and other distributions declared after the date of the allotment of such shares but not before such date and otherwise *pari passu* in all respects with the Ordinary Shares in issue on the date of such exercise allotment. The Warrant Agreement contains provisions for appropriate adjustment of the number of Ordinary Shares and the subscription price upon a capitalisation of reserves, on sub-division or consolidation or reduction of the share capital of the Company.

10. UK Taxation

10.1 ***Introduction***

The following paragraphs are intended as a general guide only for Shareholders who are resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HMRC practice. Any shareholder who is also an employee may also be subject to the employment related securities rules.

Any prospective subscriber for, or purchaser of, Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately. The information that follows does not constitute advice.

10.2 ***The Company***

The Company will be regarded as resident in the United Kingdom for United Kingdom Corporation Tax purposes. Accordingly, the Company will be liable to account for United Kingdom Corporation Tax on its income and/or chargeable gains, as appropriate.

10.3 ***Income Tax***

Taxation of dividends

Under current UK tax legislation, no amounts in respect of tax will be withheld at source from dividend payments made by the Company.

The taxation of dividends paid by the Company and received by a Shareholder resident for tax purposes in the United Kingdom is summarised below and for United Kingdom resident individuals and trustees.

United Kingdom resident individuals

With effect from 6 April 2016 a new system of taxation for dividends applies to United Kingdom resident individual shareholders. From this date dividends received are no longer grossed up to include a 10 per cent. notional tax credit. Instead individuals will pay tax on the amount received.

Dividend income is subject to income tax as the top slice of the individual's income. Each individual will have an annual Dividend Allowance of £5,000 which means that they will not have to pay tax on the first £5,000 of all dividend income they receive. It was proposed that the allowance be reduced to £2,000 from 6 April 2018 in the 2017 Budget.

Dividends in excess of the Dividend Allowance will be taxed at the individual's marginal rate of tax, with dividends falling within the basic rate band taxable at 7.5 per cent. (the "dividend ordinary rate"), those within the higher rate band taxable at 32.5 per cent. (the "dividend upper rate") and those within the additional rate band taxable at 38.1 per cent. (the "dividend additional rate").

United Kingdom discretionary trustees

The annual Dividend Allowance available to individuals will not be available to United Kingdom resident trustees of a discretionary trust. From 6 April 2016 United Kingdom resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1 per cent., which mirrors the dividend additional rate.

United Kingdom resident companies

Shareholders that are bodies corporate resident in the United Kingdom for tax purposes, may (subject to anti-avoidance rules) be able to rely on Part 9A of the Corporation Tax Act 2009 to exempt dividends paid by the Company from being chargeable to United Kingdom Corporation Tax. Such shareholders should seek independent advice with respect to their tax position.

United Kingdom pension funds and charities are generally exempt from tax on dividends that they receive.

Non-United Kingdom residents

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income. Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

Withholding tax

Under current United Kingdom tax legislation no tax is withheld from dividends or redemption proceeds paid by the Company to Shareholders.

Persons who are not resident in the UK should consult their own tax advisers on whether or not they can benefit from all or part of any tax credit and what relief or credit may be claimed in the jurisdiction in which they are resident.

10.4 ***Taxation on capital gains for shareholders***

The following paragraphs summarise the tax position in respect to a disposal of Ordinary Shares on or after 6 April 2016 by a Shareholder resident for tax purposes in the United Kingdom.

To the extent that a Shareholder acquires Ordinary Shares allotted to him, the amount paid for the Ordinary Shares will generally constitute the base cost of the Shareholder's holding.

A disposal of Ordinary Shares by a Shareholder who is resident in the United Kingdom for United Kingdom tax purposes or who is not so resident but carries on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

For individual Shareholders who are United Kingdom tax resident or only temporarily non-United Kingdom tax resident, Capital Gains Tax at the rate of 10 per cent. for basic rate taxpayers (previously 18 per cent.) or 20 per cent. for higher or additional rate taxpayers (previously 28 per cent.) may be payable on any gain (after any available exemptions, reliefs or losses). For Shareholders that are bodies corporate any gain may be within the charge to Corporation Tax. Individuals may benefit from certain reliefs and allowances depending on their circumstances. Shareholders that are bodies corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index, but will not create or increase an allowable loss.

Individual Shareholders who continuously hold their Ordinary Shares for no less than three years from their issue date may, on a subsequent disposal of those Ordinary Shares, qualify for "Investors' relief". Investors' relief is a new relief contained within the Finance Act 2016 which provides for a reduced rate of Capital Gains Tax of 10 per cent. on gains realised on the disposal of certain ordinary shares, up to a lifetime limit of £10 million of gains, subject to various conditions being met by both the investor and investee company. This would only apply to Ordinary Shares subscribed for cash.

The relevant qualifying conditions of Investors' Relief are considered likely to be met by the Company but neither the Company, its Directors nor advisors can guarantee that those conditions will be or will continue to be met throughout the required share-holding period.

For trustee Shareholders of a discretionary trust who are United Kingdom tax resident, Capital Gains Tax at the rate of tax of 20 per cent. (previously 28 per cent.) may be payable on any gain (after any available exemptions, reliefs or losses).

Non-United Kingdom resident Shareholders will not normally be liable to United Kingdom taxation on gains unless the Shareholder is trading in the United Kingdom through a branch, agency or permanent establishment and the New Shares are used or held for the purposes of the branch, agency or permanent establishment.

10.5 ***Stamp duty and stamp duty reserve tax ("SDRT")***

No UK stamp duty or SDRT will normally be payable on the issue or allotment of Ordinary Shares pursuant to the Placing, nor on subsequent transfers or agreements to transfer Ordinary Shares by virtue of the exemption for shares traded on AIM.

It should be noted that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate than that referred to above or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

10.6 ***Inheritance Tax***

Shares in AIM listed trading companies or holding company of a trading group may after a 2 year holding period qualify for Business Property Relief for United Kingdom inheritance tax purposes, subject to the detailed conditions for the relief.

10.7 ***VCT Investment and EIS Tax Relief***

VCT Investment

The Company has applied for and obtained advance assurance from HMRC that the Ordinary Shares should be able to form part of a qualifying holding for the purposes of the VCT legislation. The status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements.

The advanced assurance relates only to the qualifying status of the Company and its shares and does not guarantee that any particular VCT will qualify for relief in respect of an acquisition of Placing Shares. The conditions for relief are complex and depend not only upon the qualifying status of the company, but upon certain factors and characteristics of the VCT concerned. VCTs who believe they may qualify for VCT relief should consult their own tax advisers regarding this.

The Company cannot guarantee or undertake to conduct its business following Admission, in a way to ensure that the Company will continue to meet the requirements of Chapter 4, Part 6, Income Tax Act 2007.

Neither the Company nor its advisers give any warranties or undertakings that the VCT relief will be available or that, if given, such relief will not be withdrawn. The tax legislation in respect of VCTs is found in Part 6 of the Income Tax Act 2007 and sections 151A and 151B of the Taxation of Capital Gains Act 1992.

EIS Tax Relief

The Company has applied for and obtained advance assurance from HMRC that the Ordinary Shares will be eligible shares for EIS purposes, subject to the submission of the relevant claim form in due course. Prospective investors who may be eligible for EIS are strongly recommended to consult their own professional advisers, particularly on the conditions which must be satisfied by both the Company and the investor to obtain such relief, the nature of the tax advantage which may be obtained, and the circumstances in which relief may be withdrawn or reduced. The Company cannot guarantee or undertake to conduct its business following Admission, in a way to ensure that the Company will continue to meet the requirements of Chapter 4, Part 5 of the Income Tax Act 2007. Neither the Company nor its advisers give any warranties or undertakings that EIS relief will be available, or that if available, such relief will not be withdrawn or reduced. The tax legislation in respect of EIS relief is found in Part 5 of the Income Tax Act 2007 and in Section 150A to 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992.

11. Litigation

There are no governmental, legal or arbitration proceedings, and the Group is not aware of any governmental, legal or arbitration proceedings pending or threatened, during the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

12. Significant change

As at the date of this document, there has been no significant change in the financial or trading position of the Company and SkinBiotix Ltd since 31 December 2016.

13. Current trading and prospects

Save as disclosed in this document, so far as the Directors are aware, there are no known trends, uncertainties, demands, commitments or events that have or may have had in the last 12 months preceding the publication of this document a significant effect on the financial position of the Group or which are likely to have a material effect on the Group's prospects for the next 12 months.

14. Net proceeds and expenses

Through the issue of 50,000,000 Placing Shares pursuant to the Placing, the Company expects to raise gross proceeds of approximately £4.5 million. The aggregate expenses of, or incidental to, Admission and the Placing to be borne by the Company are estimated to be approximately £545,500, of which £383,500 remains outstanding. The Company intends to pay the outstanding amount out of the proceeds to the Placing.

The Company expects to receive net proceeds from the Placing of approximately £4.1 million.

15. Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to it and its group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

16. General

16.1 Where information contained in this document has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16.2 Save as otherwise disclosed in this document, and except for fees payable to the professional advisers named in this document or payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to the value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

16.3 The Company does not have, nor are there in progress by the Company, any significant investments, and there are no future investments in respect of which the Company has made firm commitments.

16.4 The Directors are not aware of any arrangements in place under which future dividends are waived or agreed to be waived.

16.5 Save as disclosed in this document, there are no trademarks, patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.

16.6 Save as disclosed in this document, the Company has not identified any specific environmental issues that may affect its utilisation of its tangible fixed assets.

16.7 No public takeover bids have been made by third parties in respect of the Company's issued share capital since incorporation.

17. Consents

17.1 Cairn has given and has not withdrawn its written consent to the publication of this document with the inclusion of its name and references to it in the form and context in which it appears.

17.2 Turner Pope has given and has not withdrawn its written consent to the publication of this document with the inclusion of its name and references to it in the form and context in which it appears.

17.3 Jeffreys Henry LLP has given and has not withdrawn its written consent to the inclusion in this document of its report set out in Part IV of the document in the form and context in which it appears and has authorised the contents of its report for the purposes of the AIM Rules.

17.4 Keltie LLP which has prepared a report on the IP of the Company for the purpose of Admission, has given and has not withdrawn its written consent to the inclusion in this document of its report in Part III of this document in the form and context in which it appears and has authorised the contents of its report for the purposes of the AIM Rules.

The professional staff at Keltie LLP who advise the Company are UK Chartered Patent Attorneys and European Patent Attorneys, and UK Registered Trade Mark Attorneys and European Trade Mark Attorneys, and possess the necessary technical specialism and are legally qualified to act for technology clients before the UK Intellectual Property Office, the European Patent Office and the International Patent and Trade Mark Office.

18. Auditors

The auditors to the Company are Jeffreys Henry LLP, whose registered address is at Finsgate, 5-7 Cranwood Street, London, EC1V 9EE, and who is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales ("ICAEW"). The firm is a member of the ICAEW Practice Assurance scheme and is subject to the jurisdiction of The Accountancy and Actuarial Discipline Board.

19. Availability of Admission Document

Copies of this document will be available for inspection during normal business hours on any day (except Saturdays, Sundays and UK public holidays) at the offices of Cairn for one month after Admission and on the Company's website at www.skinbiotherapeutics.com from the date of this document.

29 March 2017