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If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded to, or transmitted in or into, any jurisdiction where to do so might violate the relevant laws and regulations in that jurisdiction. **In particular, such documents should not be forwarded to, or transmitted in or into, the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan.** If you have sold or otherwise transferred part only of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document should be read as a whole and in conjunction with the accompanying Form of Proxy and the Notice of General Meeting set out at the end of this document. You are recommended to read the whole of this document, but your attention is drawn specifically to the letter from the Chairman of the Company to Shareholders which is set out in this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.

The Company and the Directors, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken 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.

Application will be made to the London Stock Exchange for the Placing Shares and such number of the Broker Option Shares as are subscribed for to be admitted to trading on AIM. The Placing Shares and such number of the Broker Option Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including as regards the right to receive all dividends or other distributions declared, made or paid after Admission. The Placing Shares and such number of Broker Option Shares subscribed for are expected to be admitted to AIM and to commence trading by 8.00 a.m. on 28 May 2020.

genedrive

genedrive plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered no. 06108621)

Placing of 8,750,000 Placing Shares to raise £7 million, Broker Option of up to 1,250,000 Broker Option Shares to raise up to £1 million

and

Notice of General Meeting

PEEL HUNT

Peel Hunt LLP

Nominated Adviser, Joint Bookrunner and
Joint Broker

finnCap

finnCap Ltd

Joint Bookrunner and Joint Broker

Peel Hunt LLP (**Peel Hunt**), which is authorised and regulated in the UK by the Financial Conduct Authority, is acting exclusively for genedrive plc and for no one else in relation to the matters described in this document and will not be responsible to anyone other than genedrive plc for providing the protections afforded to customers of Peel Hunt LLP or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. Peel Hunt LLP has not authorised the contents of, or any part of, this document for the purposes of FSMA and no liability whatsoever is accepted by Peel Hunt LLP for the accuracy of any information or opinions contained in this document or for the omission of any information. Peel Hunt LLP, as nominated adviser and joint broker to the Company, owes certain responsibilities to London Stock Exchange plc which are not owed to the Company or its Directors or any other person.

finnCap Limited (**finnCap**) which is authorised and regulated in the UK by the Financial Conduct Authority, is acting exclusively for genedrive plc and for no one else in relation to the matters described in this document and will not be responsible to anyone other than genedrive plc for providing the protections afforded to customers of finnCap or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. finnCap has not authorised the contents of, or any part of, this document for the purposes of FSMA and no liability whatsoever is accepted by finnCap for the accuracy of any information or opinions contained in this document or for the omission of any information. finnCap, as joint broker to the Company, owes certain responsibilities to London Stock Exchange plc which are not owed to the Company or its Directors or any other person.

Notice of the General Meeting of genedrive plc to be held at 10.00 a.m. on 27 May 2020 at The Incubator Building, 48 Grafton Street, Manchester, M13 9XX is set out at the end of this document. To be valid, the Form of Proxy for use at the General Meeting, which accompanies this document, must be completed, signed and returned so as to be received by the Company's registrars, Neville Registrars Limited, by no later than 10.00 a.m. on 22 May 2020. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting in person, if you so wish (and are so entitled). A summary of the action to be taken by Shareholders is set out in paragraph 14 of the letter from the Chairman of the Company included in this document and in the Notice of General Meeting.

In light of public health advice in response to the COVID-19 outbreak, including to limit travel and public gatherings, the Company strongly encourages all shareholders to submit their Form of Proxy, appointing the Chairman as proxy, rather than attend the meeting in person. As a result of this advice, shareholders who seek to attend the General Meeting will not be admitted.

This document does not constitute a prospectus, neither does it constitute an admission document drawn up in accordance with the AIM Rules. This document does not constitute an offer to sell or the solicitation of an offer to buy any security. The distribution of this document in, into or within jurisdictions other than the United Kingdom may be restricted by law or regulation and, therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of the relevant jurisdiction.

The Placing Shares and Broker Option 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, the Republic of South Africa, the Republic of Ireland or Japan. Accordingly, subject to certain exceptions, the Placing Shares and Broker Option Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Shareholders who are residents or citizens of any country other than the United Kingdom 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 United Kingdom should seek appropriate advice before taking any action. The New Ordinary Shares are being offered and sold solely outside the United States in "offshore transactions" as defined in and pursuant to Regulation S under the Securities Act. There will be no public offer of the New Ordinary Shares in the United States.

The securities of the Company have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of any proposed offering of the New Ordinary Shares, or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document includes “forward looking statements” which include all statements other than statements of historical facts, including, without limitation, those regarding the Group’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

In accordance with the AIM Rules, this document will be available to Shareholders on the Company’s website at www.genedriveplc.com from the date of this document, free of charge.

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KEY STATISTICS

Placing Price	80 pence
Discount to closing middle market price of an Existing Ordinary Share on 4 May 2020	60 per cent.
Discount to the 20 day volume weighted average price ending on 4 May 2020	1.8 per cent.
Number of Existing Ordinary Shares in issue	34,870,071
Number of Placing Shares	8,750,000
Gross proceeds of the Placing	£7 million
Maximum number of Broker Option Shares	1,250,000
Gross proceeds of the Broker Option	£1 million
Number of Ordinary Shares in issue following the Placing*	44,870,071
Percentage of Enlarged Share Capital represented by the Placing Shares*	20 per cent.
Net proceeds of the Fundraising*	c£7.5 million
Market capitalisation of the Company at the Placing Price on Admission*	£35.9 million
Maximum number of Ordinary Shares to be issued on conversion of the GHIF Bond**	7,100,000
Maximum number of Ordinary Shares to be issued on conversion of the Loan Notes, before adjustment***	8,695,652
Maximum number of Additional Ordinary Shares to be issued on conversion of the Loan Notes as a result of the adjustment****	2,501,051
TIDM	GDR
ISIN	GB00B1VKB244
LEI	213800ZYODIRZ87Y4K14
SEDOL	B1VKB24

* Assumes that the Resolutions that are set out in the Notice of General Meeting are passed and full take-up of the Broker Option.

** Assumes that the Resolutions that are set out in the Notice of General Meeting are passed, Placing Price is 80p and no adjustment is required under GHIF Bond.

*** Prior to adjustment required under the Loan Note Instrument as a result of the issue of the Placing Shares and Broker Option Shares.

**** After adjustment required under the Loan Note Instrument assuming the Resolutions that are set out in the Notice of General Meeting are passed and take up in full under the Placing and Broker Option.

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Ian Gilham (<i>Non-Executive Chairman</i>) David Budd (<i>Chief Executive Officer</i>) Matthew Fowler (<i>Chief Financial Officer</i>) Tom Lindsay (<i>Non-Executive Director</i>) Chris Yates (<i>Non-Executive Director</i>) All of whose business address is 48 Grafton Street, Manchester M13 9XX
Company Secretary:	Matthew Fowler
Registered Office:	48 Grafton Street Manchester M13 9XX
Company Website:	www.genedriveplc.com
Telephone Number:	+44 (0)161 989 0245
Nominated Adviser, Joint Bookrunner & Joint Corporate Broker:	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Joint Bookrunner and Joint Corporate Broker:	finnCap Ltd 60 New Broad St London EC2M 1JJ
Lawyers to the Company:	Addleshaw Goddard LLP Cornerstone 107 West Regent Street Glasgow G2 2BA
Lawyers to the Nominated Adviser, Joint Bookrunners and Joint Corporate Brokers:	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Registrars:	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Financial PR and Communications:	Walbrook PR Limited 4 Lombard Street London EC3V 9HD

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Placing and the Broker Option	5 May 2020
Broker Option open on	5 May 2020
Posting of the Circular and Form of Proxy	7 May 2020
Broker Option closes	5 p.m. on 11 May 2020
Announcement of the results of the Broker Option	12 May 2020
Latest time for receipt of Forms of Proxy for the General Meeting	10.00 a.m. on 22 May 2020
General Meeting	10.00 a.m. on 27 May 2020
Admission of the Placing Shares and such number of Broker Option Shares as may be subscribed for to trading on AIM	8 a.m. on 28 May 2020
Placing Shares and such number of Broker Option Shares to be held in uncertificated form credited to CREST stock accounts	28 May 2020
Expected date of dispatch of definitive share certificates for Placing Shares and such number of Broker Option Shares to be held in certificated form	4 June 2020

Notes

1. Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company (with the agreement of Peel Hunt LLP and finnCap Ltd), in which event details of the new times and dates will be notified to London Stock Exchange plc and the Company will make an appropriate announcement to a Regulatory Information Service.
2. References to times in this document are to London times unless otherwise stated.

DEFINITIONS

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

“Act”	the Companies Act 2006, as amended
“Additional Ordinary Shares”	up to a maximum of 2,501,051 Ordinary Shares which are required to be allotted and issued to BGF on conversion of the BGF Loan Notes as a result of adjustment to the conversion price under the BGF Loan Note Instrument to maintain BGF’s percentage of voting rights after adjustment and conversion, assuming subscription in full for the Placing Shares and Broker Option Shares
“Admission”	admission of the New Ordinary Shares (including such number of Broker Option Shares as may be subscribed for) to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers (as the context may require)
“AIM Rules for Companies”	the rules of AIM as set out in the publication entitled “AIM Rules for Companies” published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules of AIM as set out in the publication entitled “AIM Rules for Nominated Advisers” published by the London Stock Exchange from time to time
“Announcement”	the RIS announcement issued by the Company dated 5 May 2020 announcing the Placing and Broker Option
“Appendix”	the appendix to the Announcement setting out the terms and conditions of the Placing
“BGF”	BGF Investments LP (a limited partnership with registered number LP14928), acting by its manager BGF Investment Management Limited (company number 10608481)
“BGF Subscription Agreement”	the subscription agreement entered into among (i) the Company (ii) the Executive Directors, (iii) BGF Investments LP and (iv) BGF Investment Management Limited dated 15 November 2018 in respect of the subscription by BGF for the convertible Loan Notes
“Board” or “Directors”	the board of directors of the Company, whose names are listed on page 6 of this document
“Bookbuild”	the accelerated bookbuild process conducted in relation to the Placing which established the demand for the Placing Shares to be issued pursuant to the Placing at the Placing Price
“Broker Option”	the option granted by the Company to Peel Hunt and finnCap to procure the subscription of the Broker Option Shares, pursuant to the terms of the Placing Agreement
“Broker Option Shares”	up to 1,250,000 new Ordinary Shares to be subscribed for by existing and other investors at the Placing Price, to the extent the Broker Option is exercised under the terms of the Placing Agreement

“Business Day”	any day (excluding Saturdays and Sundays and public holidays in England and Wales) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading
“certificated” or “in certificated form”	an Ordinary Share or other security recorded on a company’s share register as being held in certificated form (that is not in CREST)
“Circular” or “this document”	this circular of the Company giving (amongst other things) details of the Placing, the Broker Option and incorporating the Notice of General Meeting
“Company” or “genedrive”	genedrive plc, a public limited company incorporated in England and Wales under registered number 06108621
“CREST”	the relevant system (as defined in the Regulations) which enables title to units of relevant securities (as defined in the Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
“CREST Manual”	the compendium of documents entitled “CREST Manual” published by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CREST CCSS Operating Manual and the CREST Glossary of Terms
“CREST member”	a person who has been admitted to CREST 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 Regulations” or “Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
“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
“EIS”	Enterprise Investment Scheme
“Enlarged Share Capital”	the entire issued share capital of the Company immediately following Admission, assuming no other Ordinary Shares are issued between the date of the Announcement and Admission and assuming the 8,750,000 Placing Shares are issued and subscription for all of the 1,250,000 Broker Option Shares
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the Operator of CREST (as defined in CREST Regulations)
“Executive Directors”	means David Budd and Matthew Fowler
“Existing Ordinary Shares”	the 34,870,071 Ordinary Shares in issue on 6 May 2020, (the latest practicable date before issue of this document) all of which are admitted to trading on AIM
“finnCap”	finnCap Ltd, the Company’s joint bookrunner and joint broker

“Form of Proxy”	the form of proxy accompanying this Circular for use by Shareholders in relation to the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraising”	the Placing and Broker Option
“General Meeting”	the general meeting of the Shareholders of the Company to be held at The Incubator Building, 48 Grafton Street, Manchester, M13 9XX at 10.00 a.m. on 27 May 2020, convened by the Notice of General Meeting of which is set out at the end of this document
“GHIF”	Global Health Investment Fund I LLC, a Delaware limited liability company, whose registered office is at 2711 Centerville Road, Suite 400 in the City of Wilmington, Delaware 19808 USA, a private investment fund structured by JP Morgan Chase & Co and the Bill and Melinda Gates Foundation. The fund finances the development of drugs, vaccines, diagnostics and other interventions against diseases that disproportionately burden low and middle income countries
“GHIF Bond”	the US\$8million convertible bond entered into between GHIF and the Company pursuant to the GHIF Bond and Collaboration Agreement
“GHIF Bond and Collaboration Agreement”	the collaboration and convertible bond purchase agreement entered into between the Company and GHIF dated 21 July 2014, as amended and restated by amendment and restatement agreements dated 23 June 2016 and 15 November 2018
“Group”	the Company, its subsidiaries and subsidiary undertakings
“Intercreditor Deed”	the intercreditor deed entered into among the Company, BGF and GHIF on 10 December 2018
“Joint Bookrunners”	Peel Hunt and finnCap
“Loan Notes”	the £2,500,000 convertible loan notes issued to BGF in accordance with the Loan Note Instrument
“Loan Note Instrument”	the convertible loan note instrument dated 10 December 2018
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	together, the Placing Shares and the Broker Option Shares
“Notice of General Meeting”	the notice of General Meeting which is set out at the end of this document
“Ordinary Shares”	ordinary shares of £0.015 each in the capital of the Company
“Peel Hunt”	Peel Hunt LLP, a Limited Liability Partnership incorporated and registered in England with No. OC357088 whose registered office is Moor House, 120 London Wall, London EC2Y 5ET, the Company’s nominated adviser, joint bookrunner and joint broker
“Placees”	eligible institutional investors procured by Peel Hunt and finnCap and subscribing for Placing Shares in the Placing
“Placing”	the conditional placing by Peel Hunt and finnCap (on behalf of the Company) of 8,750,000 Placing Shares pursuant to the Placing Agreement to raise £7 million before expenses

“Placing Agreement”	the conditional placing agreement dated 5 May 2020 relating to the Placing and Broker Option made between the Company, Peel Hunt and finnCap
“Placing Price”	means 80 pence per New Ordinary Share
“Placing Proceeds”	the gross proceeds of the issue of the Placing Shares pursuant to the Placing
“Placing Results Announcement”	means the RIS announcement of the results of the Placing dated 5 May 2020
“Placing Shares”	the 8,750,000 New Ordinary Shares which are to be issued for cash to successful Placees under the Placing whose allotment and issue is conditional (amongst other things) on the passing of the Resolutions
“Registrars” or “Neville”	Neville Limited Registrars of Neville House, Steelpark Road, Halesowen, B62 8HD
“Regulatory Information Service” or “RIS”	a regulatory information service operated by the London Stock Exchange as defined in the AIM Rules for Companies
“Resolutions”	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
“Shareholders”	the holders of Ordinary Shares for the time being, each individually a “Shareholder”
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “uncertificated form”	recorded on the register of members of the Company as being held in uncertificated form in CREST and, title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“VCT”	Venture Capital Trust
“WHO”	World Health Organization

All references in this document to “£”, “pence” or “p” are to the lawful currency of the United Kingdom and all references to “US\$” or “\$” are to the lawful currency of the United States.

All references to time in this document are to London

PART I

LETTER FROM THE CHAIRMAN OF GENEDRIVE PLC



(Incorporated and registered in England and Wales with registered no. 06108621)

Directors:

Ian Gilham (*Non-Executive Chairman*)
David Budd (*Chief Executive Officer*)
Matthew Fowler (*Chief Financial Officer*)
Tom Lindsay (*Non-Executive Director*)
Chris Yates (*Non-Executive Director*)

Registered Office:

48 Grafton Street
Manchester
M13 9XX

7 May 2020

Dear Shareholder

Proposed Placing and issue of 8,750,000 Placing Shares to raise £7 million, Proposed Broker Option over up to 1,250,000 Broker Option Shares to raise up to £1 million and Notice of General Meeting

1. Introduction

On 5 May 2020, the Company announced its intention to raise £7 million (before expenses) by way of a conditional placing with new and existing investors through the issue of 8,750,000 New Ordinary Shares at a price of 80 pence per Placing Share.

The Company also announced a proposal to raise up to a further £1 million by way of the Broker Option through the issue of up to 1,250,000 additional New Ordinary Shares at the Placing Price, in order to allow smaller shareholders of the Company and retail and other institutional investors to participate in the Fundraising.

The Placing and the Broker Option have not been underwritten.

The Placing, undertaken by way of accelerated bookbuild, was made available to certain eligible existing shareholders and new institutional investors. Certain of the Directors and an employee considered a PDMR have agreed to subscribe for, in aggregate, 25,000 New Ordinary Shares with an aggregate value of £20,000 via the Placing and certain of the Directors have indicated an intention to place orders to subscribe for, in aggregate, 50,000 New Ordinary Shares with an aggregate value of £40,000 via the Broker Option, as set out in paragraph 10 below.

The Placing Price of 80 pence per New Ordinary Share and equates to a 60 per cent. discount to the mid-market closing price of an Ordinary Shares on 4 May 2020, the last practicable date prior to the date of the Announcement and a 1.8 per cent. discount to the 20 day volume weighted average price ending on 4 May 2020.

On 24 March 2020 the Company's share price closed at 9p and on the following day the Company issued a business update confirming that it was developing two SARS-COV-2 tests. genedrive's share price rose on the day of that announcement, closed at 29.5p and has performed very strongly since. The Directors believe this share price performance has been driven by increased investor interest in companies with potential diagnostic and therapeutic solutions to the COVID-19 crisis. The Company's share price rose further following the Company's announcement on 20 April 2020 (confirming it had entered into an agreement with Cytiva for the development of the Genedrive[®] 96 SARS-CoV-2 assay for use on lab-based PCR instruments) and the announcement on 1 May 2020 (confirming it had completed the last significant manufacturing milestone in the co-development of the Genedrive[®] 96

SARS-CoV-2 kit with Cytiva). The price of an Ordinary Share at the close of business on 27 April 2020, the day before the Company started the roadshow with potential investors for the Fundraising, was 88p. The Company's share price closed at 198p on 4 May 2020, the last practicable date prior to the date of the Announcement.

The Company has recently received advance assurance from HMRC that the Ordinary Shares in the Company represent a qualifying investment for a VCT and are capable of qualifying for EIS tax reliefs. Accordingly around £5 million of the Placing Shares and Broker Option Shares (together the "New Ordinary Shares") are expected to rank as "eligible shares" and will be capable of being a "qualifying holding" for the purposes of investment by VCTs, and that the Company can issue EIS 3 "compliance certificates" for the purpose of EIS.

The Fundraising is conditional, *inter alia*, on the passing of the Resolutions at the General Meeting to be held at 10.00 a.m. on 27 May 2020 at The Incubator Building, 48 Grafton Street, Manchester M13 9XX. The Resolutions are contained in the Notice of General Meeting at Part II of this document.

In light of public health advice in response to the COVID-19 outbreak, including to limit travel, and public gatherings, the Company strongly encourages all shareholders to submit their Form of Proxy appointing the Chairman of the meeting as proxy rather than attend the meeting in person. Only the formal business of the Resolutions will be carried out at the meeting. As a result of this Government advice, Shareholders who seek to attend the General Meeting will not be admitted.

Application will be made to the London Stock Exchange for the Placing Shares and such number of Broker Option Shares as may be subscribed for to be admitted to trading on AIM. It is expected that Admission will occur at 08.00 a.m. on 28 May 2020 (or such other date as the Company, Peel Hunt and finnCap may agree, being no later than 11 June 2020). The Placing Shares will, when issued, represent approximately 20 per cent of the Enlarged Share Capital and the Placing Shares and the Broker Option Shares when issued, will rank *pari passu* with the existing Ordinary Shares.

The purpose of this letter is to set out the background to, and the reasons for, the Fundraising. It explains why the Directors consider the Fundraising to be in the best interests of the Company and its Shareholders as a whole. It also recommends that Shareholders vote in favour of all of the Resolutions to be proposed at the General Meeting, as the Directors intend to do themselves in respect of their own beneficial shareholdings.

Shareholder approval is being sought at the General Meeting for the share capital authorities required in order to allot and issue the Placing Shares and such Broker Option Shares as may be subscribed for and to disapply statutory pre-emption rights in relation to such allotments. It also seeks authority to allot and issue the Additional Ordinary Shares and dis-apply pre-emption rights in relation to such allotment. The Additional Ordinary Shares are required to be allotted and issued to BGF on conversion of the Loan Notes, after making the adjustment to the conversion price as required by the Loan Note Instrument in order to maintain BGF's percentage voting rights, after adjustment and conversion. The maximum number of Additional Ordinary Shares to be issued to BGF as a result of such adjustment, assuming subscription in full for the Placing Shares and Broker Option Shares is estimated to be 2,501,051.

The General Meeting is convened for 10.00 a.m. on 27 May 2020 at The Incubator Building, 48 Grafton Street, Manchester, M13 9XX.

2. Background to and reasons for the Fundraising

Background

genedrive is a rapidly developing commercial-stage molecular diagnostics business, which develops highly accurate molecular diagnostic assays for use on its Genedrive[®] point-of-need molecular diagnostic gene reader instrument. genedrive has three tests on market or close to launch:

- Genedrive[®] HCV-ID assay, which is the first approved decentralised hepatitis C (HCV) test on market designed to diagnose if people should be treated with new life saving Direct-Antiviral Treatment;
- an Antibiotic-Induced Hearing Loss assay, which screens children for a genetic defect causing life-long deafness from certain antibiotics; and

- a portable field-deployed bio-warfare testing system developed for the US Department of Defense.

As announced on 25 March 2020, following the rapid global shift of healthcare emphasis towards testing and treatment of COVID-19, the Company refocused a significant part of its core resources towards development of two SARS-CoV-2 tests to detect people with active COVID-19 infections. The first test, which is circa three weeks from market, is a high throughput laboratory test and the second test, expected to be launched circa December 2020, is a point-of-care test that would run on a Genedrive® instrument. The Directors believe that the Company's skill set is also relevant for developing high throughput laboratory based tests and that the Company will be able to leverage its strong development, manufacturing and commercial relationships in its SARS-CoV-2 tests. The Company is expecting to make use of its existing distributor relationships as well as new distributors and some direct sales in accessing the markets for SARS-CoV-2 testing.

The Company also has a tuberculosis test in development expected to be launched in 2022.

In the announcement issued on 25 March 2020, the Company also confirmed that, based on an assumption of it delivering circa £1.0m in revenues to 30 June 2020, the Company had a cash runway at that time of 6-9 months. This excludes any funding or additional revenues from HCV, AIHL and the SARS-CoV-2 assays, but does assume genedrive utilises various UK Government support packages. To date the Company has not received funds from any UK Government lending package but has placed certain staff on furlough and has submitted a claim under the Governments Coronavirus Job Retention Scheme. The Company estimates that, excluding any net proceeds of the Fundraising (and on the same product revenue assumptions set out in the announcement of 25 March 2020), it has a cash runway of around five to seven months as at the date of this document. Shareholders' attention is therefore drawn to paragraph 13 below headed "Working Capital and importance of vote".

3. The Market

COVID-19 diagnostics market

COVID-19, caused by infection with SARS-CoV-2, has emerged as a significant global threat and, in the absence of a vaccine, this is placing a huge burden on healthcare systems and economies worldwide. Diagnostic testing is a critical part of monitoring and controlling the spread of COVID-19 and only a few countries can potentially claim to have been testing widely enough to be able to control significantly the spread of disease. There are two types of tests for SARS-CoV-2 – those which test whether a person has the virus (PCR tests) and those used to detect the presence of antibodies against the virus (serology).

Governments require exit strategies from severe lock-downs which have been implemented around the world to slow the spread of the SARS-CoV-2 virus. Implementing high levels of diagnostic testing (to determine whether a person has the virus) and contact tracing is likely to be a critical part of providing key intelligence on the spread of the virus and reducing the risk of further waves of infection and corresponding impacts on health systems and economic activity. Only a relatively small percentage of the global population is estimated to have been infected to date with a recent WHO study finding this to be not more than 2% to 3%. Antibody tests, which look to identify certain biomarkers associated with COVID-19 infections, are also expected to be an important tool in monitoring disease progression through populations. However the WHO has recently warned that antibody testing has not yet been fully developed and proven for SARS-CoV-2 and therefore as a reliable next step for countries seeking to lift lockdown restrictions. The WHO has been advising against issuing things like immunity passports and risk free certificates at this point in the pandemic.

Pending the advancement of understanding of COVID-19 and treatment options for patients with more severe forms of the disease, detection of active disease in populations is likely to remain a key part of disease control policies. Further, the Directors believe that until therapeutic breakthroughs, and/or vaccines are approved and widely available, diagnostic testing and contact tracing are likely to remain critical elements of monitoring and controlling the spread of COVID-19.

The COVID-19 diagnostic market is highly fragmented with many companies marketing molecular, serology and antibody tests of varying speeds, requirements and accuracy. The US Food and Drug Administration (FDA) has granted Emergency Use authorization (EUA) to over 50 COVID-19 diagnostic

tests of which three are approved for use in patient care settings. The Directors believe the demand for diagnostic testing currently far exceeds supply.

Tests to determine the presence of the virus can firstly be divided into those that can only be performed on a specific instrument (closed platform) and those that can be performed on multiple instruments (open platform), and secondly into laboratory based tests and tests that can be used at the point-of-care. Many “tests” are sold as a package of raw ingredients requiring the lab to assemble and verify.

Whilst first to market opportunities are significant, the Directors believe that the underlying qualities and reliability of a test are also of significant importance. The Directors believe that distributors and end-users are looking for a clinically validated product that is stable and able to be used across the globe and that any assay should be flexible and able to be run on open platforms, easy to use and have internal controls and quality assurance.

genedrive's SARS-CoV-2 tests

genedrive is developing the Genedrive[®] 96-SARS-CoV-2, which is an open platform laboratory based test. The Genedrive[®] 96-SARS-CoV-2 is a one-step “ready to go” polymerase chain reaction (RT-PCR) test. It is a high volume laboratory assay compatible with multiple third party platforms and is expected to be able to perform 96 tests in under two hours. The Genedrive[®] 96 SARS-CoV2-test is a final format test, meaning that it only requires the addition of patient sample, and no other user preparation is required. The test can be transported globally without the need for refrigeration, which will support global product distribution and use in a variety of different environments. Other open platform laboratory based tests include the Novacyt COVID19 test and the Altona RealStar SARS-CoV-2 RT-PCR Kit.

On 20 April 2020, genedrive announced that it had entered into a development agreement with Cytiva (formerly GE Healthcare Life Sciences) to allow for high throughput manufacturing of over 10,000 tests per hour. genedrive has also secured sufficient supply chain commitments for the most critical components to enable the manufacturing of six million tests. The Company anticipates launching the Genedrive[®] 96-SARS-CoV-2 in May 2020 at an estimated price of £8-10 per test. The Company will address the market on a non-exclusive basis with sales through an appropriate mix of distributors and direct to customers. The Directors believe that based on its sales volume forecasts and estimates of selling prices in the market, the Company will be able to achieve attractive gross margins of at least 60%, noting genedrive does not fully absorb labour costs into its margins.

The exact performance characteristics of the assay will be determined following data generated with the production batches of assay, and finalised at the point of CE marking. In the development (“wet”) phase prior to the freeze-drying process with Cytiva, the assay was able to detect 5-10 copies of COVID-19 virus target per reaction, a limit of detection equivalent to other validated PCR tests.

genedrive is also developing the Genedrive[®] SARS-CoV-2 ID Kit, which is a closed platform single patient point-of-care test that will run on the Genedrive[®] instrument. The Genedrive[®] SARS-CoV-2 ID Kit could provide rapid acute care testing for hospital staff, care homes, mobile facilities and emergency outbreaks with a target turnaround time of under 90 minutes. Other closed platform point-of-care tests include Abbott's Abbott ID NOW™ COVID-19 test.

Cytiva will manufacture the test cartridges, which will be able to be shipped at room temperature in a stable test-pack. genedrive intends to apply for a CE Mark for the test and seek relevant approvals in other relevant markets. The Company anticipates launching the Genedrive[®] SARS-CoV-2 ID Kit circa December 2020 through distributors at an estimated price of £20 per test and the Directors expect to achieve similar gross margins to the Genedrive[®] 96-SARS-CoV-2.

Genedrive[®] HCV-ID Assay

According to a 2015 WHO report, an estimated 70 million people worldwide are infected with HCV and there are 1.75 million new HCV infections annually. HCV primarily affects the liver and over many years infection often leads to liver disease, cirrhosis, liver failure or cancer. New ‘curative’ Direct Acting Antiviral (DAA) treatments for HCV are now becoming available at an affordable price in many target countries but molecular diagnostics need to be widely available prior to treatment to help identify the millions of patients that will benefit from DAAs.

genedrive is the first to market a qualitative point-of-need molecular test. In independent field testing, the Genedrive[®] HCV-ID assay was shown to have sensitivity and specificity of 100% versus the laboratory standard. genedrive has distribution agreements in place with Sysmex in Europe, Africa and Asia (excluding India) and Arkray in India. As announced on 25 March 2020, commercial traction has recently been impacted by the spread of COVID-19. The Company announced receipt of WHO Prequalification for its HCV-ID Kit on 4 May 2020.

Antibiotic-Induced Hearing Loss (“AIHL”)

Around one in 500 infants carry a genetic mutation that puts them at risk of suffering lifelong profound hearing loss after exposure to gentamycin, a commonly used antibiotic. genedrive has developed world's first rapid point-of-care genetic test for neonatal intensive care. There are no other point-of-care tests commercially available for AIHL and the Directors believe genedrive's test could support a new standard of care for all urgent case infants.

genedrive's AIHL test has a high clinical accuracy with 100% sensitivity and 100% specificity. Implementation trials for the test are progressing at Manchester and Liverpool but, as announced on 25 March 2020, have not been able to continue at the same pace as previous months as a result of NHS resources being diverted to address COVID-19.

On 24 April 2020, genedrive announced that it had entered into a distribution agreement with Inspiration Healthcare Group plc for the distribution of genedrive's AIHL test in the UK and Ireland. The Directors estimate the UK and global markets for this test to be worth up to £3.5 million and £35 million per year, respectively, to genedrive based on a price of £2,000 per Genedrive[®] unit and £35 per test.

US Department of Defense (“DoD”)

genedrive was contracted by the United States Department of Defense (DoD) to develop Genedrive[®] as a portable bio-warfare testing system. The development contract was worth approximately \$10.0 million to date and has included approximately 185 Genedrive unit sales since 2014. The contract has now moved on to a conventional commercial phase and, as announced on 25 March, the Company has now received confirmation that a long-term supply contract with the DoD will be agreed that will enable ordering from Autumn 2020 onwards. The first internal DoD customer to procure under this contact has indicated an intention to order circa 500 Genedrive[®] units over the first 3 years.

The Genedrive[®] instrument

The Genedrive[®] is a versatile instrument that can be used across a range of applications and provides rapid results in small hospitals, clinics and in the field. It takes as little as 27 minutes from sample to result compared to days required by a service laboratory, enabling prompt clinical decision making. It has a single use, disposable reagent cartridge revenue model and works by single push button device activation. The Genedrive[®] can operate in hot and humid conditions present outside laboratories and can be configured with a UPS battery to withstand fluctuating power availability. The Genedrive[®] instrument is designed to be affordable with the system and test price points targeted to be accessible to worldwide markets and, subject to the development of the SARS-CoV-2 ID Kit, is expected to have utility in the diagnosis of Covid-19 in a variety of environments and settings.

4. Convertible loan notes

In July 2014, the Company entered into a collaborative funding agreement with the Global Health Investment Fund I, LLC (**GHIF**) under which it issued a US\$8 million convertible bond to GHIF (**GHIF Bond**). The GHIF Bond was amended and restated in 2016 and 2018 and key details are set out in the announcement of 16 November 2018. The GHIF Bond matures in December 2023 and carries a 5% coupon. Interest payments are deferred up to and including January 2022 and are added to the principal. \$2.0 million of the GHIF Bond can be converted at 28.75p and the remainder at 150p at GHIF's discretion. The Company can request the conversion of the first \$2million of the GHIF Bond if, for 20 consecutive days, the average close price exceeds 1.3 x the tranche's conversion price and the remaining \$6million if the average close price is greater than or equal to 180 pence for 20 consecutive days. The GHIF Bond contains provisions for the adjustment of the conversion price (and therefore the numbers of share to be issued on conversion) on the occurrence of certain events including the issue of shares at more than a set discount to the calculation of market price under the GHIF Bond. On the basis of a Placing Price of 80 pence, no adjustment is expected to be made to the conversion price.

In November 2018, BGF subscribed for a £2.5 million convertible loan note (**BGF Loan Note Instrument**), the key terms of which are set out in the announcement of 16 November 2018. The BGF Loan Note Instrument matures in June 2025 and carries a 7% coupon. Interest payments are deferred until December 2021 and are not convertible. The BGF Loan Notes can be converted at BGF's discretion at 28.75p. The BGF Loan Note Instrument contains provisions for the adjustment of the conversion price on the occurrence of certain events. The issue of New Ordinary Shares under the Placing and Broker Option will require an adjustment to the conversion price of the BGF Loan Notes in order to maintain BGF's percentage of voting rights after the adjustment and conversion. The maximum number of additional Ordinary Shares to be issued to BGF as a result of such adjustment, assuming subscription in full for the Placing Shares and Broker Option Shares, is estimated to be 2,501,051. The Resolutions seek authority to allot up to this maximum number of Additional Ordinary Shares and to disapply pre-emption rights up to this maximum number.

At the time of the issue of the BGF convertible Loan Notes, BGF and GHIF entered into the Intercreditor Agreement to regulate the ranking of payments under the GHIF Bond and BGF Loan Note Instrument. Any conversion of the GHIF Bond or BGF Loan Notes or adjustment to their terms would require the consent of GHIF and BGF.

5. Future News Flow

Within the next three months, the Company expects to be able to announce the CE Marking of its Genedrive® 96-SARS-CoV-2 test followed by FDA Emergency Use authorisation and its launch and first sales. Announcements of commercial agreements and revenue from the Genedrive® 96-SARS-CoV-2 test are also anticipated

Later in the year, genedrive expects to announce a long-term contract agreement with the DoD and subsequent ordering under the contract. The completion of AIHL trials at Manchester and Liverpool NHS hospitals is expected, subject to the lifting of COVID-19 restrictions, following which the Company will launch the product in the UK and announce first sales.

The receipt of regulatory approvals and launch of the Genedrive® SARS-CoV-2 ID Kit are expected at the end of the year on the basis of emergency shortened timescales and subject to the risk factors outlined in "COVID-19 Market Risk" below. Shareholders' attention is therefore drawn to paragraph 11 below headed "COVID-19 Market Risk".

6. Current Trading

The Company issued a detailed business update on 25 March 2020. Since then the Covid-19 pandemic has continued to create uncertainty over many areas of the business however significant progress has been made with the development of its PCR test and it continues to expect to have the product CE-Marked by the end of May 2020. The Company was also pleased to enter into a distribution agreement with Inspiration Healthcare Group plc for its AIHL assay and also recently confirmed it has received World Health Organisation (WHO) Prequalification for the Genedrive® HCV ID kit. At the time of the business update issued on 25 March 2020, the Company confirmed that based solely on sales and purchase orders in hand, the Company expected to achieve revenues for the year to 30 June 2020 of circa £1.0m.

Unaudited cash as at the end of April 2020 was £2.1m. To date the Company has not received funds from any UK Government loan support package but has put certain staff on furlough and has submitted a claim under the Coronavirus Job Retention Scheme. The Company estimates that, excluding any net proceeds of the Fundraising (and on the same product revenue assumptions set out in the announcement of 25 March 2020), that it has a cash runway of around five to seven months as at the date of this document. Shareholders' attention is therefore drawn paragraph 13 below headed "Working Capital and importance of vote".

7. EIS/VCT

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

The Company has recently received assurance from HMRC that the Ordinary Shares in the Company represent a qualifying investment for a VCT and are capable of qualifying for EIS tax reliefs.

Accordingly, the New Ordinary Shares will rank as “eligible shares” and will be capable of being a “qualifying holding” for the purposes of investment by VCTs and that the Company can issue EIS 3 “compliance certificates” for the purposes of EIS.

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

The information below is intended only as a general guide to the current tax position under UK taxation law and is not intended to be exhaustive. Shareholders and investors who are in any doubt as to their tax position or who are subject to a tax jurisdiction, other than the UK, are strongly advised to consult their professional advisers. The Company is a knowledge intensive company and knowledge intensive companies can raise up to £10 million under the combined VCT, EIS, SEIS, social investment tax relief or any other state aid risk capital investment in any 12 month period.

EIS

The Company intends to operate so that it qualifies for the taxation advantages offered under EIS. The main advantages are as follows:

- Individuals can claim a tax credit reduction of 30% of the amount invested in the Company against their UK income tax liability, provided they have a sufficient tax liability to reclaim this amount, thus reducing the effective cost of their investment to 70 pence for each £1 invested. However, there is an EIS subscription limit of £1 million in each tax year, or £2 million in each tax year providing at least £1 million is invested into shares in a company which qualifies as a knowledge intensive company, and, to retain the relief, the EIS Shares must be held for at least three years.
- UK investors (individuals or certain trustees) may defer a chargeable gain by investing the amount of the gain in the Company. There is no limit to the level of investment for this purpose and, therefore, to the amount of gain which may be deferred in this way. Note that the deferred gain will come back into charge when the EIS Shares are disposed of or if the Company ceases to qualify as an EIS company within the three year qualifying period.
- There is no tax on capital gains made upon disposal after the three year period (the “Qualifying Period”) of shares in an EIS qualifying company on which income tax relief has been given and not withdrawn.
- If a loss is made on disposal of the EIS Shares at any time, the amount of the loss (after allowing for any income tax relief initially obtained) can be set off against either the individual’s gains for the tax year in which the disposal occurs, or, if not so used, against capital gains of a subsequent tax year, or against the individual’s net income of the tax year of the disposal or of the previous tax year.
- Provided a Shareholder has owned EIS Shares for at least two years and certain conditions are met at the time of transfer, up to 100% business property relief will be available, which reduces the inheritance tax liability on the transfer of EIS Shares to nil.
- The amount of relief an investor may gain from an EIS investment in the Company will depend on the investor’s individual circumstances.

Qualifying Period

In order to retain the EIS reliefs, an investor must hold their shares for at least three years. A sale or other disposal (other than an inter-spousal gift or a transfer on death) will result in any income tax relief that has been claimed being clawed back by HMRC. Additionally, any capital gains deferred will come back into charge and the capital gains tax exemption will be lost. It is the investor’s responsibility to disclose a disposal to HMRC.

An individual can only be eligible for EIS relief on the purchase of shares if all shares held by that investor are either risk-based shares (that is, shares for which an EIS 3 compliance statement has been or will be issued) or the original subscriber shares which the investor has continued to hold.

Additionally, if the Company ceases to meet certain qualifying conditions within three years from the date of the share issue, the tax reliefs will be lost. This will be shown as the "Termination Date" on the EIS3 certificate which the Company will issue to investors following formal approval of the share issue by HMRC.

Advance Assurance of EIS Status

In order for investors to claim EIS reliefs relating to their shares in the Company, the Company has to meet a number of rules regarding the kind of company it is, the amount of money it can raise, how and when that money must be employed for the purposes of the trade, and the trading activities carried on. The Company must satisfy HMRC that it meets these requirements and is therefore a qualifying company. Although the Company currently expects to satisfy the relevant conditions for EIS investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in the EIS Shares.

VCT

The status of the New Ordinary Shares as a qualifying holding for VCTs will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements.

Although the Company currently expects to satisfy the relevant conditions for VCT investment, neither the Directors nor the Company gives any warranty or undertaking that an investment in New Ordinary Shares by a VCT will be a qualifying holding.

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

8. Details of the Placing and Broker Option

Structure

The Directors gave careful consideration as to the structure of the Fundraising and concluded that the Placing and Broker Option was the most suitable option available to the Company and its Shareholders at this time.

The Directors considered that the accelerated bookbuilding process enabled the Placing to be carried out quickly and at the most suitable price for the Company. The Placing was made available to certain eligible existing institutional shareholders and certain new institutional investors to raise £7million.

The Company has granted to Peel Hunt and finnCap the Broker Option to raise up to £1million through the issue of up to 1,250,000 Broker Option Shares at the Placing Price.

The Broker Option is designed to enable smaller shareholders in the Company and other retail and institutional investors to participate in the Fundraising.

The Broker Option may be exercised by Peel Hunt and finnCap between 5 May 2020 and 5.00 p.m. on 11 May 2020 and if exercised in full, shall require the Company to issue up to 1,250,000 Broker Option Shares. The exercise of the Broker Option shall be at the discretion of Peel Hunt and finnCap (with the agreement of the Company) and Peel Hunt and finnCap are under no obligation to exercise the Broker Option.

The New Ordinary Shares are not being made available to the public and none of the New Ordinary Shares are being offered or sold in any jurisdiction where it would be unlawful to do so.

The allotment and issue of the Placing Shares (and Broker Option Shares) is conditional on, amongst other things, the approval by Shareholders of the Resolutions required for the Directors to allot the New Ordinary Shares and for statutory pre-emption rights to be disapplied in respect of such allotments. The Resolutions to be proposed at the General Meeting contain the relevant approvals required for the Fundraising and for the issue of Additional Ordinary Shares in relation to the adjustment to the conversion rights under the BGF Loan Note Instrument.

Reasons for the Fundraising and Use of Proceeds

The proceeds of the Placing and Broker Option alongside the Company's existing cash are intended to:

- (i) support the rapid development of SARS-CoV-2 assays including funding test development for high throughput Genedrive®-96-SARS-CoV-2 and the development of the Genedrive® SARS-CoV-2 ID Kit;
- (ii) fund the scale-up of the Genedrive®-96-SARS-CoV-2 test including providing working capital to build-up a 'Just in Case' inventory for the initial period; and
- (iii) product development, commercialisation and general corporate purposes including preparation for commercialisation of the AIHL test outside the UK, further development of the Company's test menu and the provision of flexibility for the Company's options on convertible loan notes and interest.

Principal Terms of the Placing

Peel Hunt and finnCap, as agents for the Company, have severally agreed to use their respective reasonable endeavours to procure Placees by way of an accelerated bookbuild process on the terms of the Placing Agreement. Placees applied to subscribe for the Placing Shares on the basis of the Terms and Conditions of the Placing set out in the Appendix to the Announcement. Neither the Placing nor the Broker Option is being underwritten.

The issue of the Placing Shares is intended to raise £7 million (before expenses). If the Broker Option is exercised in full, the Company would raise a further £1 million (before expenses) by the issue of the Broker Option Shares. It is expected that the proceeds of the Placing and any Broker Option Shares subscribed for, will be received by the Company by the end of May 2020.

Under the Placing Agreement, the Company has agreed to pay to Peel Hunt and finnCap commission based on the aggregate value of the New Ordinary Shares placed at the Placing Price and the costs and expenses incurred in relation to the Placing together with any applicable VAT.

No commissions will be paid to Placees or by Placees in respect of any New Ordinary Shares.

Application for Admission

Application will be made to the London Stock Exchange for the New Ordinary Shares (including the Broker Option Shares subscribed for) to be admitted to trading on AIM. Subject to, amongst other things, Shareholder approval of the Resolutions at the General Meeting, Admission is expected to take place, and dealings on AIM are expected to commence, at 8.00 a.m. on 28 May 2020 (or such later time and/or date as may be agreed between the Company, Peel Hunt and finnCap, being no later than 5.00 p.m. on 11 June 2020). No temporary documents of title will be issued.

Conditionality

The Placing and Broker Option are conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. The Placing Agreement is conditional, amongst other things, upon the following:

- the passing, without amendment, of the Resolutions at the General Meeting;
- none of the warranties contained in the Placing Agreement, in the opinion of the Bookrunners (acting jointly and in good faith), being untrue or inaccurate or misleading at the date of the Placing Agreement or becoming untrue or inaccurate or misleading at any time between such date and Admission by reference to the facts and circumstances from time to time subsisting;
- the Company having complied with all of its obligations under the Placing Agreement which fall to be performed or satisfied on or prior to Admission; and
- Admission occurring by no later than 8.00 a.m. on 28 May 2020 (or such later time and/or date as may be agreed between the Company and Peel Hunt and finnCap, being no later than 8.00 a.m. on 11 June 2020).

If the conditions set out above are not satisfied or waived (where capable of waiver), the Fundraising will lapse and the New Ordinary Shares will not be allotted and issued and no monies will be received by the Company from investors in respect of the New Ordinary Shares.

Effect of the Placing

The New Ordinary Shares will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of this document 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 issue of the Placing Shares, upon completion of the Placing pursuant to the terms of the Placing Agreement, will represent approximately 20 per cent. of the Enlarged Share Capital, assuming full take-up of the Broker Option.

9. The Placing Agreement

Pursuant to the terms of the Placing Agreement, Peel Hunt and finnCap, as agents for the Company, have agreed to use their respective reasonable endeavours to procure Placees to take up the Placing Shares on the terms and subject to the conditions set out therein, at the Placing Price. The Placing Agreement is conditional upon, amongst other things, the conditions set out above.

The Placing Agreement contains customary warranties given by the Company in favour of Peel Hunt and finnCap in relation to, amongst other things, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Peel Hunt (and its affiliates) and finnCap in relation to certain liabilities which they may incur in respect of the Placing.

Peel Hunt and finnCap each have the right to terminate their obligations under the Placing Agreement in certain circumstances prior to Admission. In particular, in the event of breach of the warranties or a material adverse change or if the Placing Agreement does not become unconditional where both Peel Hunt and finnCap terminate their obligations under the Placing Agreement, the Placing Agreement will cease and terminate.

10. Related Party Transaction and Directors Interests

The following Directors and a PDMR of the Company have agreed to subscribe for Placing Shares pursuant to the terms of the Placing. Following Admission (assuming full take up under the Broker Option) the beneficial interests of such Directors / PDRM will be as follows:

<i>Shareholder</i>	<i>Number of Placing Shares subscribed for</i>	<i>Amount payable for the Placing Shares</i>	<i>Number of Ordinary Shares held after Admission</i>	<i>Percentage of Enlarged Share Capital (%)</i>
Tom Lindsay	12,500	£10,000	202,717	0.5
Chris Yates	6,250	£5,000	47,554	0.1
Coleen Phythian	6,250	£5,000	31,894	0.1

Dr Ian Gilham, David Budd and Matthew Fowler, the Company's Chairman, Chief Executive Officer and Chief Financial Officer respectively, have indicated an intention to place an order through the Broker Option for Broker Option Shares to the aggregate value of £40,000.

BGF is a substantial shareholder as defined in the AIM Rules for Companies, in that they currently have an interest in more than 10 percent of the Company's current issued share capital. BGF has agreed to subscribe for 1,562,500 Placing Shares. Following Admission (assuming full take up under the Broker Option) the beneficial holding of BGF in the Company's Ordinary Shares will be as follows:

Shareholder	Number of Placing Shares subscribed for	Amount payable for the Placing Shares	Number of Ordinary Shares held after Admission	Percentage of Enlarged Share Capital (%)
BGF	1,562,500	£1,250,000	5,910,326	13.2

In lieu of any Independent director's recommendation in relation to BGF's proposed participation in the Placing, Peel Hunt, in its capacity as Nominated Adviser to the Company for the purposes of the AIM Rules, considers that BGF's proposed participation in the Placing is fair and reasonable insofar as the shareholders of the Company are concerned.

11. COVID-19 Market Risk

The Company is seeking to enter the novel COVID-19 diagnostics market. The Directors believe it is impossible to predict the full nature, extent and duration of the COVID-19 pandemic and therefore the total demand for COVID-19 diagnostic tests and the longevity of this demand are uncertain. Furthermore, the introduction of breakthrough therapeutic drugs or vaccines could reduce the requirement for widescale diagnostic testing of COVID-19 and the importance of contact tracing.

The ability of the Company to commercialise its COVID-19 tests is dependent on the ability to obtain regulatory approvals in relevant markets. genedrive intends to obtain a CE mark for its COVID-19 tests but the tests are currently unapproved.

Under section 564 of the Federal Food, Drug, and Cosmetic Act, the FDA Commissioner may allow unapproved medical products or unapproved uses of approved medical products to be used in an emergency to diagnose, treat, or prevent serious or life-threatening diseases or conditions caused by a terrorist attack with a biological, chemical, or radiological/nuclear material, or a naturally occurring emerging disease when there are no adequate, approved, and available alternatives (**Emergency Use Approval**). On 4 February 2020, the US Department of Health and Human Services Secretary declared that circumstances exist justifying the authorisation of emergency use of *in vitro* diagnostics for detection and/or diagnosis of the virus that causes COVID-19. On 29 February 2020, the FDA issued an immediately in effect guidance with policy specific to development of *in vitro* diagnostic tests during this public health emergency, which was subsequently updated on 16 March 2020.

There is no certainty that the FDA will continue to allow Emergency Use Authorisation either due to the development of adequate, approved and available alternatives or due to the COVID-19 pandemic no longer being considered sufficiently serious to justify emergency use of *in vitro* diagnostics. If the FDA withdraws the Emergency Use Approval, the ability of the Company to commercialise its COVID-19 diagnostic tests would be adversely affected in the US and other markets.

12. General Meeting

The Directors do not currently have authority to allot all of the New Ordinary Shares or any Additional Ordinary Shares which are required to be issued as a result of adjustment to the conversion price under the BGF Loan Note Instrument and, accordingly, the Board is seeking the approval of Shareholders, at the General Meeting, to allot the New Ordinary Shares in respect of the Placing and Broker Option and up to a maximum of 2,501,051 Ordinary Shares in respect of the adjustment to the conversion price and therefore the number of Ordinary Shares which may be issued on conversion of the Loan Notes.

The General Meeting of the Company, notice of which is set out at the end of this document, is to be held at 10.00 a.m. on 27 May 2020 at The Incubator Building, 48 Grafton Street, Manchester, M13 9XX. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions in order to approve, *inter alia*, the authorities required to allot and issue the New Ordinary Shares and the Additional Ordinary Shares.

In light of public health advice in response to the COVID-19 outbreak, including to limit travel, and public gatherings, the Company strongly encourages all shareholders to submit their Form

of Proxy appointing the Chairman of the meeting as proxy rather than attend the meeting in person. Only the formal business of the Resolutions will be carried out at the meeting. In light of Government guidance, Shareholders who seek to attend the General Meeting will not be admitted.

A summary and explanation of the Resolutions is set out below. Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Resolutions contained in the Notice of General Meeting in Part II of this document.

Resolution 1: Authority to allot New Ordinary Shares and Additional Ordinary Shares (to be passed as an ordinary resolution)

Conditional on the passing of Resolution 2, this ordinary resolution will grant the Directors authority to allot up to 10,000,000 New Ordinary Shares for the purposes of the Placing and the Broker Option and up to 2,501,051 Ordinary Shares in respect of the adjustment to the conversion price (and therefore the number of Ordinary Shares to be issued) under the Loan Note Instrument as a result of the issue of the Placing Shares and Broker Option Shares. The authority given by this Resolution will expire 90 days after the date of the passing of the Resolution in relation to the Placing Shares and Broker Option Shares only. This authority will be in addition to the authorities given to the Directors at the annual general meeting of the Company which took place on 27 November 2019.

Resolution 2: Disapplication of pre-emption rights in relation to the issue of the New Ordinary Shares and Additional Ordinary Shares (to be passed as a special resolution)

Conditional on the passing of Resolution 1, this special resolution disapplies statutory pre-emption rights in respect of the allotment up to 10,000,000 New Ordinary Shares to be allotted pursuant to Resolution 1 in connection with the Placing and Broker Option and up to 2,501,051 Ordinary Shares in respect of the adjustment to the conversion price (and therefore the number of New Ordinary Shares to be issued under the Loan Note Instrument) as a result of the issue of the Placing Shares and Broker Option Shares. The authority given by this Resolution will expire 90 days after the date of the passing of the Resolution in relation to the Placing Shares and Broker Option Shares only. This authority will be in addition to the authorities given to the Directors at the annual general meeting of the Company which took place on 27 November 2019.

13. Working Capital and importance of vote

Shareholders should be aware that, if the Resolutions are not passed at the General Meeting, the net proceeds of the Fundraising will not be received by the Company. If this were to happen, the Company would only have sufficient working capital for the next 5-7 months without taking any mitigating action and therefore the Board would need to seek alternative financing which may or may not be forthcoming. The Directors consider that such a scenario would not be in the best interests of the Company or its Shareholders and that any alternative financing, if available, could be on less favourable terms and could risk leading to substantial dilution for Shareholders. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions.

14. Action to be taken

Enclosed with this document is a Form of Proxy for use at the General Meeting.

In light of public health advice in response to the COVID-19 outbreak, including to limit travel, and public gatherings, the Company strongly encourages all shareholders to submit their Form of Proxy appointing the Chairman of the meeting as proxy rather than attend the meeting in person. Only the formal business of the Resolutions will be carried out at the meeting. Shareholders who seek to attend the General Meeting will not be admitted.

You are requested to complete, sign and return the Form of Proxy to the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on 22 May 2020.

Shareholders who hold their Ordinary Shares through a nominee should instruct their nominees to submit a Form of Proxy on their behalf.

15. Recommendations

The Directors consider that the Fundraising and the passing of the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of all of the Resolutions, as they intend to do in respect of their beneficial holdings of an aggregate of 997,862 Existing Ordinary Shares, representing approximately 2.86 per cent. of the Existing Ordinary Shares.

The Fundraising is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not passed at the General Meeting, the Fundraising will not proceed.

Yours faithfully

Ian Gilham
Non-Executive Chairman

PART II

NOTICE OF GENERAL MEETING

genedrive

genedrive plc

(Incorporated and registered in England and Wales with registered no. 06108621)

Notice is hereby given that a General Meeting of genedrive plc (the “Company”) will be held at 10.00 a.m. on 27 May 2020 at The Incubator Building, 48 Grafton Street, Manchester, M13 9XX for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution.

RESOLUTION 1

1. That subject to and conditional upon the passing of Resolution 2, the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**2006 Act**”), in addition to all existing authorities to the extent unused, to exercise all powers of the Company to allot ordinary shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £187,515.765 in respect of up to 12,501,051 ordinary shares on, and subject to, such terms as the directors may determine, but so that this authority is limited to the allotment of ordinary shares pursuant to the Placing and the Broker Option (as defined in the document containing the notice convening this meeting) and the Additional Ordinary Shares (as defined in the document containing the notice convening this meeting to be issued on conversion of the Loan Notes as a result of adjustment to the conversion price (and therefore number of ordinary shares to be issued) on conversion following the issue of the New Ordinary Shares under the Placing and Broker Option). This authority, unless renewed, extended, varied or revoked by the Company in a general meeting, shall expire 90 days after the date of the passing of this resolution in respect of the ordinary shares to be issued in connection with the Placing and Broker Option only, save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted in the Company after such expiry and the directors may allot shares in the Company in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution.

RESOLUTION 2

2. That, subject to and conditional upon the passing of Resolution 1, the directors of the Company be and they are hereby empowered pursuant to section 570(1) of the Companies Act 2006 (the “**2006 Act**”), in addition to all existing unexercised powers of the Directors under section 570 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) of the Company for cash pursuant to the authority conferred by resolution 1 above as if section 561(1) of the 2006 Act did not apply to any such allotment. This power, unless renewed, extended, varied or revoked by the Company in general meeting, shall expire 90 days after the date of the passing of this resolution in respect of ordinary shares to be issued under the Placing and Broker Option only, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted in the Company after such expiry and the directors may allot such securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

By Order of the Board

Matthew Fowler
Company Secretary
7 May 2020

Registered Office

48 Grafton Street
Manchester
M13 9XX

IMPORTANT NOTICE RE COVID-19

In light of public health advice in response to the COVID-19 outbreak, including to limit travel, and public gatherings, the Company strongly encourages all shareholders to submit their Form of Proxy appointing the Chairman of the meeting as proxy rather than attend the meeting in person. Only the formal business of the Resolutions will be carried out at the meeting. Shareholders who seek to attend the General Meeting will not be admitted.

NOTES TO THE NOTICE OF GENERAL MEETING

1. A member entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies of their own choice to exercise all or any of their rights to attend, speak and vote on their behalf at the General Meeting. A member can only appoint a proxy using the procedures set out in these notes and the notes to the accompanying form of proxy.
2. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member may not appoint more than one proxy to exercise rights attached to any one share. The proxy need not be a member of the Company, but must attend the General Meeting to represent the member. Please refer to the notes to the form of proxy for further information on appointing a proxy, including how to appoint multiple proxies.
3. In the absence of instructions, the person appointed as proxy may vote or abstain from voting as he/she thinks fit on the specified Resolutions and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to the Resolutions) which may properly come before the General Meeting.
4. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names of the holders stand in the Company's register of members in respect of the joint holding.
5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that each representative is appointed to exercise the rights attached to a different share or shares held by the member.
6. Pursuant to regulation 41 of the CREST Regulations, the Company specifies that only those members registered on the Register of Members at 6 p.m. on 25 May 2020 (the "Specified Time") (or if the General Meeting is adjourned to a time more than 48 hours after the Specified Time, taking no account of any part of a day that is not a working day, by close of business on the day which is two working days prior to the time of the adjourned General Meeting) shall be entitled to attend and vote thereat in respect of the number of shares registered in their name at that time. If the General Meeting is adjourned to a time not more than 48 hours after the Specified Time (taking no account of any part of a day that is not a working day), that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned General Meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining rights to attend and vote.

Appointment of proxy using hard copy proxy form

7. Members may appoint a proxy or proxies by completing and returning a form of proxy by post to the offices of the Company's registrars in an envelope addressed to the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD or by delivering a form of proxy by hand at the offices of the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD during normal business hours. In the case of a member which is a corporation, the proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer or an attorney. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power of authority) must be included with the proxy form. Any such power of attorney or other authority cannot be submitted electronically.
8. To be effective, the appointment of a proxy, or the amendment to the instructions given for a previously appointed proxy, must be received by the Company's registrars by the method outlined in note 7 above no later than 10.00 a.m. on 22 May 2020. 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.

Appointment of proxy using CREST electronic proxy appointment service

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent Neville Registrars Limited (ID: 7RA11) by the latest time(s) for receipt of proxy appointments specified in this notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the CREST Regulations.

Termination of proxy appointments

13. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the General Meeting.
14. In order to terminate the authority of a proxy, or a corporate representative of a corporation, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke such appointment to the Company's registrars. To be effective, the notice of termination must be received by the Company's registrars by the method outlined in note 7 above no later than 10.00 a.m. on 22 May 2020.

Voting Rights

15. As at 6 May 2020, being the latest practicable date prior to the printing of this Notice, the Company's issued capital consisted of 34,870,071 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 6 May 2020 are 34,870,071.
16. Resolution 1 is proposed as an Ordinary Resolution. This means that for the Resolution to be passed more than half of the votes cast on such Resolution must be in favour of such Resolution. Resolutions 2 is proposed as a Special Resolution. This means that for such Resolution to be passed, at least three-quarters of the votes cast on such Resolution must be in favour of such Resolution.

Communications

17. This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the General Meeting as at 6 May 2020, being the latest practicable date prior to the printing of this Notice, will be available on the Company's website at <http://www.genedriveplc.com/>.