

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole of this Document should be read, but your attention is in particular drawn to the section entitled "Risk Factors" in Part II of this Document.

If you have sold or otherwise transferred all of your Existing Ordinary Shares prior to 6.00 p.m. on the Record Date, please immediately forward this Document, together with the accompanying Form of Proxy and, if relevant, the Application Form as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately and refer to the instructions regarding split applications which will be in the Application Form (if relevant).

The Directors and the Proposed Directors, whose names appear on page 7 of this Document, and the Company accept responsibility, collectively and individually, for the information contained in this Document. To the best of the knowledge and belief of the Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this Document and any accompanying documents to jurisdictions other than the United Kingdom may be restricted by applicable laws or regulations and neither this Document nor the Application Form form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares in any jurisdiction where such offer, invitation or solicitation is unlawful. Persons in jurisdictions other than the United Kingdom into whose possession this Document and/or any of the accompanying documents comes should inform themselves about and observe such applicable legal or regulatory requirements in such jurisdiction. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

This Document is not a prospectus for the purposes of the Prospectus Rules. Accordingly, this Document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom (in its capacity as the UK Listing Authority or otherwise) pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of section 21 of FSMA. Application will be made for the New Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange. 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 UK Listing Authority. 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.

This Document does not comprise an admission document under the AIM Rules and neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this Document. Prospective investors should read this Document in its entirety. This Document does not constitute a recommendation regarding securities of the Company. 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 New Ordinary Shares to the Official List. The New Ordinary Shares will not be dealt on any other recognised investment exchange and no other such application will be made. Subject to certain conditions being satisfied, including the passing of the Resolutions at the General Meeting, it is anticipated that Admission will become effective and that dealings in the New Ordinary Shares will commence on AIM at 8.00 a.m. on 11 June 2018.

AorTech International plc

(incorporated and registered in Scotland under number SC170071)

Conditional Placing and Subscription of 7,000,271 New Ordinary Shares

and

Proposed Open Offer of up to 1,667,309 New Ordinary Shares

at an Issue Price of 30p per share

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this Document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below and to the section headed "Risk Factors" in Part II of this Document. The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 7 June 2018. The procedure for application and payment by Qualifying Shareholders is set out in paragraph 3 of Part III of this Document, and, where relevant, in the accompanying Application Form to be sent to Qualifying non-CREST Shareholders.

Notice of a General Meeting to be held at the offices of Stockdale, 100 Wood Street, London, EC2V 7AN at 11.00 a.m. on 8 June 2018 is set out at the end of this Document. To be valid, the accompanying Form of Proxy for use in connection with the meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Equiniti, by not later than 11.00 a.m. on 6 June 2018. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish. For full details on proxy appointments, see the notes to the Notice of General Meeting and the Form of Proxy.

Stockdale, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company in connection with the matters described in this Document and is not acting for any other persons in relation to the Transaction and Admission. Stockdale is acting exclusively for the Company and for no one else in relation to the contents of this Document and persons receiving this Document should note that Stockdale will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stockdale or for advising any other person on the arrangements described in this Document. Stockdale has not authorised the contents of, or any part of, this Document and/or the Application Form and no liability whatsoever is accepted by Stockdale for the accuracy of any information or opinions contained in this Document and/or the Application Form or for the omission of any information. The responsibilities of Stockdale as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this Document and/or the Application Form, or otherwise.

The New Ordinary Shares to be issued will, following their issue, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

The New Ordinary Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the New Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the New Ordinary Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into such jurisdictions. Overseas Holders and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this Document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

IMPORTANT INFORMATION

The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state or other jurisdiction of the United States or qualified for distribution under any applicable securities laws in any other Restricted Jurisdiction. The New Ordinary Shares may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, within, into or in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The New Ordinary Shares are being offered and sold either: (i) outside the United States in offshore transactions within the meaning of, and in accordance with, the safe harbour from the registration requirements in Regulation S under the Securities Act; or (ii) in the United States in private placement transactions not involving any public offering in reliance on the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) under the Securities Act or another applicable exemption therefrom. There will be no public offer of the New Ordinary Shares in the United States.

Stockdale makes no representation or warranty to any offeree or purchaser of the New Ordinary Shares regarding the legality of any investment in the securities by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his, her or its own advisers as to the legal, tax, business, financial and related aspects of a purchase of the New Ordinary Shares.

None of the New Ordinary Shares, the Application Form, this Document nor any other document connected with the Fundraising has been or will be approved or disapproved by the United States Securities and Exchange Commission or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor has any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Application Form or the accuracy or adequacy of this Document or any other document connected with the Fundraising. Any representation to the contrary is a criminal offence in the United States.

Notwithstanding anything to the contrary herein, each prospective investor may disclose to any and all persons, without limitation of any kind, the US federal income tax treatment and tax structure of the Company and of the transactions contemplated by the Company. For this purpose, "tax structure" shall mean any fact that may be relevant to understanding the purported or claimed US federal tax treatment of the transaction; provided that none of the following shall for this purpose constitute tax treatment or tax structure information: the name of or other identifying information relating to the performance of the Company or its operations.

Not all Shareholders will be Qualifying Shareholders. Subject to certain exceptions, Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any other Restricted Jurisdiction will not qualify to participate in the Fundraising and will not be sent an Application Form or otherwise be permitted to participate in the Fundraising. The attention of Overseas Shareholders is drawn to paragraph 6 of Part III of this Document.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 7 June 2018. The procedure for application and payment for Qualifying Shareholders is set out in Part III of this Document, and, where relevant, in the accompanying Application Form.

No person has been authorised to give any information or to make any representation other than those contained in this Document in connection with the Transaction and, if given or made, such representation must not be relied upon as having been authorised by or on behalf of the Company or Stockdale or their respective associates, directors, officers or advisers.

The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this Document.

FORWARD LOOKING STATEMENTS

This Document may contain statements about AorTech International plc that are or may be “forward-looking statements”. All statements, other than statements of historical facts, included in this Document may be forward-looking statements and are subject to, *inter alia*, the risk factors described in Part II of this Document. Without limitation, any statements preceded or followed by, or that include, the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “should”, “anticipates”, “estimates”, “projects”, “would”, “could”, “continue”, “potential” or words or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements include matters which are not facts. They appear in a number of places throughout this Document and include (without limitation) statements regarding the Directors’ and Proposed Directors’ intentions, understanding, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth and strategies. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of AorTech International plc. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules), AorTech International plc does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to AorTech International plc or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this Document are based on information available to the Directors and Proposed Directors at the date of this Document, unless some other time is specified in relation to them, and the posting or receipt of this Document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

Shareholders should not construe the contents of this Document as legal, tax or financial advice, and should consult with their own advisers as to the matters described herein.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Record Date for the Open Offer	6.00 p.m. on 18 May
Announcement of details of the Fundraising	21 May
Publication and posting of this Document, Form of Proxy and Application Form	22 May
Existing Ordinary Shares marked “ex” by the London Stock Exchange	22 May
Basic Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Holders in CREST	23 May
Recommended latest time for requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 1 June
Latest time for depositing Basic Entitlements and/or Excess Entitlements into CREST	3.00 p.m. on 4 June
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 5 June
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 6 June
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 7 June
General Meeting	11.00 a.m. on 8 June
Announcement of result of General Meeting and Open Offer	8 June
Admission of and commencement of dealings in the New Ordinary Shares to trading on AIM	8.00 a.m. on 11 June
New Ordinary Shares credited to CREST stock accounts	8.00 a.m. on 11 June
Despatch of definitive share certificates for New Ordinary Shares	week commencing 18 June

Notes:

- (i) References to times in this Document are to London time (unless otherwise stated).
- (ii) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to an RIS.
- (iii) The timing of the events in the above timetable and in the rest of this Document is indicative only.
- (iv) In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part III of this Document and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Equiniti on 0330 123 5504 or if calling from outside the UK on +44 121 415 0229, where relevant, quoting the allotment number of their Application Form. Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes. Equiniti cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

FUNDRAISING STATISTICS

Closing Price per Existing Ordinary Share on 18 May 2018	44 pence
Number of Qualifying Shares	5,557,695
Basic Entitlement under the Open Offer	3 Open Offer Shares for every 10 Qualifying Shares
Issue Price of each New Ordinary Share	30 pence
Discount to market price of 44 pence per Existing Ordinary Share	32 per cent.
Number of Placing Shares	5,740,267
Number of Subscription Shares	1,260,004
Number of Consideration Shares	461,333
Number of Open Offer Shares to be offered for subscription by Qualifying Shareholders	1,667,309
Expected proceeds of the Open Offer (before expenses)	£0.5 million
Expected proceeds of the Placing and Subscription (before expenses)	£2.1 million
Enlarged Share Capital following Admission*	14,686,608
Percentage of Enlarged Share Capital represented by the Open Offer Shares*	11.35 per cent.
Estimated net proceeds of the Fundraising*	up to £2.4 million
ISIN of the Basic Entitlement	GB00BG377646
ISIN of the Excess CREST Open Offer Entitlement	GB00BG377752

Note:

* Assuming the issue of the Placing Shares, the Subscription Shares and the Consideration Shares and full subscription under the Open Offer.

PART I

LETTER FROM THE CHAIRMAN

AorTech International plc

(incorporated and registered in Scotland under number SC170071)

Directors:

William Brown (Chairman)
John McKenna (Non-Executive Director)
Gordon Wright (Non-Executive Director)

Registered Office:

C/o Kergan Stewart LLP
163 Bath Street
Glasgow
G2 4SQ

Proposed Directors:

John Ely (Non-Executive Director)
Geoffrey Berg (Non-Executive Director)
David Richmond (Non-Executive Director)

22 May 2018

Dear Shareholder

**CONDITIONAL PLACING AND SUBSCRIPTION OF 7,000,271 NEW ORDINARY SHARES
AND
PROPOSED OPEN OFFER OF UP TO 1,667,309 NEW ORDINARY SHARES
AND
NOTICE OF GENERAL MEETING**

1. Introduction

The Company announced yesterday that it is raising, in aggregate, approximately £2.1 million before expenses, by way of a conditional placing of 5,740,267 new Ordinary Shares and a conditional subscription of 1,260,004 new Ordinary Shares at the Issue Price. The issue of both the Placing Shares and the Subscription Shares is subject to, *inter alia*, the passing of the Resolutions at the General Meeting.

The Company also announced that it proposes to raise a further £0.5 million by way of a conditional Open Offer to Qualifying Shareholders, subject to Shareholder approval, details of which are set out in this Document.

The Issue Price represents a discount of approximately 32 per cent. to the Closing Price of 44 pence on 18 May 2018, the last trading day prior to the date of the Announcement.

The purpose of this Document is to set out the background to and reasons for the Fundraising and to give details of each of the Placing, the Subscription and the Open Offer and to recommend that you vote in favour of each of the Resolutions required to be passed to implement them. The Fundraising is conditional on, amongst other matters, the passing of the Resolutions at the General Meeting, and is expected to complete on 11 June 2018, being the expected date of admission to trading on AIM of the New Ordinary Shares. The Notice of General Meeting is set out at the end of this Document.

2. Background to and reasons for the Fundraising

AorTech owns, what the Board believes to be, a valuable IP portfolio covering a family of medical grade polymers (Elast-Eon™) and a number of medical devices. Its polymers are fully approved for long term human implants and over 4 million patients' lives are dependent on devices enabled by Elast-Eon™. To date, approximately £60 million, in aggregate, has been invested in developing the Company's polymer technology and in its heart valve designs and testing. The Board has identified 3 growth platforms (further details of which are set out below), each of which can potentially be independently exploited and the Directors believe that a relatively low cost/risk strategy has been developed for each one. The Company is seeking to raise,

in aggregate, approximately £2.1 million by way of the Placing and the Subscription and a further £0.5 million by way of the Open Offer, along with grant funding of approximately £0.5 million, which the Company intends to apply for, and aims to use these additional resources to develop two CE marked medical devices and undertake development and testing work on a heart valve with the objective of generating data for advancing to human trials.

AorTech holds a number of patents, know-how and trade secrets relating to a family of bio-compatible materials. A large range of polymers has been developed within the Elast-Eon™ family with different mechanical properties, such as hardness and elasticity. Previously, the Company sought licensees which would develop medical devices using the polymer. In addition, the Company licensed manufacturing rights to Biomerics which shares the profit margin with the Company on sales of polymer. By working with licensees, the Directors believe that the Company has gained knowledge of how to manufacture using Elast-Eon™. The Company intends to exploit its IP portfolio by developing medical devices in the fields of cardiac and vascular surgery.

The Board considers that Elast-Eon™ is widely regarded as a bio-stable medical grade polyurethane material – the Elast-Eon™ family of polymers is the enabling technology behind each of the Company's 3 identified growth platforms. Testing on Elast-Eon™ indicates that it has the capacity to be:

- Non-inflammatory (release of fluid into tissue);
- Non-thrombogenic (produces coagulation in blood);
- Non-calcific (calcium build up);
- Biostable (chemically stable in body);
- Biocompatible (non-harmful to living tissue);
- Durable (maintains mechanical properties long term); and
- Abrasion resistant (wearing down of material).

These characteristics are highly desirable for all long term implants, particularly for blood contacting implants. Elast-Eon™'s sweet spot is in the cardiovascular system where it has over 10 years' human use in blood contacting devices, including pacemakers and coronary artery stents. Elast-Eon™ is approved for use in medical devices by the relevant regulatory authorities and has an FDA Master File; therefore the polymer can be used by device manufacturers without having to conduct further biocompatibility testing (subject to relevant testing and regulatory compliance in respect of the medical devices).

The revenues generated by its licensing model cover the Company's current corporate costs. The Company is now seeking to maximise value from its IP portfolio by developing certain products while maintaining what the directors believe to be a low cost/risk business model. As part of this strategy, the Company intends to enter into a development and manufacturing agreement with RUA Medical, a medical textiles manufacturer, and a development contract with Vascular Flow Technologies, a medical device development company. If successfully developed and approved by the relevant regulatory authorities, the Company proposes to employ what the Directors believe to be a lean sales and marketing strategy for its products, a distribution model to provide access to hospital markets and OEM sales of devices to other medical device companies.

Initial product pipeline

(a) Cardiovascular and soft tissue patches

The currently available technology comprises either animal tissue or textile (PTFE) material. In the Board's opinion, each may be compromised by either calcification or tissue ingrowth, potentially leading to adhesions. In 2014, the cardiovascular and soft tissue repair patches market was valued at \$2.5 billion and estimated to reach nearly \$5.8 billion by 2021¹.

Patches are used by surgeons as a multi-functional repair kit, for example:

- General surgeons use PTFE patches in hernia repair operations to strengthen the repair;
- Vascular surgeons use animal tissue patches to repair blood vessels; and

¹ Source: Grand View Research

- Cardiac surgeons use animal tissue and PTFE patches to reconstruct damaged tissue or paediatric malformations or in closing open heart surgery procedures.

The Board believes that there is a shortage of suitable animal tissue, in particular bovine pericardium, and much of that is being diverted to the much higher margin markets of tissue heart valves and TAVI devices in particular. As a result, there is currently a shortage of cardiac patches in the market which the Company proposes to address by encapsulating a textile scaffold within a sheet of Elast-Eon™ which should reduce calcification problems.

(b) Large bore grafts

Aortic grafts are used to treat dissections and aneurysms of the aorta, particularly of the ascending aorta, but also the aortic arch, which are not suitable for minimally invasive endovascular procedures. Surgeons typically undertake one of the following procedures:

- An endovascular repair of the descending aorta which replaces aneurysms or dissections with a graft;
- A David procedure where part of the ascending aorta is removed and replaced with a graft; or
- A Bentall procedure where both the valve and the aorta are replaced at the same time with a valved conduit, a ready-made product of valve and graft.

The market was valued at \$1.8 billion in 2015 and is estimated to grow at 5 per cent. annually².

The Company proposes to replicate current graft technology but to replace animal sourced sealants with a coating of Elast-Eon™ on the graft to provide the following benefits:

- The graft will maintain its tactile properties whilst still exhibiting the natural self-healing/coating properties of the internal surface or lumen;
- The graft will also be able to be both wet and dry sterilised, allowing use with both tissue and mechanical heart valves as a valved conduit for Bentall procedures; and
- Wet sterilisation will allow tissue valves to be sold as part of valved conduits, increasing the potential market size.

(c) Synthetic heart valve

AorTech has the opportunity to complete testing on a heart valve project which has had approximately £30 million invested to date. AorTech's valve, if successfully developed, should have the following principal advantages over current surgical valve technology:

- Unlike mechanical valves, a synthetic valve should not require life-long blood thinning treatment for the patient;
- It should be more durable than a tissue valve and is therefore available to younger patients and/or reduces the need for further valve replacement; and
- The manufacturing costs of synthetic valves should be a fraction of the cost of competing valves – typically, 10 per cent. of the cost of tissue valves.

Manufacture of an animal product sealed vascular graft connected to a conventional tissue aortic valve is currently not possible due to the required storage fluid washing out the sealant.

The global prosthetic market was valued at \$4.8 billion in 2017 and is forecast to reach \$8.8 billion in 2022, representing a CAGR of 12.9 per cent³.

The synthetic valve has been tested previously for durability and in animal trials. The Company proposes to undertake a two year programme comprising:

- The review and finalisation of the valve design using FEA and CFD tools;
- Re-establishing the manufacturing process and validating the repeatability of manufacture; and

² Source: www.alliedmarketresearch.com/abdominal-aortic-aneurysm-repair-devices-market

³ Source: www.marketsandmarkets.com

- Undertaking in vivo and in vitro clinical trials.

Risk management strategy

The Company proposes to leverage Elast-EON™'s properties and work with identified partners to reduce costs and achieve market/regulatory approval of its products, thereby accelerating their commercialisation and the generation of revenue. These products have, in the Board's opinion, significant potential as Elast-Eon™'s blood contacting properties have the potential to change the way medical devices react with the body.

The Board believes that patches and grafts represent relatively low risk developments as they incorporate currently approved devices which are technically simple, have been used and accepted for many years and have seen little recent innovation. The Company proposes to work with RUA Medical, a proven manufacturer of implantable textile substrates, which will use AorTech's polymer technology to coat products. The Directors consider that this proposed approach reduces risk, minimises establishment costs and reduces the time to commercialise the Company's products.

While the Board considers that development of the heart valve represents a higher risk than the patches and grafts as it involves a change in technology, approximately £30 million has been invested to date in its development and the potential value of success in both surgical and trans-catheter versions is, in the Board's opinion, substantial. The Board has identified a number of milestones to ensure that value will have been added at each stage of the process and prior to any further investment being made. In addition, by using a proven polymer technology and partnering with other device companies, the roadmap to commercialisation could potentially be significantly shortened.

Partner arrangements

As set out above, as part of its risk management strategy, the Company intends to work with identified partners in developing new devices. In particular, following Admission, it intends to enter into agreements with the following companies:

RUA Medical

RUA Medical, the trading name of Culzean Medical Devices Limited, is an implantable fabric specialist and full service contract medical device developer and manufacturer. It provides contract design, development, manufacture, assembly, packing and consultancy services to the medical device and biotech industries from its two cleanroom facilities in Scotland. It is ISO 13485:2016 certified and both cleanroom manufacturing sites are FDA registered.

AorTech has agreed terms in principle with RUA Medical to undertake work on its Elast-Eon™ sealed patches and grafts. This includes conducting development work on each of the proposed patches and grafts products, collaborating on obtaining regulatory approval for the devices and manufacturing and supplying products.

Vascular Flow Technologies

If the Company was to restart the heart valve business, the Board considers that it would need to hire a team comprising a minimum of 5 people as well as incurring the costs of recruitment, property and to update its systems and technology. The Company has instead agreed terms in principle with VFT to provide the Company with:

- Project management;
- Administrative and finance support;
- Engineering resource; and
- Computer aided engineering, comprising CAD, CFD and FEA.

VFT, which is based in Dundee, is an ISO 13485 certified medical device development company with capabilities in pre-clinical development and testing. It has developed and patented its novel SLF technology which restores the natural pattern of blood flow which has been shown to extend the effective life of implants, help prevent disease progression and generally improve patient outcomes.

3. Proposed Directors and Additional Team Members

The current Board comprises myself, as Chairman, John McKenna and Gordon Wright, both of whom serve as non-executive Directors. Immediately following Admission, it is proposed that the following join the Board:

John Ely (*NED – Heart Valve Expert*)

John is a recognised expert in cardiovascular devices and spent 7 years at the FDA, where he was responsible for a team that approved cardiovascular medical devices, including heart valves. In industry, he has successfully managed the process of obtaining pre-market approvals for 6 heart valves, including both tissue and mechanical valves. He has also led research and development, regulatory and quality assurance teams at Baxter International Inc., Edwards Lifesciences Corporation and On-X Life Technologies, Inc. He has authored over 25 scientific papers and is the named inventor on 3 US patents. He was previously engaged by AorTech as an expert witness in the area of heart valve design and development process, giving him an intimate knowledge of AorTech's heart valve project.

Geoffrey Berg (*NED – Cardiovascular Expert*)

Geoffrey was formerly a consultant heart surgeon at the Golden Jubilee Hospital in Glasgow where he specialised in surgical treatment of valvular heart disease and was recognised as one of the leading surgeons in mitral valve repair and replacement. He has authored a number of scientific papers on the treatment of heart disease and conducted studies into the long term performance of replacement heart valves. He has been involved in the early stage development of a number of cardiovascular devices, including a stentless animal tissue heart valve, and the launch of the only biological valved conduit. He is a recognised authority on stentless aortic valve surgery and has co-authored papers on stentless versus stented aortic valve insertions.

David Richmond (*NED – Product Development Expert*)

David is the founder of Culzean Medical Devices Limited which trades as RUA Medical, which was re-acquired from Lombard Medical Technologies plc in December 2013 (having previously been sold to them in June 2007). RUA provides contract design, development, manufacture, assembly, retail packing and consultancy services to clients worldwide in the medical device and biotech industries from its two modern clean room facilities in Scotland. Further details on RUA Medical are set out above.

With effect from Admission, I will become Executive Chairman, on a full-time basis, and John McKenna will become Director of Clinical Marketing, on a part-time basis. Further details of the service agreements to be entered into with John McKenna and myself and of the letters of appointment to be entered into with each of the Proposed Directors are set out below.

In addition, the Company intends to call on the services of the following additional team members by way of agreements to be entered into with them or their respective companies following Admission:

Craig Dunlop & team at VFT (*Consultant – Valve Engineering*)

Craig joined VFT as general manager in May 2014. He has over 20 years' industry experience as a medical device engineer and manager, most recently at Vascutek Ltd, a Terumo Corporation company, where he was OEM Technical Manager and as Development and Operations Manager of expanded polytetrafluoroethylene (ePTFE) products. He has a broad portfolio of successful new product developments and introductions within the cardiovascular arena and has worked in both Europe and USA. Further details on VFT are set out above.

Edwin Lindsay at Compliance Solutions (*Regulatory Affairs*)

Edwin has an in-depth knowledge of developing and implementing quality, validation and regulatory systems for high growth companies. He has over 20 years' experience in preparing and executing new and amended submissions for class 1, 2 and 3 medical devices.

4. Details of the Placing and the Subscription

Details of the Placing

The Company has conditionally raised approximately £1.7 million (before expenses) by the Placing of 5,740,267 Placing Shares at the Issue Price to Placees.

The Placing is conditional, *inter alia*, upon:

- (a) the passing of Resolutions 2 and 4 at the General Meeting;
- (b) the Placing Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms; and
- (c) Admission becoming effective by no later than 8.00 a.m. on 11 June 2018 or such later time and/or date (being no later than 8.00 a.m. on 30 June 2018) as Stockdale and the Company may agree.

The Placing Shares are not subject to clawback. The Placing is not being underwritten. The Placing Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, 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 after Admission.

Application will be made to the London Stock Exchange for the admission of the Placing Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 11 June 2018 at which time it is also expected that the Placing Shares will be enabled for settlement in CREST.

Details of the Subscription

The Company has conditionally raised approximately £0.4 million (before expenses) by the conditional subscription of 1,260,004 Subscription Shares at the Issue Price to Subscribers.

The Subscription is conditional, *inter alia*, upon:

- (a) the passing of Resolutions 2 and 4 at the General Meeting; and
- (b) Admission becoming effective by no later than 8.00 a.m. on 11 June 2018 or such later time and/or date (being no later than 8.00 a.m. on 30 June 2018) as Stockdale and the Company may agree.

The Subscription Shares are not part of the Placing and are not included in the Placing Shares. They are not subject to clawback. The Subscription is not being underwritten. The Subscription Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, 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 after Admission.

Application will be made to the London Stock Exchange for the admission of the Subscription Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 11 June 2018 at which time it is also expected that the Subscription Shares will be enabled for settlement in CREST.

5. Details of the Open Offer

The Company is proposing to raise a further £0.5 million (before expenses) pursuant to the Open Offer. The Issue Price of 30 pence per New Ordinary Share represents a discount of approximately 32 per cent. against the Closing Price of 44 pence on 18 May 2018, the last business day prior to the date of the Announcement.

The Open Offer is being made on a pre-emptive basis, allowing Qualifying Shareholders on the register as at 6.00 p.m. 18 May 2018 the opportunity to participate.

The Open Offer provides Qualifying Shareholders with the opportunity to apply to acquire Open Offer Shares at the Issue Price *pro rata* to their holdings of Qualifying Shares as at the Record Date on the following basis:

3 Open Offer Shares for every 10 Qualifying Shares

and so on in proportion to any other number of Qualifying Shares then held.

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlement to Open Offer Shares will be disregarded in calculating the Basic Entitlement.

Shareholders' interests will be diluted by the issue of the Placing Shares, the Subscription Shares, and the Consideration Shares and then further diluted by the issue of the Open Offer Shares if they do not take up

their Basic Entitlement. Shareholders who do not take up any of their Basic Entitlements will experience total dilution to their interests of approximately 64 per cent. following completion of the Fundraising.

Qualifying Shareholders should note that the Open Offer Shares have not been underwritten.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 11 June 2018 (or such later date, being not later than 8.00 a.m. on 30 June 2018, as the Company and Stockdale may decide):

- (a) the passing of Resolutions 2 and 4 at the General Meeting (or any adjournment thereof);
- (b) Admission becoming effective by 8.00 a.m. on 11 June 2018 (or such later time or date not being later than 8.00 a.m. on 30 June 2018 as the Company and Stockdale may decide); and
- (c) the Placing Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms.

The New Ordinary Shares will, when issued and fully paid, 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 after Admission.

Excess Applications

The Open Offer is structured to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares on the Record Date.

Qualifying Shareholders may also make applications in excess of their Basic Entitlements. To the extent that Basic Entitlements are not subscribed for by Qualifying Shareholders, such Open Offer Shares will be available to satisfy such excess applications, subject to a maximum of 1,667,309 Open Offer Shares in aggregate. To the extent that applications are received in respect of more than 1,667,309 Open Offer Shares in aggregate, excess applications will be scaled back accordingly.

Qualifying Shareholders should note that their applications under the Excess Application Facility will be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that an application for Excess Shares will be met in full or in part or at all. The Directors may determine in their absolute discretion not to accept any particular application under the Excess Application Facility.

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying non-CREST Holders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

Settlement and dealings

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 11 June 2018. Further information in respect of settlement and dealings in the New Ordinary Shares is set out in paragraph 8 of Part III of this Document.

Overseas Shareholders

Certain Overseas Shareholders may not be permitted to subscribe for Open Offer Shares pursuant to the Open Offer and should refer to paragraph 6 of Part III of this Document.

CREST instructions

Application has been made for the Basic Entitlements for Qualifying CREST Holders to be admitted to CREST. It is expected that the Basic Entitlements will be admitted to CREST on 23 May 2018.

The Excess CREST Open Offer Entitlements will also be admitted to CREST on 23 May 2018. Applications through the CREST system may only be made by the Qualifying Holder originally entitled or by a person

entitled by virtue of a *bona fide* market claim.

If you are a Qualifying non-CREST Holder an Application Form which gives details of your Basic Entitlement under the Open Offer (as shown by the number of the Open Offer Shares allocated to you) is enclosed with this Circular. If you wish to apply for Open Offer Shares under the Open Offer, you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 3 of Part III of this Document and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to arrive as soon as possible and in any event **no later than 11.00 a.m. on 7 June 2018**.

If you are a Qualifying CREST Holder, no Application Form is enclosed with this Circular but you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement and if appropriate your Excess Entitlement. You should refer to the procedure for application set out in paragraph 3 of Part III of this Document. The relevant CREST instruction must have settled in accordance with the instructions in paragraph 3 of Part III of this Document by **no later than 11.00 a.m. on 7 June 2018**.

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 FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

6. Use of net proceeds

It is proposed that the net proceeds of the Placing and the Subscription, amounting to approximately £1.9 million, along with the funds raised pursuant to the Open Offer, be used over a two year period to fund the development of textile substrate products (patches and grafts); stage one of heart valve development; investment in capital equipment for heart valve manufacturing and testing and for general working capital purposes.

In addition, the Company intends to apply for grant funding of approximately £0.5 million from Scottish Enterprise, although there can be no assurance that such application will be successful or, if the grant is received, that it will not require to be repaid in certain circumstances.

7. Placing Agreement

Under a placing agreement entered into with the Company, Stockdale has conditionally agreed to act as placing agent to the Company and to use reasonable endeavours to procure Placees to subscribe for the Placing Shares at the Issue Price. The Placing has not been underwritten.

The Placing Agreement sets out the conditions relating to the Placing.

The Placing is conditional upon (amongst other things) the satisfaction of the following conditions:

- (a) the passing of the Resolutions at the General Meeting;
- (b) Admission taking place no later than 11 June 2018 (or such later time and date as the Company and Stockdale may agree being no later than 30 June 2018);
- (c) there being no breach of warranty under the Placing Agreement prior to Admission; and
- (d) the performance by the Company of its obligations under the Placing Agreement and/or other terms of or conditions to the Placing prior to Admission.

The Placing Agreement contains certain customary warranties from the Company in favour of Stockdale in relation to, *inter alia*, the accuracy of the information contained in this Document and certain other matters relating to the Group and its business. In addition, the Company has given certain undertakings to Stockdale and has agreed to indemnify Stockdale in relation to certain customary liabilities they may incur in respect of the Transaction. Stockdale has the right to terminate the Placing Agreement in certain circumstances

prior to Admission including *inter alia*: (i) for certain force majeure events or other events involving certain material adverse changes or prospective material adverse changes relating to the Group; or (ii) in the event of a breach of the warranties or other obligations of the Company set out in the Placing Agreement.

Under the Placing Agreement the Company has agreed to pay certain fees and commissions to Stockdale and certain other costs and expenses in connection with the Transaction and Admission. In addition, the Company has entered into a warrant agreement with Stockdale, pursuant to which Stockdale is granted the right to acquire 166,667 Ordinary Shares at the Issue Price, exercisable at any time within the period of 5 years following Admission. The number of warrant shares and the exercise price is subject to adjustment in certain circumstances.

8. Proposed Acquisition of Cortech and Related Party Transaction

AorTech owes fees to me in connection with managing and settling the litigation which was announced on 11 December 2017. Cortech, which is wholly owned by me, has developed the business plan for the new medical devices and is the corporate vehicle through which my fees are charged. The Company has entered into the Acquisition Agreement whereby it is proposed that, subject to shareholder approval and conditional on Admission, AorTech acquires Cortech for an amount equivalent to the outstanding fees payable in new Ordinary Shares at the Issue Price. The amount of outstanding fees is £138,400 and accordingly the Company will issue, by way of the consideration, 461,333 new Ordinary Shares. In terms of the Acquisition Agreement, the Company will be given the benefit of warranties and indemnities of the type normally found in agreements for the acquisition of the share capital of a private company.

I have agreed with the Company and Stockdale not to dispose of any interests in the Consideration Shares for a period of two years from Admission, save in certain limited circumstances. Shareholder approval is required for the Acquisition pursuant to section 190 of the Companies Act and therefore Resolution 1 will be proposed at the General Meeting as an ordinary resolution.

The Acquisition is deemed a related party transaction under the AIM Rules by virtue of me being a Director of the Company. The Independent Directors, being John McKenna and Gordon Wright, consider, having consulted with the Company's nominated adviser, Stockdale, that the terms of the Acquisition are fair and reasonable insofar as the Shareholders are concerned.

9. Subscription by Directors

Each of Gordon Wright, John McKenna and I has subscribed for 333,334 Subscription Shares, 10,000 Subscription Shares and 33,334 Subscription Shares respectively. Immediately following Admission, Gordon Wright, John McKenna and I will hold 641,645 Ordinary Shares, representing approximately 4.37 per cent. of the Enlarged Share Capital, 18,785 Ordinary Shares, representing approximately 0.13 per cent. of the Enlarged Share Capital and 506,649 Ordinary Shares, representing approximately 3.45 per cent. of the Enlarged Share Capital respectively. The resultant shareholdings and percentages shown in this paragraph assume that none of the Directors takes up their Open Offer entitlements and full subscription under the Open Offer.

10. Service Agreements and Letters of Appointment

With effect from Admission, the Company will enter into service agreements with John McKenna and myself and Letters of Appointment with Gordon Wright and each of the Proposed Directors.

The service agreement between the Company and John McKenna will appoint him as Director of Clinical Marketing on a part-time basis. His time commitment will be 67.5 days per year and the annual salary will be £50,000; in addition, the Company will make an annual pension contribution of 10 per cent. of the salary. The service agreement may be terminated by either party serving at least 12 months' notice in writing at any time after 31 May 2019.

The service agreement between the Company and myself will appoint me as Executive Chairman. This will be a full-time commitment and the annual salary will be £120,000; in addition, the Company will make an annual pension contribution of 10 per cent. of the salary and any bonus (subject to a maximum level of

pensionable bonus of 100 per cent. of salary). The service agreement may be terminated by either party serving at least 12 months' notice in writing at any time after 31 May 2019.

The Letters of Appointment will appoint each of the Proposed Directors as a non-executive director of the Company and, in the case of Gordon Wright, will supersede his current terms of appointment. The basic annual fee payable to each individual will be £18,000. The appointment may be terminated by either party serving at least 3 months' notice in writing.

11. Share Option Plan

The Directors intend to incentivise and retain the key executive Directors, namely John McKenna and myself, by means of share options to be granted under the Share Option Plan. Resolution 3 to be proposed at the General Meeting is to approve the adoption of the Share Option Plan, which is summarised in Part IV of this document.

The Share Option Plan will be an Enterprise Management Incentive (EMI) Scheme and will be operated by the Company in accordance with the legislation applying to EMI schemes. The EU State Aid approval for EMI Schemes recently expired, but as at the date of this document it has been announced that this is being renewed. Options will not be granted under the Share Option Plan until it can be confirmed that these will be EMI qualifying options.

The Directors intend that, subject to it being confirmed that EU State Aid approval has been renewed, options under the Share Option Plan will be granted on Admission over the number of Ordinary Shares which will represent approximately 10 per cent. of the Enlarged Share Capital, at an exercise price equal to the Issue Price. Of these options, 3 per cent. will be granted to John McKenna and such number of options which, when aggregated with the Consideration Shares, equate to 10 per cent. of the Enlarged Share Capital, will be granted to myself. Following the grant of such options, the Directors will have authority to grant further options over approximately 5 per cent. of the Enlarged Share Capital; the Directors have no current intentions to grant any further options.

12. Current trading

On 11 December 2017, the Company announced its interim results for the 6 months ended 30 September 2017, the contents of which are available on the Company's website <https://www.aortech.net/>. Since 30 September 2017, the Company has continued to trade in line with management's expectations.

13. General Meeting

You will find set out at the end of this Document a notice convening the General Meeting to be held at the offices of Stockdale Securities Limited, 100 Wood Street, London EC2V 7AN at 11.00 a.m. on 8 June 2018 at which the following resolutions will be proposed as ordinary or special resolutions as indicated below:

- (a) to approve the Acquisition (ordinary resolution);
- (b) to authorise the Directors to allot Ordinary Shares for the purposes of the Acquisition, the Placing, the Subscription and the Open Offer, pursuant to an employee share scheme and for general corporate purposes up to one-third of the Company's issued ordinary share capital following completion of the Acquisition, the Placing and the Open Offer (ordinary resolution);
- (c) to approve the adoption of the Share Option Plan for the benefit of Directors and employees of the Company (ordinary resolution); and
- (d) to approve the waiver of the statutory pre-emption rights in respect of the allotment of equity securities:
 - (i) pursuant to the authority to allot in respect of the Placing, the Subscription and the Open Offer, a Share Option Plan for the benefit of Directors and employees of the Company and up to a maximum nominal amount of £36,716.50; and
 - (ii) in connection with rights issues, open offers and other pre-emptive offers pursuant to the authority to allot referred to at (b) above and otherwise up to an aggregate nominal amount equal to 5 per cent. of the Company's issued share capital from time to time (special resolution).

The authorities to allot and to waive pre-emption rights are in substitution for the authorities given to the Directors at the 2017 annual general meeting of the Company and will fall to be renewed at the 2018 annual general meeting of the Company.

14. Action to be taken in respect of the General Meeting

Shareholders will find accompanying this Document a Form of Proxy for use in connection with the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions thereon so as to be received by Equiniti as soon as possible and in any event not later 11.00 a.m. on 6 June 2018. Completion and return of the Form of Proxy will not prevent a Shareholder from attending and voting at the General Meeting should they wish.

15. EIS and VCT Status

The Company has received advance assurance from HMRC that the Placing Shares and the Subscription Shares will be “eligible shares” for the purposes of investment by VCTs and that the Company is authorised to issue EIS Compliance Certificates in respect of Placing Shares and Subscription Shares issued following receipt of a completed Form EIS1. However, none of the Company, the Directors or any of the Company’s advisers give any warranty or undertaking that any tax reliefs will continue to be available and not withdrawn at a later date.

16. Additional information

Your attention is drawn to the risk factors set out in Part II of this Document. Shareholders are advised to read the whole of this Document and not rely solely on the summary information presented in this letter.

Details of the actions to be taken if you wish to subscribe for Open Offer Shares are provided in Part III of this Document.

17. Recommendation

John McKenna and Gordon Wright, as Independent Directors, believe that the Acquisition is in the best interests of the Company and its shareholders as a whole. The Directors believe that the Placing, the Subscription, the Open Offer and adoption of the Share Option Plan are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they intend so to do in respect of their beneficial shareholdings amounting to 329,078 Existing Ordinary Shares, representing approximately 5.9 per cent. of the Company’s issued share capital.

Yours faithfully

William Brown

Chairman

PART II

RISK FACTORS

Investors should be aware of the risks associated with an investment in the Company. An investment in the Company may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult an investment adviser under the FSMA, who specialises in advising on this type of investment.

A prospective investor should carefully consider whether an investment in the Company is suitable in the light of their personal circumstances and the financial resources available to them.

Accordingly, when evaluating whether to invest in the Company, prospective investors should carefully consider the risks described below. If any of the following risks were to materialise, the Company's business, financial condition, results, prospects and/or future operations could be materially adversely affected. In such case, the market price of the Company's shares might decline and an investor might lose all or part of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have a material adverse effect upon the Company. No inference ought to be drawn from the order in which the following risk factors are presented as to their relative importance or potential effect.

1. Risks relating specifically to the Company

Trading

The Company's trading expectations are based on assumptions which the Directors consider to be reasonable but which are inherently subject to variation and uncertainty. There can be no assurance or guarantee that any element of those plans will be fulfilled, that the outcome of the Company's strategy will be achieved or that the Company will achieve revenue or be profitable.

There can be no assurances that the Acquisition will complete

Completion of the Acquisition is subject to Shareholders' approval and the capital raising being successfully completed. If the Acquisition does not proceed, AorTech will have incurred advisory and other costs which it will have to pay in any event.

The Company will be dependent on certain key executives and personnel

The Company has a relatively small senior management team and the loss of any key individual or the inability to attract appropriate personnel could impact upon the Company's future performance. The ability to continue to attract and retain employees with the appropriate qualifications, expertise and skills cannot be guaranteed. If the Company is unable to hire and retain such personnel in a timely manner, the ability to sell its products and otherwise to grow its business will be impaired which may have a detrimental effect upon the performance of the Company.

Partner arrangements

While the Company has agreed terms in principle with RUA Medical and Vascular Flow Technologies as described in the section headed "Partner arrangements" in the Chairman's letter in Part I of this Document, there can be no assurance that definitive agreements will be entered into with either company. If either agreement is not successfully concluded, there can be no assurance that the Company would be able to source the relevant services from third parties on commercially acceptable terms or at all. Any failure to procure the relevant services (either from RUA Medical or Vascular Flow Technologies or third parties) could materially adversely impact on the Company's financial condition, results of operations and prospects.

Early stage of operations

The Company will be at an early stage of development in relation to the new products. The commencement of the Company's material revenues as a result of the new products is difficult to predict and there is no guarantee that the Company will generate any material revenues in the foreseeable future. The Company has a limited operating history upon which its performance and prospects can be evaluated and faces the

risks frequently encountered by developing companies. The risks include the uncertainty as to which areas to target for growth. There can be no assurance that the Company's proposed operations will be profitable or produce a reasonable return, if any, on investment.

The Company may be adversely affected by legislation and regulatory changes

This Document has been prepared on the basis of current legislation, regulations, rules and practices and the Directors' interpretation thereof. Whilst the Company will take every effort to ensure that it complies with all applicable legislation, regulations, rules and practices, such interpretation may not be correct and it is always a possibility that legislation, regulations, rules and practices may change. Any changes to legislation, regulations, rules or practices may have an adverse effect on the Company's operations and the returns available on an investment in the Company.

Uncertainty obtaining regulatory approvals

The Company will need to obtain various regulatory approvals (including from the FDA and European Medicines Agency) and comply with extensive regulations before it markets and licenses its products. These regulations vary from country to country and the time required for regulatory review can be lengthy, expensive and uncertain. Whilst efforts have been, and will continue to be, made to ensure compliance with regulatory standards, there is no guarantee that any product will be able to achieve the necessary regulatory approvals and any such approval may include significant restrictions for which the Company's products can be used. Delays or failure in obtaining regulatory approval for products could have a material adverse effect on the Company's ability to license its products which would have a material adverse effect on the financial performance and value of the Company.

The Company's significant reliance on the protection of its intellectual property

The Company's ability to compete significantly relies upon the successful protection of its intellectual property. The Company seeks to protect its intellectual property through the filing of worldwide patent applications. However, this does not provide any assurances that a third party will not infringe on the Company's intellectual property, release confidential information about the Company's intellectual property or claim technology which is registered to the Company.

The Company may incur significant costs as a result of intellectual property disputes

In the event that litigation is necessary to protect the Company's intellectual property or defend claims of infringement by the Company on a third party's intellectual property, it could require the Company to commit significant resources to the litigation process and there is no guarantee that the result of such litigation would result in a favourable outcome to the Company.

The Company's products could infringe intellectual property rights of third parties

The Company's products may infringe or may be alleged to infringe existing patents or patents that may be granted in the future which may result in costly litigation and could result in the Company having to pay substantial damages or limit the Company's ability to commercialise or license its products. Because some patent applications in Europe and the United States may be maintained in secrecy until patents are issued, patent applications in Europe and the United States and many foreign jurisdictions are typically not published until 18 months after filing, and publications in scientific literature often lag behind actual developments and discoveries, the Company cannot be certain that others have not filed patents that may cover its products or use of its products. As a result, the Company may become party to, or threatened with, future adversarial proceedings or litigation regarding patents with respect to its products.

If the Company is sued for patent infringement, the Company would need to demonstrate that its products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and the Company may not be able to do this. If the Company is found to infringe on a third party's patent, the Company could be required to obtain a licence from such third party to continue developing its product or the Company may elect to enter into such a licence in order to settle litigation or in order to resolve disputes prior to litigation. It may also have a significant impact on the Company's ability to license one of its products to another company.

The Company, however, may not be able to obtain any required licence on commercially reasonable terms or at all, due to an infringement on a third party's intellectual property. Even if the Company is able to obtain a licence, it could be non-exclusive, thereby giving its competitors access to the same technologies or products licensed, and it could require the Company to make substantial royalty payments or other licensing fees. The Company could also be forced, including by court order, to cease commercialising the infringing product or technology. Claims that the Company has misappropriated the confidential information or trade secrets of third parties may also have a similarly negative effect on its business.

Any such claims are likely to be expensive to defend, and some of its competitors may be able to sustain the costs of complex patent litigation more effectively than the Company can because they have substantially greater resources. Moreover, even if the Company is successful in defending any infringement proceedings, it may incur substantial costs and divert management's time and attention in doing so, which could materially adversely affect the Company's business, results of operations or financial condition.

An inability to obtain and enforce adequate intellectual property rights may lead to increased competition

The expiry of certain intellectual property rights or an inability to obtain, maintain, defend or enforce adequate intellectual property rights for products developed or being developed by the Company may result in additional competition from third parties. In addition, some third parties may have blocking intellectual property rights which could prevent the sale of products developed by the Company which could have a material adverse effect on the ability to license certain products and on revenue received based on milestone and royalty payments.

The Company might also develop further technology or products that are not patentable or otherwise protectable. The strength of patents involves complex legal and scientific questions and can be uncertain. Patents or other rights may not be granted under any pending or future applications filed by the Company and any claims allowed might not be sufficiently broad to protect the Company's technologies and products from competition. Competitors may also successfully design around key patents held by the Company, thereby avoiding a claim of infringement.

The Company may not be able to obtain, maintain, defend or enforce the intellectual property rights covering its products

To date, the Company has applied for certain patents granted in jurisdictions it considers to be important to its business. However, the Company cannot predict:

- (a) the degree and range of protection any patents granted will afford against competitors, including whether third parties will find ways to invalidate or otherwise circumvent the patents by developing a competitive product that falls outside its scope;
- (b) if, when and where patents will be granted;
- (c) that granted patents will not be contested, invalidated or found unenforceable;
- (d) whether or not others will obtain patents claiming aspects similar to those covered by the Company's patents and patent applications;
- (e) whether the Company will need to initiate litigation or administrative proceedings, or whether such litigation or proceedings will be initiated by third parties against the Company, which may be costly and time consuming; and
- (f) whether third parties will claim that the Company's technology infringes upon their rights.

Patent protection will be of significant importance to the Company in maintaining its competitive position in developing products and a failure to obtain or retain adequate protection could have a material adverse effect on the Company's business, prospects and financial condition.

The risk of the Company not being able to prevent the disclosure of its trade secrets, know-how or other proprietary information

In addition to the Company's intellectual property portfolio, certain members of the senior management of the Company possess significant amounts of proprietary know-how, and the Company relies on trade secret protection to protect its interests in proprietary know-how and in processes which patents are difficult to

obtain or enforce. The Company may not be able to protect its trade secrets adequately and no assurance can be given that the Company has entered into appropriate agreements with all parties that have had access to its confidential information.

There is also no assurance that such agreements will provide meaningful protection of confidential information in the event of any unauthorised use or disclosure of information. Furthermore, the Company cannot provide assurances that any of its employees, consultants, contract personnel or third-party partners, either accidentally or through willful misconduct, will not cause serious damage to its programmes and/or its strategy by, for example, disclosing confidential information to its competitors.

It is also possible that confidential information could be obtained by third parties as a result of breaches of its physical or electronic security systems. Any disclosure of confidential data into the public domain or to third parties could allow the Company's competitors to use it in competition against the Company.

Currency risk

The Company reports its results in dollars, whilst some of its costs and revenues will be denominated in currencies outside of its reporting currency. Adverse movements in exchange rates may result in additions to the Company's reported costs or reductions in the Company's reported revenues.

Insurance

There can be no certainty that the Company's insurance cover is adequate to protect against every eventuality. The occurrence of an event for which the Company did not have adequate insurance cover could have a materially adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

2. Risks relating to the products

Product development

Product development will be an ongoing activity in the Group. There can, however, be no assurance that the Company will be able to successfully execute its strategy or that further products will be successfully developed or launched or be accepted by the Company's target markets. New product development can be a lengthy process and suffer delays and setbacks for reasons that may or may not be foreseeable. The fast-changing nature of the medical device industry may mean that any products which are successfully developed by the Company become obsolete, causing the Group's results and reputation to suffer. If any of the foregoing risks occurred, that could have a material adverse effect on the Group's financial condition, results of operations and prospects.

Medical product pricing environment

The ability of the Company and its partners to market its products successfully depends in part on the extent to which reimbursement for the cost of the device and related procedure or coverage will be available from government/private companies and other organisations. There is uncertainty as to the reimbursement status of newly approved medical devices, and there is no assurance that the Company or its partners will be able to obtain coverage or reimbursement at a price level which would enable them to realise an appropriate return on their investment. In addition, there is increasing pressure by certain governments to contain healthcare costs by limiting both coverage and the level of reimbursement for new medical device products, and by refusing in some cases to provide coverage for uses of products for disease conditions for which the relevant regulatory agency has not granted marketing approval. If any of the foregoing risks occurred, that could have a material adverse effect on the Company's financial condition, results of operations and prospects.

Regulatory risk

Regulatory approval timelines can be affected by a number of factors which are entirely outside the control of the Company. The regulatory approval of the Company's devices in Europe is no guarantee of an approval in the US. Regulators in Europe and all subsequent jurisdictions could impose additional requirements which would cause delay in the submission of the filing for licenses and in obtaining marketing authorisation. In addition, there can be no guarantee that the regulations or policies applied by the regulatory authorities will not change and any such change may require the Company to undertake additional work, which may not

be successful in complying with revised standards. The Company considers that certain products proposed to be developed by it may be able to claim clinical equivalence to medical devices currently approved for use in Europe. However, if the Company is unable to rely on clinical data for equivalent devices, this could increase the clinical testing required and lengthen the regulatory process. Ultimately, there can be no assurance that the requisite regulatory approvals for any products developed by the Company will be obtained.

Heart valve development and testing

The Company intends to develop and undertake “in vivo” and “in vitro” testing of its heart valve technology with the objective of creating a technical file of sufficient quality to seek authority to enter human trials. Adverse results from the testing phase would extend the development timescale and potentially lead to the project being abandoned. Many countries, including all members of the EU, the US and Japan, have very high standards of technical appraisal for biomedical products and, accordingly, the clinical trial process is, in most cases, lengthy and therefore expensive. Clinical trials need to be correctly designed to satisfy regulators which can be time-consuming and expensive. If the cost and timing of the clinical trials exceeds the Directors’ expectations, this could significantly impact the Company’s development plan for that product.

3. General industry risks

Competition

The market in which the Group operates is highly competitive and fast moving. Competition is likely to continue and/or increase in the future from both established competitors and new entrants to the market. The Group’s competitors may have greater financial, technical and other resources than the Group. Competitors may be able to develop products that are more attractive to customers than those offered by the Group. If any of the foregoing risks occurred, that could have a material adverse effect on the Group’s financial condition, results of operations and prospects.

General economic conditions

Market conditions may affect the value of the Company’s share price regardless of operating performance. The Company could be affected by unforeseen events outside its control, including natural disasters, terrorist attacks and political unrest and/or government legislation or policy in the UK and abroad. General economic conditions may affect interest rates and inflation rates. Movements in these rates will have an impact on the Company’s cost of raising and maintaining debt financing. Similarly, general economic conditions will impact on the Company’s customers, impacting on the Company’s ability to win new business and the potential recoverability of amounts owed.

A more prolonged economic downturn may lead to an overall decline in the volume of the Company’s revenues, restricting the Company’s ability to realise a profit. The markets in which the Company offers its products and services are directly affected by many national and international factors that are beyond the Company’s control.

Taxation

Any change in the Company’s tax status or in taxation legislation could affect the Company’s ability to provide returns to Shareholders. Any statements in this Document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Brexit risk

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom’s continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union. There are significant uncertainties in relation to the terms and the timeframe within which such an exit would be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK’s tax system, the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the United Kingdom and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. There is also a risk that the vote by the United Kingdom to leave could result in other member states re-

considering their respective membership of the European Union. Although it is not possible to predict fully the effects of the exit of the United Kingdom from the European Union, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

4. Risks relating to an investment in Ordinary Shares

Dilution

Regardless of whether a Qualifying Shareholder takes up his/her/its entitlements under the Open Offer, the effect of the Acquisition, the Placing and the Subscription will be a reduction of his/her/its proportionate ownership and voting interests in the Company. Shareholders will experience greater dilution in their ownership of, and voting interests in, the Company to the extent they do not subscribe in full for their Basic Entitlement and/or Excess Entitlement.

Those Shareholders in a Restricted Jurisdiction, subject to certain exceptions, will in any event not be able to participate in the Open Offer.

Realisation of investment

Potential investors should be aware that the value of shares and income from these shares can go down as well as up and that Admission should not be taken as implying that there will be a liquid market in the Ordinary Shares. An investment in the New Ordinary Shares may thus be difficult to realise.

Investment risk and AIM

Application will be made for the New Ordinary Shares to be admitted to trading on AIM and it is emphasised that no application is being made for admission of the Open Offer Shares to the Official List or to any other stock exchange at this time. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List. Furthermore, the London Stock Exchange has not itself examined or approved the contents of this Document. 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.

Market for the Company's shares and volatility of share price

Prospective investors should be aware that the value of an investment in the Company may go down as well as up. In addition, the Company can give no assurance that an active trading market for its shares will develop, or if developed, be sustained in the future. If an active trading market is not developed or maintained, the liquidity and trading price of the Company's shares could be adversely affected. Furthermore, the trading price of the Company's shares may not reflect the underlying value of the investments held by the Company and may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, the timing of investments, changes in the regulatory environment and stock market sentiment towards investment companies.

Dilution of shareholders' interest as a result of additional equity fundraising

The Company may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or acquisitions. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. The Company may be unable to obtain additional financing on acceptable terms or at all if market and economic conditions, the financial condition or operating performance of the Company or investor sentiment (whether towards the Company in particular or towards the market sector in which the Company operates) are unfavourable. The Company's inability to raise additional funding on terms acceptable to it may hinder its ability to grow in the future or to maintain its existing levels of operation.

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 new Ordinary Shares or otherwise.

Ability to pay future dividends

The Company's ability to pay dividends in the future is dependent upon the extent that it has distributable reserves and cash available for this purpose. The Company can give no assurance to Shareholders that it will pay dividends in the future.

Investors should consider carefully whether an investment in AorTech is suitable for them in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

This list should not be considered an exhaustive statement of all potential risks and uncertainties.

PART III

DETAILS AND TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price *pro rata* to their existing holdings. Qualifying Shareholders may also make applications in excess of their Basic Entitlements. To the extent that Basic Entitlements to Open Offer Shares are not subscribed for by Qualifying Shareholders, such Open Offer Shares will be available to satisfy such excess applications, subject to a maximum of 1,667,309 Open Offer Shares in aggregate. To the extent that applications are received in respect of an aggregate of more than 1,667,309 Open Offer Shares, excess applications will be scaled back accordingly.

However, excess applications will be rejected if and to the extent that acceptance would result in the Qualifying Shareholder, together with those acting in concert with him/her/it for the purposes of the City Code, holding 30 per cent. or more of the Enlarged Share Capital.

The Open Offer Shares to be issued pursuant to the Open Offer will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

The Open Offer Shares will be issued only pursuant to the Open Offer and, subject as set out in this Part III, will not otherwise be marketed or made available in whole or in part to the public.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Qualifying Shares prior to 22 May 2018, when the Qualifying Shares are marked “ex” the entitlement to the Open Offer, is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.

The Open Offer has not been underwritten. None of the Open Offer Shares has been conditionally placed with institutional or other investors. Therefore, there may be no or fewer than 1,667,309 Open Offer Shares issued under the Open Offer.

The Open Offer is not conditional upon the level of applications made to subscribe under the Open Offer or upon any minimum level of proceeds being raised. For the purposes of section 578 of the Companies Act, the Open Offer is being made on the basis that the Open Offer Shares subscribed for will be allotted in any event. Accordingly, even if the Open Offer is not fully subscribed, Open Offer Shares will be issued to Qualifying Shareholders who have validly applied for Open Offer Shares (subject to the terms and conditions set out in this document and the Application Form).

2. The Open Offer

AorTech hereby invites each Qualifying Shareholder, on the terms and subject to the conditions set out herein (and, for Qualifying non-CREST Shareholders, in the accompanying Application Form), to apply to subscribe, at 30 pence per Open Offer Share (payable in full on application and free of all expenses), for any number of Open Offer Shares (subject to the limit of the number of Excess Shares that can be applied for using the Excess Application Facility), being:

3 Open Offer Shares for every 10 Qualifying Shares

registered in the name of each Qualifying Shareholder on the Record Date and so on in proportion to any other number of Qualifying Shares then held (rounded down to the nearest whole number of Open Offer Shares). Valid applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements.

The Basic Entitlement, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box 7 on the Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST. Qualifying

CREST Shareholders will have their Basic Entitlements credited to their stock accounts in CREST and should refer to paragraphs 2, 3 and 7 of this Part III and also to the CREST Manual for further information on the relevant CREST procedures.

Basic Entitlements have been rounded down to the nearest whole number of Ordinary Shares and any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlements and will be aggregated and will be made available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders with fewer than 10 Qualifying Shares will not be able to apply for Open Offer Shares.

Qualifying Shareholders may apply to acquire less than their Basic Entitlement should they so wish. In addition, Qualifying Shareholders may apply to acquire Excess Shares using the Excess Application Facility. Please see below for further details of the Excess Application Facility.

Holdings of Qualifying Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Basic Entitlements, as will holdings under different designations and in different accounts.

The aggregate number of Ordinary Shares available for subscription pursuant to the Open Offer is 1,667,309 Ordinary Shares.

The Open Offer is conditional, *inter alia*, upon the following:

- (a) the passing of the Resolutions numbered 2 and 4 at the General Meeting;
- (b) Admission becoming effective by not later than 8.00 a.m. on 11 June 2018 (or such later time and/or date (being no later than 8.00 a.m. on 30 June 2018) as the Company and Stockdale may agree); and
- (c) the Placing Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms.

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver) by 8.00 a.m. on 11 June 2018 (or such later time and/or date (being no later than 8.00 a.m. on 30 June 2018) as the Company and Stockdale may agree), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. Any Open Offer Entitlements admitted to CREST will thereafter be disabled. Revocation of applications for Open Offer Shares cannot occur after dealings have begun.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form in the week commencing 18 June 2018. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST on 11 June 2018.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur at 8.00 a.m. on 11 June 2018, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a separate non-interest bearing bank account opened solely for the Open Offer.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a RIS giving details of the revised dates.

Excess Applications

Qualifying Shareholders may apply to acquire any number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to below. The Basic Entitlement, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box 7 on the Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST.

The Excess Application Facility enables Qualifying Shareholders who have taken up their Basic Entitlement in full to apply for any whole number of Ordinary Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Shareholder's Basic Entitlement. Qualifying non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete Boxes 2, 3, 4 and 5 on the Application Form. Applications for Excess Shares may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications for Excess Shares by Qualifying Shareholders will be met in full or in part or at all. The Directors may determine in their absolute discretion not to accept any particular application under the Excess Application Facility.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer (including under the Excess Application Facility) is 1,667,309 Open Offer Shares.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market for the benefit of those who do not apply under the Open Offer but may at the Directors' discretion be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and the net proceeds will be retained for the benefit of the Company. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such New Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST where Existing Ordinary Shares are already admitted to CREST and/or Qualifying Shareholders elect for them to be so admitted to CREST. The conditions for such admission having already been met, the Basic Entitlements and Excess CREST Open Offer Entitlements are where appropriate expected to be admitted to CREST with effect from 23 May 2018.

The Open Offer Shares will, when issued, credited and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer. Overseas Holders are referred to the section entitled "Overseas Holders" set out in paragraph 6 of this Part III.

The Existing Ordinary Shares are in registered form, are traded on the AIM market and are not traded on any other exchange. The Open Offer Shares will also be in registered form, will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares will be issued only pursuant to the Open Offer and will not otherwise be marketed or made available in whole or in part to the public.

The proceeds of the Open Offer will be £0.5 million before expenses. The Open Offer Shares will represent up to approximately 11.35 per cent. of the Enlarged Share Capital, assuming full subscription of the Open Offer Shares.

3. Procedure for application and payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your entitlement under the Open Offer or you have Basic Entitlements credited to your CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold part of their Ordinary Shares in

uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to the Open Offer Shares arises as a result of holding Ordinary Shares in uncertificated form.

However, it will be possible for Qualifying Shareholders to deposit Basic Entitlements into, and withdraw, from CREST and/or Excess Entitlements into CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2(g) of this Part III. CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Basic Entitlements and Excess Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Basic Entitlements and Excess Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this Document.

3.1 ***If you have an Application Form in respect of your entitlement under the Open Offer***

(a) *General*

Subject as provided in paragraph 6 of this Part III in relation to Overseas Holders, Qualifying non-CREST Holders will have received an Application Form with this Document. The Application Form shows the number of Qualifying Shares registered in their name on the Record Date in Box 6. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Basic Entitlements, as shown by the Basic Entitlement allocated to them set out in Box 7. Box 8 shows how much they would need to pay if they wish to take up their Basic Entitlement in full. Qualifying non-CREST Shareholders wishing to take up their Basic Entitlement in full should sign, date and return the Application Form together with a pound sterling cheque for the sum set out in Box 8 of the Application Form.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying non-CREST Shareholders' Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Any Qualifying non-CREST Shareholders with fewer than 4 Qualifying Shares will not receive a Basic Entitlement. Any Qualifying non-CREST Shareholder with fewer than 4 Qualifying Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 3.1(c) of this Part III). Qualifying non-CREST Shareholders may apply for less than their Basic Entitlement should they wish to do so. Qualifying non-CREST Shareholders wishing to apply for Open Offer Shares representing less than their Basic Entitlement may do so by completing Boxes 2, 4 and 5 of the Application Form. Subject to availability, and assuming that Qualifying Shareholders have accepted their Basic Entitlement in full, Qualifying non-CREST Shareholders may also apply for any whole number of Excess Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying non-CREST Shareholder's Basic Entitlement, by completing Boxes 2, 3, 4 and 5 of the Application Form (see paragraph 3.1(c) of this Part III). Qualifying non-CREST Shareholders may hold such an Application Form by virtue of a *bona fide* market claim (see paragraph 3.1(b) of this Part III).

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

(b) *Market claims*

Applications for the Open Offer Shares may only be made on the Application Form which is personal to the Qualifying Non-CREST Shareholder named thereon, and may not be sold, assigned or transferred, except to satisfy *bona fide* market claims in relation to purchases of Ordinary Shares through the market prior to the date on which, pursuant to the AIM Rules, the Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may be split, but only to satisfy *bona fide* market claims, up to 3.00 p.m. on 5 June 2018. A Qualifying Non-CREST Shareholder who has, prior to the "ex-entitlement" date, sold or otherwise transferred some or all of their Ordinary Shares should contact their stockbroker, bank or other agent authorised under FSMA through whom the sale or transfer was effected as soon

as possible and refer to the instructions regarding split applications set out in the accompanying Application Form, since the invitation to subscribe for Open Offer Shares under the Open Offer may, under the AIM Rules, represent a benefit which can be claimed from them by purchasers or transferees.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3.2 (g) below entitled "Deposit of Basic Entitlements into, and withdrawal from, CREST".

(c) *Excess Application Facility*

Provided that Qualifying non-CREST Holders have accepted their Basic Entitlement in full, Qualifying non-CREST Holders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying non-CREST Holders wishing to apply for Excess Shares up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying non-CREST Holder's Basic Entitlement, may do so by completing Boxes 2, 3, 4 and 5 of the Application Form. The total number of Open Offer Shares is fixed and will not be increased in response to any Excess Applications. Excess Applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications for Excess Shares by Qualifying non-CREST Holders will be met in full or in part or at all. The Directors may determine in their absolute discretion not to accept any particular application under the Excess Application Facility. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque, or returned directly to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, or CREST payment, as appropriate.

(d) *Application procedures*

Qualifying non-CREST Holders wishing to apply to acquire all or any of the Open Offer Shares to which they are entitled should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted in the accompanying reply paid envelope (for use only in the UK) or delivered by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to arrive as soon as possible and, in any event, **so as to arrive no later than 11.00 a.m. on 7 June 2018, at which time the Open Offer will close**, with a cheque drawn in Pounds Sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for members of either of those companies and must bear the appropriate sort code number in the top right-hand corner. Any application which does not comply with these requirements will be treated as invalid.

Cheques should be drawn on the personal account to which the Shareholder has sole or joint title. Third party cheques may not be accepted with the exception of bankers' drafts/building society cheques where the bank or building society has endorsed the back of the draft or cheque by adding the shareholder's details and the branch stamp.

Such cheques must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Applications must be received by Equiniti (at the address detailed above) **no later than 11.00 a.m. on 7 June 2018**, after which time, subject as set out in this paragraph, Application Forms will not be valid. Once submitted, applications are irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery. Cheques should be made payable to Equiniti Ltd Re: AorTech Open Offer" and crossed "a/c payee only". It is a condition of application that cheques will be honoured on first presentation and Equiniti may in its absolute

discretion elect not to treat as valid any application in respect of which a cheque is not so honoured. Equiniti reserves the right in its sole discretion (but with the prior consent of Stockdale) to (but shall not be obliged to) treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. AorTech further reserves the right (but shall not be obliged) to accept either Application Forms received after 11.00 a.m. on 7 June 2018 but not later than 8.00 a.m. on 8 June 2018 with the envelope bearing a legible postmark not later than 11.00 a.m. on 7 June 2018 or applications in respect of which remittances are received before 8.00 a.m. on 8 June 2018 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days. Multiple applications will not be accepted.

Cheques are liable to be presented for payment upon receipt. The Company reserves the right to instruct Equiniti to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or credit to the relevant member account, as applicable) pending clearance thereof). Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted. If they are presented before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account until the conditions are fully met. If the conditions of the Open Offer are not fulfilled on or before 8.00 a.m. on 11 June 2018, or such later time and/or date as AorTech and Stockdale may determine (being no later than 8.00 a.m. on 30 June 2018), the Open Offer will lapse and all application monies will be returned without interest by crossed cheque in favour of the registered shareholder(s) through the post at their risk as soon as is practicable after that date. Interest earned on monies held in the separate bank account will be retained for the benefit of the Company.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, Equiniti shall be authorised (in their absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of Equiniti, Stockdale or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

(e) *Incorrect sums*

If an Application Form encloses a payment for an incorrect sum, AorTech, through Equiniti, reserves the right:

- (i) to reject the application in full and return the cheque or refund the payment to the Qualifying Non-CREST Shareholder in question; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

(f) *Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and Stockdale that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) confirms to the Company and Stockdale that in making the application he is not relying and has not relied on Stockdale or any other person affiliated with Stockdale in connection with any investigation of the accuracy of any information contained in this Document or his investment decision;
- (iii) confirms to the Company and Stockdale that no person has been authorised to give any information or to make any representation concerning the Company or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Stockdale;
- (iv) represents and warrants to the Company and Stockdale that if he has received some or all of his Open Offer Entitlement from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim
- (v) requests that the Open Offer Shares to which he, she or it will become entitled be issued to him, her or it on the terms set out in this Document and the Application Form and subject to the articles of association of AorTech;
- (vi) agrees that all applications under the Open Offer and contracts resulting therefrom and any non-contractual obligation related thereto, shall be governed by and construed in accordance with the laws of England;
- (vii) represents and warrants that he, she or it is not, and that he, she or it is not applying on behalf of any Shareholder who or which is, a citizen or resident or a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he, she or it is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of the application to, or for the benefit of a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of a Restricted Jurisdiction except where proof satisfactory to AorTech has been provided to AorTech that he, she or it is able to accept the invitation by AorTech free of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (viii) represents and warrants that he, she or it is not and nor is he, she or it applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (ix) confirms that in making such application he, she or it is not relying on any information or representation in relation to AorTech other than that contained in this Document and agrees that no person responsible solely or jointly for this Document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information or representation not so contained and further agrees that having had the opportunity to read this Document, he, she or it will be deemed to have had notice of all the information concerning AorTech contained therein (including information incorporated by reference);
- (x) represents and warrants that he, she or it is the Qualifying Shareholder originally entitled to the relevant Basic Entitlement or that he, she or it has received such Basic Entitlement by virtue of a *bona fide* market claim;
- (xi) confirms that the Open Offer Shares have not been offered to the applicant by the Company, Stockdale or any of their affiliates, by means of any:
 - (a) “directed selling efforts” as defined in Regulation S under the Securities Act; or

- (b) “general solicitation” or “general advertising” as defined in Regulation D under the Securities Act; and
- (xii) confirms that he is acquiring the Open Offer Shares from the Company in an “offshore transaction”, as defined in Regulation S under the Securities Act.

Should you need advice with regard to these procedures, please contact Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Equiniti can be contacted on 0330 123 5504 or, if telephoning from outside the UK, on +44 121 415 0229 between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales). Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes. Equiniti cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

Qualifying non-CREST Holders who do not wish to apply for Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

Qualifying non-CREST Holders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this Document.

3.2 If you have Basic Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST

(a) General

Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to their stock account in CREST equal to the number of Open Offer Shares which represents their Basic Entitlement, plus an Excess CREST Open Offer Entitlement at a ratio of 10 Excess CREST Open Offer Entitlements for every Existing Ordinary Share held at the Record Date in order for any applications for Excess Shares to be settled through CREST. If a Qualifying Shareholder wishes to apply for more Excess Shares, such Qualifying CREST Shareholder should contact Equiniti to arrange for a further credit up to the maximum amount of New Shares to be issued under the Excess Application Facility. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders’ Basic Entitlement and will be aggregated and made available under the Excess Application Facility. Any Qualifying CREST Shareholders with fewer than 4 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying non-CREST Shareholders with fewer than 4 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 3.2(c) of this Part III).

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason the Basic Entitlements and Excess CREST Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by 8.00 a.m. on 11 June 2018, or such later time and/or date as the Company and Stockdale may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his, her or its stock account in CREST. In these circumstances, the expected timetable as set out in this Document will be adjusted as appropriate and the provisions of this Document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlement to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below.

Should you need advice with regard to these CREST procedures, please contact Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Equiniti

can be contacted on 0330 123 5504 or, if telephoning from outside the UK, on +44 121 415 0229 between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales). Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes. Equiniti cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

The Basic Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Basic Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Basic Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlements will thereafter be transferred accordingly.

Excess CREST Open Offer Entitlements will not be subject to Euroclear’s market claims process. Qualifying CREST Shareholders claiming Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account.

(c) *Excess Application Facility*

Subject to availability, and assuming that Qualifying CREST Shareholders have accepted their Basic Entitlement in full, Qualifying CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Basic Entitlements the Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurances can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying CREST Shareholder’s Basic Entitlement.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part III in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraphs 3.2(d) to (f) below and must not return a paper form and/or cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Basic Entitlement and the relevant Basic Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Basic Entitlement claim, but will need to be claimed separately by the purchaser who is advised to contact the Receiving Agent to request a credit of the appropriate number of Excess CREST Open Offer Entitlements to their CREST account.

Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess CREST Open Offer Entitlement.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications for Excess Shares by Qualifying Shareholders will be met in full or in part or at all. The Directors may determine in their absolute discretion not to accept any particular application under the Excess Application Facility. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by CREST payment.

Should you need advice with regard to these CREST procedures, please contact Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Equiniti can be contacted on 0330 123 5504 or, if telephoning from outside the UK, on +44 121 415 0229 between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales). Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes. Equiniti cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

(d) *USE instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Basic Entitlement in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Registrars under the participant ID and member account ID specified below, with a Basic Entitlement corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Equiniti in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 3.2(d)(i) above.

(e) *Content of USE instruction in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of shares comprised in the Basic Entitlement being delivered to Equiniti);
- (ii) the ISIN of the Basic Entitlement, which is GB00BG377646;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of Equiniti in its capacity as a CREST Receiving Agent, which is 2RA74;
- (vi) the member account ID of Equiniti in its capacity as a CREST Receiving Agent, which is RA286701;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 7 June 2018; and

- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 7 June 2018.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (1) a contact name and telephone number (in the free format shared note field); and
- (2) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 7 June 2018 in order to be valid is 11.00 a.m. on that day.

(f) *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Shares for which the application is being made (and hence the number of the Excess CREST Open Offer Entitlements being delivered to Equiniti);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BG377752;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of Equiniti in its capacity as Receiving Agent, which is 2RA75;
- (vi) the member account ID of Equiniti in its capacity as Receiving Agent, which is RA286702;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Excess Shares referred to in paragraph 3.2(f)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 7 June 2018; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of Excess CREST Open Offer Entitlements under the Open Offer to be valid, the USE instruction must comply with the requirement as to authentication and contents set out above and must settle on or before 11.00 a.m. on 7 June 2018.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 7 June 2018 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlements security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 11 June 2018 or such later time and date as the Company and Stockdale determine (being no later than 8.00 a.m. on 30 June 2018), the Open Offer will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without

interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(g) *Deposit of Basic Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's Entitlement under the Open Offer as shown by the number of Basic Entitlements set out in their Application Form may be deposited into CREST (either into the account of the Qualifying Holder named in the Application Form or into the file name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under Basic Entitlements are reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the Basic Entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlement and the entitlement to apply under the Excess Application Facility following its deposit into CREST to take all necessary steps in connection with taking up their entitlement prior to 11.00 a.m. on 7 June 2018. In particular, having regard to normal processing times in CREST and on the part of Equiniti, the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements from CREST, is 4.30 p.m. on 1 June 2018, and the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements or Excess CREST Open Offer Entitlements in CREST is 3.00 p.m. on 4 June 2018, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlement following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlement and/or Excess CREST Open Offer Entitlements as the case may be prior to 11.00 a.m. on 7 June 2018.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company, Stockdale and Equiniti by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to the Company, Stockdale and Equiniti from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(h) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 7 June 2018 will constitute a valid application under the Open Offer.

(i) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his, her or its CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 7 June 2018. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, AorTech, through Equiniti, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question without payment of interest;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question without payment of interest; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question, without payment of interest.

(k) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Equiniti's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to AorTech the amount payable on application);
- (ii) represents and warrants to the Company and Stockdale that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (iii) confirms to the Company and Stockdale that in making the application he is not relying and has not relied on Stockdale or any other person affiliated with Stockdale in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (iv) confirms to the Company and Stockdale that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Stockdale;
- (v) requests that the Open Offer Shares to which he, she or it will become entitled be issued to him, her or it on the terms set out in this Document and subject to the articles of association of AorTech;
- (vi) agrees that all applications under the Open Offer and contracts resulting therefrom and non-contractual obligations related thereto shall be governed by, and construed in accordance with, the laws of England;
- (vii) represents and warrants that he, she or it is not, and he, she or it is not applying on behalf of any Shareholder who or which is, a citizen or resident or a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he, she or it is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of the application to, or for the benefit of a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of a Restricted Jurisdiction except where proof satisfactory to AorTech has been provided to AorTech that he, she or it is able to accept the invitation by AorTech free of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (viii) represents and warrants that he, she or it is not and nor is he, she or it applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
 - (ix) confirms that the Open Offer Shares have not been offered to the applicant by the Company, Stockdale or any of their affiliates, by means of any:
 - (a) “directed selling efforts” as defined in Regulation S under the Securities Act; or
 - (b) “general solicitation” or “general advertising” as defined in Regulation D under the Securities Act;
 - (x) confirms that he is acquiring the Open Offer Shares from the Company in an “offshore transaction” as defined in Regulation S under the Securities Act;
 - (xi) confirms that in making such application he, she or it is not relying on any information in relation to AorTech other than that contained in this Document and agrees that no person responsible solely or jointly for this Document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that having had the opportunity to read this Document, he, she or it will be deemed to have had notice of all the information concerning AorTech contained therein; and
 - (xii) represents and warrants that he, she or it is the Qualifying Shareholder originally entitled to the relevant Basic Entitlement or that he, she or it has received such Basic Entitlement by virtue of a *bona fide* market claim.
- (l) *Discretion of the Company as to the rejection and validity of applications*
- The Company at its sole discretion may:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III of this Document;
 - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as AorTech may determine;
 - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which Equiniti receives a properly authenticated dematerialised instruction giving details of the first instruction, or thereafter, either AorTech or Equiniti have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Equiniti in connection with CREST.

4. Money Laundering Regulations

4.1 Holders of Application Forms

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2007 (as amended and supplemented), the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA and the Proceeds of Crime Act 2002 (together with other guidance and source books produced in relation to financial sector firms), Equiniti may at its absolute discretion require verification of identity from any person lodging an Application Form (the “applicant”) including, without limitation,

any applicant who (i) tenders payment by way of cheque drawn on an account in the name of a person or persons other than the applicant, or (ii) appears to Equiniti to be acting on behalf of some other person. In the former case, verification of the identity of the applicant may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (b) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (c) if the aggregate subscription price for the Open Offer Shares is less than the Sterling equivalent of €15,000 (approximately £13,000).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by bank or building society cheque which bears a UK bank sort code number (not being a cheque drawn on an account in the name of the applicant), by the building society or bank endorsing on the cheque the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature;
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (a) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, the Republic of Korea, the Republic of South Africa, Singapore, Switzerland, Turkey, UK Crown Dependencies and the United States and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Equiniti. If the agent is not such an organisation, it should contact Equiniti using the telephone numbers set out above.

If you deliver your Application Form personally by hand, you should ensure that you have with you evidence of identity bearing your photograph (for example your passport). In any event, if it appears to Equiniti that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting may be required. In relation to any application in respect of which the necessary verification of the identity of the Applicant or the person on whose behalf the Applicant appears to be acting has not been received on or before 11.00 a.m. on 7 June 2018 the Company may, in their absolute discretion, elect to treat the relevant application as invalid and/or delay the allotment of the relevant number of Open Offer Shares until the necessary verification has been provided. If an Application Form is treated as invalid the money paid in respect of the application will be returned (at the Applicants' risk and without interest).

4.2 **Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST**

If you hold your Basic Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlement and/or Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Registrar is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Registrars

such information as may be specified by the Registrars as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Registrars as to identity, the Registrars may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

5. No public offering outside the United Kingdom

AorTech has not taken nor will take any action in any jurisdiction that would permit a public offering of Existing Ordinary Shares in any jurisdiction where action for the purpose is required, other than in the United Kingdom.

6. Overseas Holders

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 General

The distribution of this Document and the Application Form and the making of the Open Offer to Qualifying Shareholders who are resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Such Overseas Shareholders 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 accept the Open Offer and/or apply to subscribe for Open Offer Shares.

As a result of restrictions applicable to any holder of Existing Ordinary Shares with registered or mailing addresses in the United States, Canada, Australia, Japan, their territories or possessions and other Restricted Jurisdictions, this Document and the accompanying Application Form are not being sent to any such holders of Existing Ordinary Shares nor will Basic Entitlements and/or Excess CREST Open Offer Entitlements be credited to the stock account of any such holder.

No person receiving a copy of this Document and/or the Application Form and/or a credit of a Basic Entitlement and/or Excess Open Offer Entitlement to a stock account in CREST in any territory other than the United Kingdom, may treat the same as constituting an invitation or offer to him, her or it to subscribe, nor should he, she or it in any event use such Application Form or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him, her or it or the Application Form or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any registration or regulation or other legal requirements.

No Basic Entitlements and/or Excess CREST Open Offer Entitlements may be credited to the stock accounts in CREST of certain Overseas Holders unless they can prove to the satisfaction of AorTech that such action would not result in contravention of any applicable legal requirements. Receipt of this Document and/or the Application Form or the crediting of Basic Entitlement and/or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an offer in those territories in which it would be unlawful to make such an offer and, in such circumstances, this Document and/or the Application Form will be treated as confidential, sent for information purposes only and should not be copied or distributed.

It is the responsibility of any Overseas Holder receiving a copy of this Document and/or the Application Form and/or receiving a credit of a Basic Entitlement to a stock account in CREST and wishing to take up the Open Offer to satisfy himself, herself or itself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining all governmental or

other consents which may be required, observing all other requisite formalities that need to be observed in such territory, and paying all issue, transfer or other taxes payable in such territory. If you are in any doubt as to your position, you should consult your independent professional adviser.

None of the Company, Stockdale nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such an offeree or purchaser.

Persons (including, without limitation, nominees and trustees) receiving an Application Form and/or receiving a credit of a Basic Entitlement or Excess CREST Open Offer Entitlement to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Basic Entitlement and/or Excess CREST Open Offer Entitlement into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an Application Form and/or credit of a Basic Entitlement or Excess CREST Open Offer Entitlement to a stock account in CREST is received by a person in any such jurisdiction or by the agent or nominee of such a person, he, she or it must not seek to apply for Open Offer Shares except pursuant to an express agreement with AorTech. Any person who does forward an Application Form or transfer a Basic Entitlement and/or Excess CREST Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6.

AorTech reserves the right (but shall not be obliged) to reject a purported application for Open Offer Shares under the Open Offer in a particular case if it believes doing so may violate applicable legal or regulatory requirements. The provisions of this paragraph 6 and/or any other terms of the Open Offer relating to Overseas Holders may be waived, varied or modified (a) as regards specific holders of Existing Ordinary Shares or (b) on a general basis by AorTech in its absolute discretion (and on such terms and conditions as it may think fit).

All payments under the Open Offer must be made in Sterling.

6.2 **United States**

For the purposes of this Document a "US person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States and an estate or trust the income of which is subject to United States federal income taxation regardless of its source; provided, however, that the term "US person" does not include a branch or agency of a US bank or insurance company that is operating outside the United States for valid business reasons as a locally regulated branch or agency engaged in the banking or insurance business and not solely for the purpose of investing in securities not registered under the Securities Act.

The Open Offer Shares and the accompanying Application Form have not been, and will not be, registered under the Securities Act or under the securities laws of any jurisdiction or state of the United States. Accordingly, except in a transaction which is exempt under the legislation, the Open Offer Shares and the Application Form and/or Basic Entitlements and/or Excess Entitlements may not be directly or indirectly offered, sold, re-sold, renounced, transferred, taken up or delivered, directly or indirectly, in or into the United States or to or for the benefit of US persons. This Document shall not constitute an offer to sell or the solicitation of an offer to buy any of the Open Offer Shares in the United States.

Envelopes containing the Application Form should not be postmarked in the United States or otherwise despatched from the United States. Persons will be deemed to have made an invalid application if they submit the Application Form in an envelope postmarked in the United States or have provided an address in the United States for registration, or do not make the representation and warranty set out in the Application Form to the effect that such person is not in the United States, is not a US person and is not acting for the account or benefit of a US person. The Open Offer is not therefore being made in the United States or to or for the account or benefit of a US person and holders of Existing Ordinary Shares at the Record Date with registered addresses in the United States will not be Qualifying Shareholders and Application Forms will not be sent to such persons.

6.3 **Canada**

No exemptions in connection with the Open Offer have been or will be obtained from any securities commission or similar regulatory authority in Canada. Accordingly, the Open Offer Shares are not being offered, nor may they be offered or sold, directly or indirectly, in Canada or to persons resident in Canada.

No prospectus in relation to the Open Offer Shares will be filed with and no relief from applicable securities law requirements will be obtained from the applicable regulatory authority of any province or territory of Canada.

Holders of Existing Ordinary Shares with registered addresses in Canada will not be Qualifying Holders and no Application Forms will be sent to such persons, nor will Basic Entitlements and/or Excess Entitlements be credited to the stock accounts of such persons.

Persons (including without limitation, nominees and trustees) receiving an Application Form and/or a Basic Entitlement and/or Excess Entitlements should not distribute, send or transfer it or them to persons resident in Canada. AorTech reserves the right to reject an Application Form from persons whom it believes are residents of Canada or persons who are acquiring Open Offer Shares for resale into Canada.

6.4 **Australia**

No Application Form, advertisement or other offering material in relation to the Open Offer or the Open Offer Shares has been or will be distributed, directly or indirectly, in or into Australia, nor will Basic Entitlements and/or Excess Entitlements be credited to the stock accounts of such persons. No prospectus in relation to the Open Offer Shares has been or will be lodged with or registered by the Australian Securities and Investments Commission. The Open Offer is not being made in Australia. The Open Offer Shares will not be available for subscription or purchase by any resident of Australia (including corporations and other entities organised under the laws of Australia, but not including a permanent establishment of any such corporation or entity located outside Australia).

Holders of Existing Ordinary Shares with registered addresses in Australia will not be Qualifying Holders and no Application Forms will be sent to, nor will Basic Entitlements and/or Excess Entitlements be credited to, the stock accounts of such persons.

6.5 **Japan**

The relevant clearances have not been, and will not be, obtained from the Ministry of Finance of Japan and no circular in relation to the Open Offer Shares has been or will be lodged with or registered by the Ministry of Finance of Japan. The Open Offer Shares may not therefore, subject to certain exceptions, be offered or sold, directly or indirectly, in or into Japan. Accordingly, Application Forms are not being sent to, and no Basic Entitlements and/or Excess Entitlements will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in Japan.

6.6 **Other Restricted Jurisdictions**

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this Document or the Application Form into any Restricted Jurisdiction.

6.7 **Other overseas territories**

Application Forms will be sent to Qualifying non-CREST Shareholders and Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens

of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares.

6.8 **Representations and warranties relating to Overseas Shareholders**

(a) *Qualifying non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, Stockdale and the Receiving Agent that, except where proof has been provided to the Company's satisfaction in its absolute discretion that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this sub paragraph 6.8(a).

(b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company and Stockdale that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

6.9 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion with the prior consent of Stockdale. Subject to this, the provisions of this paragraph supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. **No withdrawal rights**

An application under the Open Offer once made is irrevocable and cannot be withdrawn or changed.

8. Settlement and dealings

The result of the Open Offer is expected to be announced on 8 June 2018. Application will be made to the London Stock Exchange for all of the New Ordinary Shares to be admitted to trading on AIM. It is expected that, subject to the Open Offer becoming unconditional in all respects, Admission will become effective and that dealings in the Open Offer Shares will commence at 8.00 a.m. on 11 June 2018. The earliest date for settlement of such dealings will be 11 June 2018.

AorTech's Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the Open Offer Shares, all of which, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Basic Entitlements and the Excess CREST Open Offer Entitlements to be admitted to CREST. The conditions to such admission having already been met, the Basic Entitlements and the Excess CREST Open Offer Entitlements are expected to be admitted to CREST with effect from 11 June 2018. Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 7 June 2018 (the latest time and date for applications under the Open Offer).

Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by AorTech on the day on which all conditions to the Open Offer are satisfied (expected to be 11 June 2018). On this day, Equiniti will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 11 June 2018). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Qualifying CREST Holders should note that they will be sent no confirmation of the credit of the Open Offer Shares to their CREST stock account nor any other written communication by AorTech in respect of the issue of the Open Offer Shares.

Notwithstanding any other provision of this Document, AorTech reserves the right to send Qualifying CREST Holders an Application Form instead of crediting the relevant stock account with a Basic Entitlement and/or to issue Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by Equiniti in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account ID details) are not provided as requested.

For Qualifying non-CREST Holders who have applied by using an Application Form, share certificates for the Open Offer Shares validly applied for are expected to be despatched by post during the week commencing 18 June 2018. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of the Open Offer Shares by Qualifying non-CREST Holders will be certified against the register. All documents or remittances sent by or to an applicant (or his agent as appropriate) will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant.

9. Times and dates

The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest time and date for acceptance under the Open Offer and all related dates set out in this Document and in such circumstances shall make an announcement on a RIS.

If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10. Taxation

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

11. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this Document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of Scotland. The courts of Scotland are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Document or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART IV

SUMMARY OF THE SHARE OPTION PLAN

Subject to the passing of Resolution 3 at the General Meeting, the Company is proposing to adopt an Enterprise Management Incentive (“**EMI**”) share option scheme to incentivise the key management of the Group and to align their interests with the interests of the Shareholders (“**Option Scheme**”).

Options would be granted, subject to HM Revenue & Customs approval where necessary, under the provisions of the EMI legislation contained in Schedules of Income Tax (Earnings and Pensions) Act 2003 (“**Schedule 5**”). An option takes the form of an individual contract between the Company and the employee and a set of scheme rules. To the extent that any grant of options exceeds the limits referred to below or the grantee ceases to be eligible, such options will become or be granted as unapproved options.

The provisions of the Option Scheme are as follows:

(a) *Employee Eligibility*

Any employee of the Company or the Group who works either at least 25 hours per week or commits at least 75 per cent. of working time to the business of the Company or the business of the Group and who does not already beneficially own either directly or indirectly through his associates more than 30 per cent. of the Ordinary Shares may be granted an option under the Option Scheme.

(b) *Individual Limit on Participation*

An individual employee's participation under the Option Scheme is limited so that the aggregate market value of the shares placed under the option, and of any unexercised options granted under any share option scheme approved by HM Revenue & Customs under Chapter 8 of Part 1 and Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 valued at the date of the grant of the Options which are held by that employee, cannot exceed £250,000. If this limit is exceeded, the employee may not hold further qualifying options for a three year period.

(c) *Company Limit*

The maximum value of unexercised qualifying options (valued as at the date of grant) that may exist under an EMI scheme is restricted to £3 million. The number of option shares, when aggregated with the number of Ordinary Shares issued or issuable pursuant to all rights granted under the Option Scheme, or any other of the Company's employee share schemes, within the previous period of ten years, may not exceed 20 per cent. of the number of Ordinary Shares in issue at the date of grant.

(d) *Exercise*

The options granted will become exercisable at such time as the Company has determined at the date of grant and may not be exercised after the tenth anniversary of the date of the grant. At the time of grant, certain performance conditions can be imposed which need to be satisfied prior to the option being capable of being exercised. An Option shall only be exercised over a number of option shares in respect of which it is vested. If the option holder ceases to be an employee of the Company prior to that date, the option will lapse immediately. On an employee leaving after the date of vesting, the option shall lapse immediately unless the Board resolved to allow the option to be exercised within a 3 month period of the employee leaving.

(e) *Vesting of Options*

As regards options to be granted to any Director, such options will vest as to 20 per cent. after the expiry of 3 years from the date of grant, 30 per cent. on the receipt by the Company of a CE Mark for any of its products and 30 per cent. on the closing middle market quotation of the Ordinary Shares, as derived from AIM Appendix to the Daily Official List of the London Stock Exchange, being at least £3.00, being 10 times the Issue Price, for 10 consecutive days on which trading takes place on AIM.

(f) *Non-Transferability of Options*

The options are non-transferable (except on death to the personal representatives of the option holder). An option shall lapse immediately if it is purportedly transferred, mortgaged, charged or assigned.

(g) *Variation of Share Capital*

For these purposes “variation” of share capital includes any capitalisation, rights issue, sub-division, consolidation or reduction or any other variation in the ordinary share capital of the Company occurring after the date of grant. Upon a variation of the ordinary share capital of the Company, the Directors may adjust either the number of Ordinary Shares an option holder is entitled to acquire or adjust the exercise price in a manner they consider fair and reasonable, provided this is confirmed in writing by the Company’s auditors, the exercise price is not reduced below the normal value of an Ordinary Share and the option holder has approved such variation.

(h) *Alterations*

Subject to procuring advance approval from HM Revenue & Customs, the Directors may alter the provisions of the relevant option agreement provided any such alteration is in writing and is signed by or on behalf of each party and it does not breach the provisions of Schedule 5.

(i) *Disqualifying Events*

Schedule 5 sets out specific events which are to be treated as disqualifying events. The consequence of a disqualifying event occurring prior to the exercise of the options will be the loss of the qualifying status and the tax benefits under the EMI legislation unless the options are exercised within 40 days of the date of the occurrence of the disqualifying event. Under the terms of the Options Scheme, where certain disqualifying events occur, the Board may permit exercise within the 40 day timescale or such longer period as they shall determine. Failure to exercise the option within the stipulated period would cause the option to lapse on the expiry of such period.

DEFINITIONS

The following definitions apply throughout this Document and the accompanying Form of Proxy and Application Form, unless the context requires otherwise or unless it is otherwise specifically provided:

“Acquisition”	the proposed acquisition of Cortech by AorTech
“Acquisition Agreement”	the agreement entered into between the Company and William Brown in relation to the Acquisition
“Admission”	admission of the New Ordinary Shares to trading on AIM in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Announcement”	the announcement of the Fundraising which was released by the Company on 21 May 2018
“Application Form”	the application form relating to the Open Offer which accompanies this Document (where relevant)
“Basic Entitlement”	the number of Open Offer Shares which Qualifying Holders are entitled to subscribe for at the Issue Price <i>pro rata</i> to their holding of Qualifying Shares pursuant to the Open Offer as described in Part III of this Document
“Biomerics”	Biomerics Inc.
“Business Day”	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
“Canada”	Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-divisions thereof
“certificated” or “certificated form”	recorded on a company’s share register as being held in certificated form (i.e. not in CREST)
“City Code”	the City Code on Takeovers and Mergers
“Closing Price”	the closing middle market quotation of an Existing Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
“Companies Act” or “Act”	Companies Act 2006 (as amended)
“Company” or “AorTech”	AorTech International plc (registered number SC170071)
“Consideration Shares”	the 461,333 Ordinary Shares to be issued to William Brown in respect of the proposed acquisition of Cortech by the Company
“Cortech”	Cortech Medical Limited
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)

“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST Courier and Sorting Services Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 November 1996 and as amended since) as published by Euroclear
“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“CREST sponsor”	a CREST Participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all-CREST personal members)
“Directors” or “Board”	the directors of the Company whose names appear on page 7 of this Document
“Document” or “Circular”	this document which for the avoidance of doubt does not comprise a prospectus (under the Prospectus Rules) or an admission document (under the AIM Rules)
“EIS”	Enterprise Investment Scheme
“enabled for settlement”	in relation to Basic Entitlements and Excess Entitlements, enabled for the limited purpose of settlement of claim transactions and USE transactions
“Enlarged Share Capital”	the issued share capital of AorTech immediately following Admission
“Equiniti” or “Registrars”	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“EU”	the European Union
“Excess Application Facility”	to the extent that Basic Entitlements to Open Offer Shares are not subscribed for by Qualifying Shareholders, such Open Offer Shares will be available to satisfy excess applications, subject to a maximum of 1,667,309 Open Offer Shares in aggregate, as described in Part III of this Document
“Excess CREST Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder who has taken up his Basic Entitlement in full, the entitlement to apply for Open Offer Shares in addition to his Basic Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which may be subject to scaling back or disallowance in accordance with the provisions of this Document

“Excess Entitlements”	the entitlement for Qualifying Shareholders to apply to acquire any number of Open Offer Shares subject to the limit on applications under the Excess Application Facility, as described in Part III of this Document
“Excess Shares”	the Open Offer Shares applied for under the Excess Application Facility
“Existing Ordinary Shares”	the 5,557,695 Ordinary Shares in issue at the date of this Document
“FCA”	the Financial Conduct Authority of the UK
“Form of Proxy”	the form of proxy accompanying this Document for use at the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraising” or “Transaction”	together the Placing, the Subscription and the Open Offer
“General Meeting”	the general meeting of the Company as described in this Document, notice of which is set out at the end of this Document
“Group”	the Company and its subsidiaries
“HMRC”	HM Revenue & Customs
“Independent Directors”	John McKenna and Gordon Wright
“ISIN”	International Securities Identification Number
“Issue Price”	30 pence per New Ordinary Share
“Japan”	Japan, its cities, prefectures, territories and possessions
“London Stock Exchange”	London Stock Exchange plc
“Member Account ID”	the identification code or number attached to any member account in CREST
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (as amended and supplemented from time to time)
“New Ordinary Shares”	the Consideration Shares, the Placing Shares, the Subscription Shares and the Open Offer Shares
“Notice of General Meeting”	the notice of General Meeting set out at the end of this Document
“Official List”	the Official List of the UK Listing Authority
“Open Offer”	the proposed conditional issue and allotment at 30 pence per share of the Open Offer Shares to Qualifying Shareholders as further described in this Document
“Open Offer Entitlement”	the Basic Entitlement and Excess Entitlement
“Open Offer Shares”	the maximum of 1,667,309 Ordinary Shares to be issued and allotted to Qualifying Shareholders pursuant to the Open Offer
“Ordinary Shares”	ordinary shares of 5 pence each in the capital of the Company

“Overseas Shareholders” or “Overseas Holders”	Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the UK
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST Participant
“Placees”	subscribers for the Placing Shares
“Placing”	the conditional placing by the Company of the Placing Shares with certain institutional and other investors pursuant to the Placing Agreement as announced on 21 May 2018
“Placing Agreement”	the placing agreement entered into between the Company and Stockdale dated 21 May 2018
“Placing Shares”	5,740,267 Ordinary Shares the subject of the Placing
“Proposed Directors”	John Ely (Non-Executive Director), Geoffrey Berg (Non-Executive Director) and David Richmond (Non-Executive Director)
“Prospectus Rules”	the Prospectus Rules made in accordance with EU Prospectus Directive 2003/71/EC
“Qualifying CREST Holders” or “Qualifying CREST Shareholders”	Qualifying Holders holding Qualifying Shares in uncertificated form
“Qualifying Holders” or “Qualifying Shareholders”	Shareholders whose names appear on the register of members of AorTech on the Record Date as holders of Qualifying Shares and who are eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in this Document
“Qualifying non-CREST Holders” or “Qualifying non-CREST Shareholders”	Qualifying Holders holding Existing Ordinary Shares in certificated form
“Qualifying Shares”	the Ordinary Shares that qualify for the Open Offer
“Receiving Agent”	Equiniti Limited
“Record Date”	6.00 p.m. on 18 May 2018
“Resolutions”	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
“Restricted Jurisdiction”	the United States, Australia, Canada, Japan, New Zealand, the Republic of Ireland and the Republic of South Africa, or any other jurisdiction where the distribution of this Document and/or the offer or sale of Ordinary Shares would constitute a breach of local securities laws or regulations
“RIS”	a regulatory information service as defined by the AIM Rules
“RUA Medical” or “RUA”	RUA Medical, the trading name of Culzean Medical Devices Limited
“Scottish Enterprise”	Scotland’s main economic development agency and a non-departmental public body of the Scottish Government
“Securities Act”	the US Securities Act of 1933, as amended
“Shareholders”	holders of Ordinary Shares

“Share Option Plan”	the Aortech International EMI Share Option Plan, summarised in Part IV of this document
“Sterling”	pounds sterling, the basic unit of currency in the UK
“Stockdale”	Stockdale Securities Limited
“Subscribers”	subscribers for the Subscription Shares, being each of the Directors, certain of the Proposed Directors and certain other investors
“Subscription”	the conditional subscription by the Subscribers for the Subscription Shares
“Subscription Shares”	1,260,004 Ordinary Shares the subject of the Subscription
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the FCA in its capacity as competent authority for the purposes of Part VI of FSMA
“US”, “USA”, or “United States”	the United States of America
“uncertificated” or “uncertificated form”	recorded on the relevant register or other record of the share or other security as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by way of CREST
“USE”	unmatched stock event
“Vascular Flow Technologies” or “VFT”	Vascular Flow Technologies Limited
“VAT”	value added tax
“VCT”	a Venture Capital Trust under Part 6 of the Income Tax Act 2007

GLOSSARY

The following glossary terms apply throughout this Document, unless the context requires otherwise or unless it is otherwise specifically provided:

“CAD”	Computer Aided Design
“CAGR”	Compound Annual Growth Rate
“CE marked”	a manufacturer’s declaration that the product complies with the essential requirements of the relevant European health, safety and environmental protection legislation
“CFD”	Computational Fluid Dynamics
“FDA”	The U.S. Food and Drug Administration
“FEA”	Finite Element Analysis
“in vivo”	processes performed or taking place in a living organism
“in vitro”	processes performed with microorganisms, cells, or biological molecules outside their normal biological context
“IP”	Intellectual Property
“OEM”	Original Equipment Manufacturer
“PTFE”	polytetrafluoroethylene
“SLF”	Spiral Laminar Flow™
“TAVI”	Transcatheter Aortic Valve Implantation

NOTICE OF GENERAL MEETING

AorTech International plc

Incorporated and registered in Scotland under number SC170071

NOTICE is hereby given that a General Meeting of AorTech International plc (the "Company") will be held at the offices of Stockdale Securities Limited, 100 Wood Street, London EC2V 7AN on 8 June 2018 at 11.00 a.m. to consider and, if thought fit, pass the following resolutions of which Resolutions numbered 1, 2 and 3 will be proposed as Ordinary Resolutions and Resolution numbered 4 will be proposed as a Special Resolution.

ORDINARY RESOLUTIONS

1. **THAT**, conditional on the passing of resolution 2 set out in this Notice, the acquisition of the whole of the issued share capital (being 3,000 Ordinary Shares of £1) of Cortech Medical Limited (SC518323) from William Donald Brown (a director of AorTech International plc) in consideration for the issue of 461,333 Ordinary Shares of £0.05 each, credited as fully paid, in the capital of the Company, all on the terms described in the Chairman's Letter in the Circular sent by the Company to its shareholders dated 22 May 2018 (the "Circular") and as more particularly described in the Acquisition Agreement (as defined in the Circular), be and is hereby approved for the purposes of and in accordance with section 190 of the Companies Act 2006.
2. **THAT**, in substitution for all equivalent authorities and other powers granted to the Directors at the Company's Annual General Meeting held on 27 September 2017 but without prejudice to any allotment of shares or grant of rights to subscribe for or convert any security into shares in the Company, in accordance with section 551 of the Companies Act 2006 the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £774,655.50, being made up of (a) £23,066.65 (being equal to 461,333 Ordinary Shares of £0.05) for the purposes of the acquisition of the whole of the issued share capital of Cortech Medical Limited, (b) £350,013.55 (being equal to 7,000,271 Ordinary Shares of £0.05) pursuant to the Placing and the Subscription (as defined in the Circular sent by the Company to its shareholders dated 22 May 2018 (the "Circular")), (c) £83,365.45 (being equal to 1,667,309 Ordinary Shares of £0.05) pursuant to the Open Offer (as defined in the Circular), (d) £73,433.05 (being equal to 1,468,661 Ordinary Shares of £0.05) in respect of options to be granted after the date of this Notice pursuant to the terms of any share scheme for Directors and employees of the Company and/or its subsidiaries approved by shareholders of the Company in general meeting and (e) up to £244,776.80 (being equal to 4,895,536 Ordinary Shares of £0.05)); provided that, unless previously revoked, varied or extended, this authority will expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2018, or the date falling six months from the date of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company after such expiry.
3. **THAT** the Directors be authorised to adopt the rules of the AorTech International plc Share Option Plan, in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification, (a summary of which is set out in Part IV of the Circular sent by the Company to its shareholders dated 22 May 2018).

SPECIAL RESOLUTION

4. **THAT**, in substitution for all equivalent authorities and other powers granted to the Directors at the Company's Annual General Meeting held on 27 September 2017 but without prejudice to any allotment of shares made or agreed to be made pursuant to such authorities and other powers, subject to and conditional upon the passing of Resolution 2 set out in this Notice, in accordance with section 571(1) of the Companies Act 2006 (the "Act"), the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 (1) of the Act) for cash

pursuant to the authority conferred by Resolution 2 set out in this Notice, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- 4.1. the allotment of up to 8,667,580 new Ordinary Shares (being the aggregate of the Placing Shares, the Subscription Shares and the Open Offer Shares as defined in the Circular sent by the Company to its shareholders dated 22 May 2018 (the "Circular"));
- 4.2. the allotment of equity securities pursuant to the terms of any share scheme for Directors and employees of the Company and/or its subsidiaries approved by the shareholders of the Company in general meeting;
- 4.3. the allotment of equity securities in connection with or pursuant to an offer by way of rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interest of such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territories or requirements of any recognised regulatory body or stock exchange in any territory; and
- 4.4. the allotment (otherwise than pursuant to sub-paragraphs 4.1, 4.2 and 4.3 of this resolution) of equity securities having a nominal amount or giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £36,716.50 (representing approximately 5 per cent. of the issued ordinary share capital of the Company following the issue of the Placing Shares, the Subscription Shares, the Open Offer Shares and/or the Consideration Shares (as defined in the Circular)) or, if less, 5 per cent. of the issued ordinary share capital of the Company from time to time

and such powers shall expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2018 or the date falling six months from the date of passing this resolution but may be previously revoked, varied or extended by special resolution, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company after such expiry.

By Order of the Board

David Parsons

Company Secretary

Dated 22 May 2018

AorTech International plc
C/o Kergan Stewart LLP
163 Bath Street
Glasgow
G2 4SQ

Notes:

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at 6.30 p.m. on 6 June 2018 or, if this General Meeting (the "Meeting") is adjourned, at 6.30 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Website giving information regarding the Meeting

2. Information regarding the Meeting is available from www.AorTech.net.

Attending in person

3. If you wish to attend the Meeting in person, you will need to bring with you a form of formal identification which includes your photograph, such as a passport or a picture driving licence.

Appointment of proxies

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please complete and return the enclosed form of proxy and return it to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA in accordance with the instructions thereon.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

8. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - sent or delivered to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA in accordance with the instructions thereon; and
 - received by Equiniti (at the above address) no later than 11.00 a.m. on 6 June 2018.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Equiniti on 0330 123 5504 or if calling from outside the UK on +44 121 441 7729, where relevant, quoting the allotment number of your Application Form. Calls to Equiniti's help line number are charged at your provider's standard rates.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other

authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Equiniti no later than 11.00 a.m. on 6 June 2018.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

13. As at 6.00 p.m. on 21 May 2018, the Company's issued share capital comprised 5,557,695 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 21 May 2018 is 5,557,695.

Questions at the Meeting

14. The Company will answer any question you ask relating to the business being dealt with at the Meeting unless:
 - (a) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Communication

15. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - (a) in writing to the Company Secretary, AorTech International plc, C/O Kergan Stewart LLP, 163 Bath Street, Glasgow, G2 4SQ;
 - (b) by telephone on 0330 123 5504 or if calling from outside the UK on +44 121 415 0229. Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes;to communicate with the Company for any purposes other than those expressly stated.

