

14 October 2020



SkinBioTherapeutics plc

Proposed Placing to raise £4.0m

Open Offer to Qualifying Shareholders

SkinBioTherapeutics plc (AIM: SBTX or the "Company") a life sciences company focused on skin health, is pleased to announce it has conditionally raised £4.0 million by way of a Placing to new and existing institutional investors.

Furthermore, to enable other Shareholders who are not able to participate in the Placing an opportunity to subscribe for new Ordinary Shares, the Company is proposing to raise up to an additional c.£0.5 million by way of an Open Offer made to Qualifying Shareholders.

Key features of the Placing & Open Offer

- Conditional Placing to raise £4.0 million through the conditional issue of 25,000,000 New Ordinary Shares at 16 pence with new and existing institutional investors.
- Open Offer to raise up to an additional c.£0.5 million through an Open Offer of up to 3,123,988 New Ordinary Shares at 16 pence per share with Qualifying Shareholders.
- The issue price of 16 pence per New Ordinary Share represents an 11.1 per cent. discount to the closing middle market price of 18 pence per Existing Ordinary Share on 13 October 2020, the last Business Day before the announcement of the Fundraising.
- The Fundraising is conditional, *inter alia*, on the passing of the Resolutions by the Shareholders at a General Meeting, which has been convened for 11:00 a.m. on 30 October 2020.
- If the Resolutions are passed at the General Meeting, the New Ordinary Shares are expected to be admitted to trading on AIM at 8:00am on 2 November 2020.

Use of proceeds

The net proceeds of the Placing of approximately £3.7 million will be used by the Company for the following purposes:

- To explore the use of the SkinBiotix® technology in areas such as, oral and hair indications. Work has already been initiated in these areas but a greater commitment of resource is required to make material progress.
- To expand the Company's research and development capability through the establishment of its own lab facilities and extending the resource capability at the University of Manchester, where it has a long standing research agreement.
- To explore both the launch of an own-label cosmetic product and partnering opportunities for cosmeceutical product lines.

General meeting

The Fundraising is conditional, *inter alia*, upon Shareholder approval at the General Meeting, which will be held electronically at 11:00am on 30 October 2020.

In light of the ongoing COVID-19 pandemic and with a view to taking appropriate measures to safeguard its shareholders' health and make the General Meeting as safe and efficient as possible, the Company is urging the Shareholders to exercise their votes by submitting their Form of Proxy and appointing the Chairman of the General Meeting as their proxy.

Shareholders will not be allowed to attend the meeting in person, as to do so would be inconsistent with current government guidelines relating to COVID-19, in particular the advice for people to avoid public gatherings, all non-essential travel and social contact. Any Shareholder seeking to attend the General Meeting in person will be refused entry.

The Company is actively following developments and will issue further information through a Regulatory Information Service and/or on its website (www.skinbiotherapeutics.com) if it becomes necessary or appropriate to make any alternative arrangements for the General Meeting. The General Meeting will be purely functional in format to comply with the relevant legal requirements.

Should Shareholders wish to ask any questions in relation to the Fundraising or the Resolutions, which they may otherwise have asked at the General Meeting had they been in attendance, they are encouraged to contact the Company prior to the General Meeting by email to the Company Secretary at investorrelations@skinbiotherapeutics.com with the subject line "GM Question".

The Company will shortly be posting a Notice of General Meeting and an accompanying circular (the "Circular") to existing Shareholders following this announcement. All relevant documents will also be available to download from the Company's website at www.skinbiotherapeutics.com/investor-relations.

Subject to, *inter alia*, the passing of the Resolutions at the General Meeting, up to 28,123,988 Ordinary Shares are expected to be admitted to trading on AIM on or around 8:00 am on 2 November 2020.

Stuart Ashman, CEO of SkinBioTherapeutics plc, said:

"The Company has consistently delivered on its strategy for shareholders. We have signed two commercial agreements – one with the multinational ingredients company, Croda, to develop an active skin care ingredient and the other with Winlove, to develop a food supplement to treat the symptoms of psoriasis. Both development tracks are making great progress.

"The new funds will help accelerate the development of other areas for our technology – for example in oral care and in hair, whilst we continue to progress our human study in psoriasis. We will also be able to strengthen our R&D resources, infrastructure and team, which have, until now, been kept minimal.

"We are entering an exciting chapter for the Company into one of late stage development and commercialisation, whilst continuing to broaden the microbiome base of the Company."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

-Ends-

For more information please contact:

SkinBioTherapeutics plc

Stuart Ashman, CEO

Doug Quinn, CFO

Tel: +44 (0) 161 468 2760

Cenkos Securities plc (Nominated Adviser & Broker)

Giles Balleny, Max Gould (Corporate Finance)

Michael Johnson (Sales)

Tel: +44 (0) 20 7397 8900

Instinctif Partners

Melanie Toyne-Sewell / Phillip Marriage / Nathan Billis

Tel: +44 (0) 20 7457 2020

SkinBio@instinctif.com

About SkinBioTherapeutics plc

SkinBioTherapeutics is a life science company focused on skin health. The Company's proprietary platform technology, SkinBiotix[®], is based upon discoveries made by Professor Catherine O'Neill and Professor Andrew McBain.

The Company has demonstrated, through scientific testing, that the SkinBiotix[®] platform can improve the barrier effect of skin models, protect from infection and repair wounds. Proof of principle studies have also shown that the SkinBiotix[®] platform has beneficial attributes applicable to each of these areas. The technology achieved positive results in clinical studies in human volunteers in early 2019.

The Company listed on AIM in April 2017 and is based in Manchester, UK. For more information, visit: www.skinbiotherapeutics.com.

The following is extracted from the Circular:

1. INTRODUCTION

The Company has today announced that it has conditionally raised approximately £4.0 million (before expenses), pursuant to a Placing and is undertaking an Open Offer to raise up to an additional £0.5 million. The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of New Ordinary Shares on the same terms as the Placees.

The issue price of 16 pence per New Ordinary Share represents an approximate 11.1 per cent. discount to the closing middle market price of 18 pence per Existing Ordinary Share on 13 October 2020, the last Business Day before the announcement of the Proposals.

The Fundraising is conditional, *inter alia*, on the passing of the Resolutions by the Shareholders at the General Meeting, which has been convened for 11:00 a.m. on 30 October 2020. If the Resolutions are passed, the New Ordinary Shares are expected to be allotted immediately after the General Meeting, conditional on Admission, which is expected to occur at 8:00 a.m. on 2 November 2020. Should Shareholder approval not be obtained at the General Meeting, neither the Placing nor the Open Offer will proceed. Neither the Placing nor the Open Offer has been underwritten.

The purpose of this document is to explain the background to the Fundraising, to set out the reasons why the Board believes that the Proposals are in the best interests of the Company and its Shareholders and to seek Shareholder approval of the Resolutions at the forthcoming General Meeting, which will be held at 6.7.8 Tokenhouse Yard, London, EC2R 7AS at 11:00 a.m. on 30 October 2020.

2. BACKGROUND TO AND REASONS FOR THE FUNDRAISING

Background

Based in the UK, the Company seeks to harness the human microbiome to promote health. The Company was initially founded on scientific discoveries made at the University of Manchester related to the activities of lysates (extracts) derived from probiotic bacteria when applied to the skin.

The Company is targeting five specific skin healthcare sectors; cosmetics skincare, food supplements for the treatment of skin conditions, medical skin care, infection control in both the home and the hospital environment and pharmaceuticals for the prescribed treatment of skin conditions. In each of these areas the Company plans to exemplify its technology in human studies. The most advanced programme is the application of the SkinBiotix® platform in managing sensitive skin and providing anti ageing benefits in the cosmetics industry. The business strategy is to partner and license its programmes at proof of concept stage.

Reasons for the Fundraising

In November 2019 the Company identified five channels in which to develop its focus, encompassing both existing and new technology;

- **SkinBiotix®** – the Company’s core technology that is designed to promote skin health by harnessing the beneficial properties of probiotic bacteria
- **AxisBiotix™** – addressing the emerging area of science that is focused on the gut-skin axis and its role in various diseases
- **MediBiotix™** – this channel is targeting the use of the SkinBiotix® technology for medical device applications including the treatment of eczema and woundcare
- **CleanBiotix™** – targeting the use of the SkinBiotix® technology to address certain categories of health care acquired infections
- **PharmaBiotix™** – an extension to the medical device and AxisBiotix™ applications through a pathway of medicinal prescription registrations.

SkinBiotix® is the Company’s proprietary technology and is designed to promote skin health by harnessing the beneficial properties of probiotic bacteria and the active components derived from them. In November 2019 the Company signed a commercial agreement with Croda International Plc (“**Croda**”), and its speciality bioactive ingredient manufacturer, Sederma for the development and commercialisation of a new active skincare cosmetic ingredient, incorporating the SkinBiotix® technology. In July 2020 Sederma updated the Company that it had successfully replicated the lysate manufacturing process and outcomes as developed by the Company and was now working to validate the scale up of the manufacturing process at different volume levels. Sederma also confirmed that despite COVID-19 there had been no delays against the project timeline.

Opportunities exist for the Company to explore the use of the SkinBiotix® technology in other areas, for example, oral and hair indications through engagement with third party research. Whilst work has been initiated in these areas it requires a greater commitment of resource to make material progress. Under the terms of the agreement with Croda, the Company retains the right to launch an ‘own label’ cosmetic and this is an opportunity the Company will explore further.

In February 2020, the Company signed a development agreement with Winclove Probiotics B.V. (“**Winclove**”) for a probiotic food supplement to help manage the symptoms associated with the skin condition, psoriasis. A proprietary blend of ‘good’ bacterial strains had already been identified by SkinBioTherapeutics, and the Company has since reported that, several months ahead of schedule, Winclove has been able to successfully combine and formulate the blend as a probiotic food supplement, to be known as AxisBiotix™Ps. The Company is now working with Winclove to finalise a selected formulation and address matters such as taste and packaging.

As a pre-requisite to commercialisation, AxisBiotix™Ps will undergo a human study with patients suffering from mild to moderate psoriasis. The Company has confirmed with the necessary regulatory bodies that the study will be conducted as a food supplement study. Such studies have much reduced requirements in terms of endpoints and the time required compared to a therapeutic trial.

The study was targeted to start before the end of 2020 and estimated to take approximately 12-18 months to complete. In light of COVID-19 and the constraints regarding non-COVID human studies the Company has established a protocol for, and is proceeding with, a 'self managed' trial that will not require participants to attend physician consultations.

Participants suffering from mild to moderate psoriasis will be invited to participate in a human study in which they will be provided with samples of AxisBiotix™Ps to self-administer over an eight week period and track the impact of the food supplement on their skin condition. Participants will submit their findings on a periodic basis through a bespoke mobile device app, thus avoiding the need for clinical attendance. This will accelerate the timing of readout compared to the previously envisaged conventional study. As a result, if the findings are positive, this will allow for a significantly earlier commercial launch than originally planned. The Company anticipates commencing the trial in early 2021.

The Company has a long standing research agreement with the University of Manchester and considers this an important component of continuing to develop a pipeline of opportunities related to the microbiome. This approach has worked well during the early stages of the Company's growth where it has operated virtually. As the breadth of opportunities for its existing and future technologies continues to expand the Company intends to establish its own facilities to support the progression of technology from research to development. Additionally the Company will seek to extend the resource capability at the University of Manchester focussed on the development of the core science.

The Directors believe the Fundraising will put the Company in a strong position to progress each of the identified channels and in doing so build a broader, microbiome based and science led business.

3. USE OF PROCEEDS

The Company has conditionally raised gross proceeds of at least £4.0 million by way of the Placing, and any funds raised in the Open Offer will be in addition to this amount. The primary purpose behind the Fundraising is to fund the expansion of the Company's technology pipeline into areas such as haircare, UV protection and acne, accelerate commercial opportunities for own label product lines and support the transition of the Company from a virtual operation to one with an in-house scientific capability and related infrastructure.

4. DETAILS OF THE FUNDRAISING

The Company has conditionally raised a total of up to approximately £4.5 million (before expenses), comprising: i) a Placing to raise £4.0 million (before expenses) through a placing of 25,000,000 New Ordinary Shares at 16 pence per share with institutional and other investors; and ii) an Open Offer to raise up to an additional approximate £0.5 million (before expenses) through an Open Offer of up to 3,123,988 New Ordinary Shares at 16 pence per share with Qualifying Shareholders.

The Fundraising has not been underwritten and is conditional, *inter alia*, upon:

- a) the passing of resolutions 1 and 3 of the Resolutions;
- b) the Placing Agreement becoming unconditional in all respects (other than Admission) and not having been terminated in accordance with its terms; and
- c) Admission occurring by not later than 8:00 a.m. on 2 November 2020 (or such later time and/or date as the Company and Cenkos Securities may agree, not being later than 8:00 a.m. on 30 November 2020).

Accordingly, if any of the conditions are not satisfied or waived (where capable of waiver), the Fundraising will not proceed, the New Ordinary Shares will not be issued and all monies received by Cenkos Securities, the Receiving Agents or the Company (as the case may be) will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter.

The Directors believe that the New Ordinary Shares to be issued pursuant to the Placing and Open Offer will meet the requirements of section 173 ITA for the purposes of the EIS and the Company is a Qualifying Holding and the New Ordinary Shares are eligible shares for the purposes of investment by VCTs. Further details as regards EIS and VCT reliefs are set out in paragraph 6 below.

Details of the Placing

Under the terms of the Placing Agreement, Cenkos Securities has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement contains certain warranties and indemnities from the Company in favour of Cenkos Securities and Cenkos Securities may terminate the Placing Agreement in certain customary circumstances.

Details of the Open Offer

In recognition of their continued support to the Company, the Board believes that the Open Offer provides the Company's longstanding and supportive Shareholders with an opportunity to participate in the Fundraising.

The Company is providing all Qualifying Shareholders with the opportunity to subscribe, at the Issue Price, for an aggregate of 3,123,988 Open Offer Shares, raising gross proceeds of up to approximately £0.5 million.

Qualifying Shareholders may apply for Open Offer Shares under the Open Offer at the Issue Price on the following basis:

1 Open Offer Share for every 41 Existing Ordinary Shares

and so in proportion for any number of Existing Ordinary Shares held on the Record Date.

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Ordinary Shares. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders but will be made available under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement. Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 5 below.

Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. Qualifying Shareholders can apply for less or more than their Open Offer Entitlements but the Company cannot guarantee that any application for Excess Shares under the Excess Application Facility will be satisfied as this will depend in part on the extent to which other Qualifying Shareholders apply for less than or more than their own Open Offer Entitlements. The Company may satisfy valid applications for Excess Shares in whole or in part but reserves the right at its sole discretion not to satisfy, or to scale back, applications made in excess of Open Offer Entitlements.

Application has been made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements for Qualifying CREST Shareholders to be admitted to CREST. It is expected that the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST on 15 October 2020. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

The Open Offer Shares must be paid in full on application. The latest time and date for receipt of completed Application Forms or CREST applications and payment in respect of the Open Offer is 11:00 a.m. on 28 October 2020.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the Open Offer Shares which are not applied for by Qualifying Shareholders will not be sold in the market for the benefit of the Qualifying Shareholders who do not apply under the Open Offer. The Application Form is not a document of title and cannot be traded or otherwise transferred.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part III of this document and on the accompanying Application Form.

Rights of the New Ordinary Shares and application for Admission

The New Ordinary Shares will, when issued, be credited as fully paid up and will be issued subject to the Company's articles of association and rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the New Ordinary Shares, and will on issue be free of all claims, liens, charges, encumbrances and equities.

Application will be made to the London Stock Exchange for the Admission of the New Ordinary Shares to trading on AIM. It is expected that Admission of the New Ordinary Shares will occur on or around 8:00 a.m. (London time) on 2 November 2020 (or such later time and/or date as Cenkos Securities may agree with the Company, being not later than 8:00 a.m. on 30 November 2020).

5. OVERSEAS SHAREHOLDERS

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons, (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document or the Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part III of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including without limitation the United States of America), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements under the Open Offer.

6. EIS AND VCT

On issue, the New Ordinary Shares will not be treated as either "listed" or "quoted" securities for the purposes of section 184 of ITA for the purposes of the EIS or section 257 of ITA for the purposes of the VCT regime. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM), the New Ordinary Shares should continue to be treated as unquoted securities.

The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.

The Board believes that the New Ordinary Shares to be issued pursuant to the Fundraising will be 'eligible shares' and will be capable of being a Qualifying Holding for the purposes of investment by VCTs. The Board believes that the New Ordinary Shares will also satisfy the conditions of section 173 of ITA for the purposes of the EIS.

Potential shareholders or Shareholders of the Company who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

These details are intended only as a general guide to the current tax position under UK taxation law and are not intended to be exhaustive. Investors who are in any doubt as to their tax position or who are subject to a tax jurisdiction, other than the UK, are strongly advised to consult their professional advisers. Companies can raise up to £5 million under the combined VCT, EIS, SEIS, social investment tax relief or any other State aid risk capital investment in any 12-month period.

EIS

Provided that the investor and the Company comply with the EIS legislation (Part 5 of the ITA and Sections 150A-C and Schedule 5B of the Taxation of Chargeable Gains Act 1992), which includes a requirement that the New Ordinary Shares are held by investors for not less than three years, UK taxpayers with a sufficient tax liability in the year of claim should qualify for EIS relief on their investment in newly issued shares in the Company.

The Directors believe, subject to a form EIS1 being submitted and accepted by HMRC, that the Company is to be treated as carrying on a qualifying trade for EIS purposes. The Directors intend to manage the Company so as to maintain (as far as they are able and subject always to their statutory duties to act in the best interest of the

shareholders of the Company as a whole) the status of the Company as a qualifying company although no guarantee can be given in this regard.

Shareholders who wish to apply for EIS relief should contact Douglas Quinn, the Company Secretary, at the registered office of the Company.

There are four EIS tax reliefs being:

(i) Income tax relief

Individuals can obtain income tax relief on the amount subscribed for ordinary shares (to a maximum of £1,000,000 in a tax year in one or more qualifying companies), which are retained for a period of at least three years, provided the individuals are not connected to the issuing company. A tax reduction equal to 30 per cent. of the eligible amount subscribed is given, subject to an investor having a sufficient tax liability in the year of claim. The tax reduction is given against the individual's income tax liability for the tax year in which the ordinary shares are issued although in certain circumstances it is possible to carry back the relief to the preceding tax year under section 158(4) ITA. The relief must be claimed and will be limited to an individual's actual income tax liability in that tax year before EIS relief and cannot exceed that tax liability. EIS income tax relief is not available for individuals who together with their 'associates', very broadly, own more than 30 per cent. of the ordinary share capital of the Company or who are otherwise 'connected' to the Company. EIS income tax relief is not available to any shareholder who, at the date of an EIS share issue, already holds shares in the Company upon which they have claimed EIS income tax relief, other than any shares issued by the Company on incorporation.

(ii) Capital Gains Tax ("CGT") exemption

Any capital gains realised on the disposal, after a period of at least three years, of ordinary shares on which EIS income tax relief has been given and not withdrawn are not subject to capital gains tax. This exemption is not available for individuals who together with their 'associates', very broadly, own more than 30 per cent. of the ordinary share capital of the Company or are otherwise connected with the Company.

(iii) Loss relief

Subject to certain conditions, tax relief is available for a qualifying shareholder who realises a loss on a disposal of ordinary shares on which EIS income tax relief (see (i) above) has been given and not withdrawn.

The amount of the loss (after taking account of the income tax relief initially obtained) can be set against a capital gain in the tax year of loss or following tax years or in certain circumstances offset against taxable income in the tax year in which the disposal occurs or the preceding tax year.

(iv) CGT deferral

To the extent that a UK resident (which includes individuals and certain trustees) subscribes for qualifying ordinary shares a claim can be made to defer all or part of a chargeable gain arising on the disposal of any asset. Although there is a limit of £1,000,000 (or £2,000,000 in the case where any amount above £1,000,000 is invested in "knowledge-intensive companies") for investments to qualify for income tax relief and a proportionate reduction in the exemption from CGT for subscriptions exceeding this limit (see (i) and (ii) above), there is no limit on the amount of gains that can be deferred in this way. The subscription must have been made within one year before or three years after the date of the disposal which gave rise to the gain or the date when a previously deferred gain crystallises. The gain is deferred until there is a "chargeable event", such as the disposal of ordinary shares.

If the investing ordinary shareholder does not retain the ordinary shares or the EIS rules are otherwise breached, the CGT deferral originally granted will be withdrawn and tax will be charged on the basis of a taxable event occurring at the date the rules cease to be met.

Although the Company currently expects to satisfy the relevant conditions for EIS investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

VCT

The status of the New Ordinary Shares as a Qualifying Holding for VCTs will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements. Although the Company currently expects to satisfy

the relevant conditions for VCT investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in the New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

As the rules governing EIS and VCT reliefs are complex and interrelated with other legislation, if Shareholders and potential shareholders are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the United Kingdom, they should consult their professional adviser.

7. RISK FACTORS AND ADDITIONAL INFORMATION

The attention of Shareholders is drawn to the risk factors set out in Part II and the information contained in Parts III and IV of this document, which provide additional information on the Open Offer.

8. RELATED PARTIES' PARTICIPATION IN THE FUNDRAISING

Substantial Shareholders' participation in the Fundraising

The following substantial Shareholders (being a Shareholder holding 10 per cent. or more of the Company's Ordinary Shares as at 13 October 2020, the latest practicable date prior to publication of this document) are participating in the Placing as described below:

Name	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Placing Shares subscribed for	Amount subscribed for in the Placing	Number of Ordinary Shares held following the Placing and Open Offer	Percentage of Enlarged Share Capital*
Seneca Partners Limited	18,140,398	14.2%	3,110,000	£497,600	21,250,398	13.9%

* on the assumption that the maximum number of Placing Shares are issued pursuant to the Placing but not including any Open Offer Shares that may be subscribed for pursuant to the Open Offer.

The participation by the Shareholder referred to above in the Placing is classified as a related party transaction for the purposes of the AIM Rules by virtue of such Shareholder being a 'substantial shareholder' (as defined in the AIM Rules for Companies) in the Company. The Directors, having consulted with Cenkos Securities, consider that the terms of the transaction are fair and reasonable insofar as the Company's Shareholders are concerned.

Directors' participation in the Placing

As part of the Fundraising, certain Directors intend to subscribe (either personally or through a nominee) for an aggregate of 187,500 Placing Shares at the Issue Price. Details of the Placing Shares for which the Directors intend to subscribe (either personally or through a nominee) are displayed below:

Name**	Number of existing Ordinary Shares	Number of Placing Shares intended to be subscribed for	Value of Placing Shares intended to be subscribed for*	Resulting shareholding following proposed subscription	Percentage of Enlarged Share Capital following proposed subscription*
Stuart John Ashman	Nil	125,000	£20,000	125,000	0.0%
Catherine Prescott	56,112	62,500	£10,000	118,612	0.0%

* On the assumption that the maximum number of Placing Shares are issued pursuant to the Placing but not including any Open Offer Shares that may be subscribed for pursuant to the Open Offer

**The number of Ordinary Shares presented in this table as being held or subscribed for by Directors refers to the number of Ordinary Shares held or subscribed for by them either personally or through a nominee.

The participation by the Directors referred to above in the Placing is classified as a 'related party transaction' for the purposes of the AIM Rules. The Directors who are not participating in the Placing having consulted with Cenkos Securities, consider that the terms of the transaction are fair and reasonable insofar as the Company's Shareholders are concerned.

9. OPTIBIOTIX LOCK-IN AND ORDERLY MARKET AGREEMENT

As at 13 October 2020, the Company's major shareholder, Optibiotix Health Plc ("**Optibiotix**"), holds 38,138,569 Ordinary Shares representing 29.8 per cent. of the Company's issued share capital. Optibiotix, Cenkos and the Company have entered into a lock-in and orderly market agreement pursuant to which Optibiotix has undertaken to the Company and to Cenkos that: (i) it will not until the first anniversary of the Fundraising dispose of the Ordinary Shares that it holds during such period; and (ii) it will only dispose of such Ordinary Shares during the 12 month period following such first anniversary through Cenkos (or its replacement) so as to ensure an orderly market in the Shares.

10. GENERAL MEETING

The General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, inter alia, to allot the New Ordinary Shares.

A notice convening a General Meeting of the Company, to be held at 6.7.8 Tokenhouse Yard, London, EC2R 7AS at 11:00 a.m. on 30 October 2020, is set out at the end of this document. Further details regarding the General Meeting and arrangements made in light of the COVID-19 pandemic are set out in paragraph 11 of this Part I. At the General Meeting, the following resolutions will be proposed:

Ordinary resolutions to:

1. authorise the directors to allot equity securities up to an aggregate nominal amount of £281,240 in respect of the Fundraising; and
2. authorise the directors to allot equity securities up to an aggregate nominal amount of £520,692 (being equal to approximately one-third of the Enlarged Share Capital), and a further £520,692 in the event of a rights issue (being equal to approximately a further one-third of the Enlarged Share Capital).

Special resolutions to:

3. disapply statutory pre-emption rights in respect of allotments of equity securities up to an aggregate nominal amount of £281,240 in respect of the Fundraising; and
4. disapply statutory pre-emption rights in respect of allotments of equity securities: (i) made on a pre-emptive basis; and (ii) relating to the grant of options to subscribe for Ordinary Shares (and the allotment of such shares pursuant to the exercise of options granted), under the terms of any share option scheme adopted or operated by the Company; and (iii) otherwise up to an aggregate nominal amount of £156,208 (being equal to approximately ten per cent. of the Enlarged Share Capital).

11. ACTION TO BE TAKEN BY SHAREHOLDERS

General meeting

Qualifying Non-CREST Shareholders should check that they have received the following with this document:

- a Form of Proxy for use in relation to the General Meeting; and
- a reply-paid envelope for use in connection with the return of the Form of Proxy (in the UK only).

You are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon so as to be received, by post or, during normal business hours only, by hand to Share Registrars Limited, The Courtyard, 17 West Street, Farnham GU9 7DR, as soon as possible but in any event so as to arrive by not later than 11:00 a.m. on 28 October 2020 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

If you hold Existing Ordinary Shares in CREST, no Form of Proxy will be sent to you. Instead, you may appoint a proxy by completing and transmitting a CREST proxy instruction to the Company's registrars, Share Registrars Limited (under Participant ID 7RA36) so that it is received by not later than 11:00 a.m. on 28 October 2020.

In light of the COVID-19 pandemic Shareholders are urged to exercise their votes by submitting their Form of Proxy and appointing the Chairman of the General Meeting as their proxy. Shareholders and their proxies will not be allowed to attend the meeting in person, as to do so would be inconsistent with current government guidelines relating to COVID-19 (as published as at the date of this circular), in particular the advice for people to avoid public gatherings, all non-essential travel and social contact. Any Shareholder seeking to attend the General Meeting in person will be refused entry. The Company is actively following developments and will issue further information through a Regulatory Information Service and/or on its website (www.skinbiotherapeutics.com) if it becomes necessary or appropriate to make any alternative arrangements for the General Meeting. The General Meeting will be purely functional in format to comply with the relevant legal requirements.

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting.

Open Offer

The latest time for application under the Open Offer to be received is 11.00 a.m. on 28 October 2020. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Open Offer Entitlements or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part III of this document.

If you are a Qualifying Non-CREST Shareholder you will have received an Application Form which gives details of your entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement or both your Open Offer Entitlement and any Excess Shares), you should complete the accompanying Application Form in accordance with the procedure for application set out in Part III of this document. Shareholders are advised to return the Application Form using the enclosed reply-paid envelope, which can also be used for return of completed Forms of Proxy.

If you are a Qualifying CREST Shareholder and do not hold any Existing Ordinary Shares in certificated form, no Application Form is enclosed with this document and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your entitlement under the Open Offer except (subject to certain conditions) if you are an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Jurisdiction. Applications by Qualifying CREST Shareholders for Excess Shares in excess of their Open Offer Entitlements should be made in accordance with the procedures set out in Part III of this document, unless you are an Overseas Shareholder in which event, applications should be made in accordance with the procedures set out in paragraph 6 of Part III of this document. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you are in any doubt as to what action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

12. DIRECTORS' RECOMMENDATION

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend unanimously that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own shareholdings, which total 967,223 Existing Ordinary Shares (representing approximately 0.8 per cent. of the Existing Ordinary Share capital).

KEY FUNDRAISING STATISTICS

Number of Existing Ordinary Shares	128,083,494
Number of Placing Shares	25,000,000
Maximum number of Open Offer Shares	3,123,988
Issue Price	16 pence
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares*	18.0 per cent.
Gross proceeds of the Placing	£4.0 million
Maximum gross proceeds of the Open Offer	Approximately £0.5 million
Estimated net proceeds of the Fundraising	Up to £4.2 million
Enlarged Share Capital immediately following the Fundraising*	156,207,482

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	6:00 p.m. on 12 October 2020
Announcement of the Fundraising	7:00am on 14 October 2020
Publication and posting of this document, the Form of Proxy and Application Form	14 October 2020
Ex-entitlement Date for the Open Offer	7:00 a.m. on 14 October 2020
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	As soon as practical after 8:00 a.m. on 15 October 2020
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	3:00 p.m. on 22 October 2020
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3:00 p.m. on 23 October 2020
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3:00 p.m. on 26 October 2020
Latest time and date for receipt of completed Forms of Proxy and receipt of electronic proxy appointments via the CREST system	11:00 a.m. on 28 October 2020
Latest time and date for receipt of the completed Application Form and appropriate payment in respect of Open Offer Shares or settlement of relevant CREST instruction	11:00 a.m. on 28 October 2020
General Meeting	11:00 a.m. on 30 October 2020
Announcement of result of General Meeting and Placing and Open Offer	30 October 2020
Admission and commencement of dealings in the New Ordinary Shares on AIM	8:00 a.m. on 2 November 2020
CREST members' accounts credited in respect of New Ordinary Shares in uncertificated form	2 November 2020
Despatch of definitive share certificates for New Ordinary Shares in certificated form	Within 10 days of Admission

If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.

Certain of the events in the above timetable are conditional upon, *inter alia*, the approval of the Resolutions to be proposed at the General Meeting.

All references to time and dates in this document are to time and dates in London.

DEFINITIONS

“Act”	the Companies Act 2006 (as amended)
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules for Companies”	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange;
“Application Form”	the application form enclosed with this document on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer;
“Board” or “Directors”	the directors of the Company as at the date of this document, whose names are set out on page 3 of this document;
“Business Day”	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading;
“Cenkos Securities”	Cenkos Securities plc, a public limited company incorporated in England and Wales under registered number 05210733 and having its registered office at 6 7 8 Tokenhouse Yard, London, EC2R 7AS, the Company’s nominated advisor and broker for the purposes of the Fundraising;
“certificated” or “in certificated form”	where an Ordinary Share is not in uncertificated form (i.e. not in CREST);
“Chairman”	the chairman of the Board;
“Company” or “SkinBio”	SkinBioTherapeutics plc, a company registered in England and Wales with registered number 09632164;
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations;
“CREST Manual”	the CREST Manual referred to in agreements entered into by Euroclear and available at www.euroclear.com ;
“CREST member”	a person who has been admitted to CREST as a system-member (as defined in the CREST Regulations);
“CREST member account ID”	the identification code or number attached to a member account in CREST;
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
“CREST participant ID”	shall have the meaning given in the CREST Manual;
“CREST payment”	shall have the meaning given in the CREST Manual;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;

“CREST sponsored member”	a CREST member admitted to CREST as a CREST sponsored member;
“EIS”	The Enterprise Investment Scheme under the provisions of Part 5 of the ITA and sections 150 sections 150 A,B and C and Schedule 5B of the Taxation of Chargeable Gains Act 1992 (as amended);
“Enlarged Share Capital”	the entire issued share capital of the Company on Admission following completion of the Fundraising assuming full take up under the Open Offer;
“Euroclear”	Euroclear UK & Ireland Limited;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer;
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, their entitlement (in addition to their Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on them taking up their Open Offer Entitlement in full;
“Excess Shares”	Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility;
“Ex-entitlement Date”	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 13 October 2020;
“Existing Ordinary Shares”	the 128,083,494 Ordinary Shares in issue at the date of this document;
“FCA”	the Financial Conduct Authority of the United Kingdom;
“Form of Proxy”	the form of proxy for use by Shareholders in relation to the General Meeting, enclosed with this document;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Fundraising”	the Placing and the Open Offer;
“General Meeting” or “GM”	the General Meeting of the Company convened for 11:00am on 29 October 2020 or any adjournment thereof, notice of which is set out at the end of this document;
“Group”	the Company and its subsidiaries (as defined in the Act);
“Issue Price”	£0.16 per New Ordinary Share;
“ITA”	UK Income Tax Act 2007;
“London Stock Exchange”	London Stock Exchange plc;
“Money Laundering Regulations”	the money laundering and terrorist financing provisions of the Criminal Justice Act 1993, the Terrorism Act 2000, the Proceeds of Crime Act 2002, the Terrorism Act 2006 and the Money Laundering Regulations 2007, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017;
“New Ordinary Shares”	the Placing Shares and/or the Open Offer Shares (as the context permits);
“Notice of General Meeting”	the notice convening the General Meeting as set out at the end of this document;
“Open Offer Shares”	3,123,988 new Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer;

“Open Offer”	the conditional invitation made to Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part III of this document and, where relevant, in the Application Form;
“Open Offer Entitlement”	the pro rata entitlement of a Qualifying Shareholder, pursuant to the Open Offer, to subscribe for 1 Open Offer Shares for every 41 Existing Ordinary Shares registered in their name as at the Record Date;
“Official List”	the Official List of the FCA;
“Ordinary Shares”	the ordinary shares of 1 penny each in the capital of the Company in issue from time to time;
“Overseas Shareholder”	a Shareholder with a registered address outside the United Kingdom;
“Placees”	subscribers for the Placing Shares;
“Placing Agreement”	the conditional placing agreement entered into between the Company and Cenkos Securities in respect of the Placing, dated 13 October, as described in this document;
“Placing”	the proposed placing by Cenkos Securities (as agent for the Company) of the Placing Shares with certain institutional investors and existing Shareholders, otherwise than on a pre-emptive basis, at the Issue Price on the terms of the Placing Agreement;
“Placing Shares”	25,000,000 new Ordinary Shares the subject of the Placing;
“Proposals”	the Placing and the Open Offer and other matters contained in this document;
“Prospectus Regulation”	EU Prospectus Regulation 2107/1129;
“Prospectus Rules”	the rules made by the FCA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market;
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in a CREST account;
“Qualifying Holding”	means a qualifying holding for the purposes of Chapter 4 of Part 6 of ITA;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in certificated form;
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholder who has a registered address in the United States of America or any other Restricted Jurisdiction);
“Receiving Agents” or “Registrar”	Share Registrars Limited, the Company's registrar and receiving agent;
“Record Date”	6:00pm on 9 October 2020 being the latest time by which transfers of Existing Ordinary Shares must be received for registration by the Company in order to allow transferees to be recognised as Qualifying Shareholders;
“Regulatory Information Service”	has the meaning given to it in the AIM Rules;
“Resolutions”	the resolutions to be proposed at the General Meeting, the full text of which are set out in the Notice of General Meeting;

“Restricted Jurisdiction”	United States of America, Canada, Australia, Japan, New Zealand and the Republic of South Africa and any other jurisdiction where the extension or availability of the Fundraising would breach any applicable law;
“Securities Act”	US Securities Act of 1933 (as amended);
“Shareholders”	the holders of Existing Ordinary Shares, and the term “Shareholder” shall be construed accordingly;
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
“uncertificated” or “uncertificated form”	means recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“USE”	Unmatched Stock Event instructions;
“VCT”	a company which is, or which is seeking to become, approved as a venture capital trust under the provisions of Part 6 of the ITA; and
“£” or “Pounds”	UK pounds sterling, being the lawful currency of the United Kingdom.