

Governance

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CHAIRMAN'S INTRODUCTION

Communicating clearly



Horizon's Directors believe that strong Corporate Governance is fundamental to the immediate and long term success of the business, and the Board bears the ultimate responsibility to ensure that strategy, operations, and financial reporting are all underpinned by robust processes. We are therefore committed to playing a central role in the Group's governance by providing an external and independent perspective on matters material to our stakeholders, by establishing a framework that ensures that effective internal controls and risk management measures are in place, and by ensuring that good governance is part of a broader culture of openness, transparency, and responsibility that is felt at all levels of the organisation. The Company has adopted the Quoted Companies Alliance Code for Small & Mid-sized Quoted Companies 2018 (the "QCA Code"). See page 48 for further details.

This section of the Annual Report describes Horizon's leadership, corporate governance structures and committees, and risk management and accountability practices.

DR IAN GILHAM
NON-EXECUTIVE CHAIRMAN

LEADERSHIP

BOARD OF DIRECTORS

Responsible for the long-term success of the Group. It sets strategy and oversees implementation, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

EXECUTIVE LEADERSHIP TEAM

Operates under the direction and authority of the CEO and CFO. Additional members include the Head of Global Commercial, Head of Research Operations, Head of Global Operations, Global Head of Strategy and Corporate Development, Global Head of Human Resources and Head of Business Operations. Responsible for the day-to-day running of Group operations and making recommendations to the Board on strategy and subsequent implementation.

AUDIT COMMITTEE

Provides oversight over the Group's financial reporting, the integrity of the financial statements, the external and internal audit processes, and of internal control and risk management processes.

REMUNERATION COMMITTEE

Recommends Group policy on the remuneration of senior leadership and Executive Directors and is responsible for making recommendations for grants of options under the Long-Term Incentive Plan.

NOMINATION COMMITTEE

Responsible for reviewing the size, structure and composition of the Board and reviewing succession planning. Leading the process and making recommendations for Board appointments.

BOARD OF DIRECTORS

Providing effective guidance through a depth of skills and experience

Horizon has a very strong and diverse Board, comprising directors with a broad spectrum of complementary skills, personalities and competencies.

EXECUTIVE DIRECTORS

TERRY PIZZIE

Chief Executive Officer,
Director



APPOINTMENT TO PLC BOARD
May 2018

BACKGROUND

Terry was appointed Chief Executive Officer in May 2018, having joined Horizon Discovery in February 2017 as Head of Global Commercial. Previously, he served as a Vice President in Europe from 2010 to 2012 and as Vice President of Global Sales from 2012 to February 2017 at Pacific Biosciences of California, Inc., a biotechnology tools company. He has amassed more than 30 years of commercial experience within the biotechnology tools sector. Terry holds a degree in physiology and biochemistry from the University of Reading and has spent most of his working life focused on commercial excellence within the sector.

EXTERNAL APPOINTMENTS
None.

JAYESH PANKHANIA

Chief Financial Officer,
Director



APPOINTMENT TO PLC BOARD
January 2019

BACKGROUND

Jayesh was appointed Chief Financial Officer in January 2019 having joined Horizon Discovery in April 2018 as Interim Chief Financial Officer, leading the transformation of the finance function, the implementation of strong financial and corporate governance and the development of Horizon Discovery's strategy. Prior to joining Horizon Discovery, he served as Chief Financial Officer of Xtera Limited, a provider of subsea telecoms technology, from 2017 to 2018, and HOC Group, a construction company, from 2015 to 2016. From 2011 to 2015, he was in a Deputy Chief Financial Officer role at Asia Resource Minerals plc. Jayesh is a Chartered Accountant with over 25 years' senior finance experience. He is the founder and director of Nisaba Limited. He holds an M.B.A. from the London Business School and a degree in Accountancy from the University of East Anglia, and qualified with PricewaterhouseCoopers.

EXTERNAL APPOINTMENTS
Jayesh is a founder and Director of Nisaba Limited.

DR IAN GILHAM

Non-Executive Chairman



APPOINTMENT TO PLC BOARD
March 2014

Ian is Chair of the Nominations Committee and sits on the Remuneration Committee.

BACKGROUND

Ian has served as a member of Horizon Discovery's board of directors since 2013 (Horizon Discovery Limited) and as chairman since 2014. From 2008 to 2011 he was Chief Executive Officer of Axis-Shield plc, a FTSE-listed global diagnostics company which was sold to Alere Inc. for £260 million in 2011. Ian also previously worked at GlaxoSmithKline as Vice President – Pharmacogenetics and held international general management, marketing business development and R&D positions. Previously, Ian served as chairman of the board of directors of Multiplicom N.V. (2013-2017) and as a non-executive director of Vernalis plc (2015-2018). He holds a life sciences Ph.D. from the University of Bath and a degree in zoology from Bangor University.

EXTERNAL APPOINTMENTS
Ian is non-executive chairman on the boards of directors of Cytex and genedrive plc.

SUSAN SEARLE

Director



APPOINTMENT TO PLC BOARD
June 2014

Susan acts as the Senior Independent Director on Horizon's Board. She is Chair of the Remuneration Committee and sits on the Audit Committee and Nominations Committee.

BACKGROUND

Susan has served as a member of Horizon Discovery's board of directors since 2014 and has over 20 years' commercial experience as an entrepreneur and innovator. She co-founded Imperial Innovations Group plc, (now part of IP Group plc), a leading technology venture investment business, leading the company as Chief Executive Officer from 2002 to 2013. She has previously held commercial roles with Shell Chemicals, Montech PTY Ltd, Signet Group plc and the Bank of Nova Scotia. Susan holds a degree in chemistry from Oxford University.

EXTERNAL APPOINTMENTS
Susan serves as a chairman of the board of directors of Schroder U.K. Public Private Trust and as a non-executive member of the boards of directors of Benchmark Holdings plc and QinetiQ plc.

DR SUSAN GALBRAITH

Director



APPOINTMENT TO PLC BOARD
June 2014

Susan sits on the Remuneration Committee.

BACKGROUND

Susan has served as a member of Horizon Discovery's board of directors since 2014 and has over 20 years' combined academic and industry experience. Since 2010, she has been Senior Vice President and Head of Oncology Innovative Medicines at AstraZeneca, and prior to that, worked at Bristol-Myers Squibb from 2001 to 2010, where she was Vice President of Oncology and Clinical Biomarkers from 2008 to 2010. In her roles at both Bristol Myers Squibb and AstraZeneca, Susan successfully developed and delivered strategies for the oncology and biomarker groups, resulting in increased success rates, enhanced scientific reputation and high value collaborations. She has also delivered major reorganizations, redesigned governance processes and contributed to discussions on drug and diagnostic development with regulatory agencies in North America and Europe. Susan trained as a clinical oncologist and holds degrees in medicine from the University of Cambridge and physiology from the University of Manchester.

EXTERNAL APPOINTMENTS
None.

DR VISHAL GULATI

Director



APPOINTMENT TO PLC BOARD
March 2014

Vishal sits on the Audit and Remuneration Committees.

BACKGROUND

Vishal has served as a member of Horizon Discovery's board of directors since 2014 and is currently a venture partner at Draper Esprit plc, a leading European venture capital firm, having joined in 2014, with investment interests in healthtech, 'omics' and synthetic biology. Vishal holds a degree in medicine from the University of Rajasthan and received postgraduate medical training at centres including the Nuffield Department of Medicine (Oxford) and Department of Medicine (St Mary's Hospital, London) as a Rhodes Scholar.

EXTERNAL APPOINTMENTS

He is a non-executive member of the boards of directors of Sensyne Health plc, Fluid Analytics Limited, Evonetix Limited, Push Doctor Limited, Ieso Digital Health Limited, Mimi Hearing Technologies and Lifesum AB. He is chairman of Digital Health Forum and serves on investment and awards committees of Innovate U.K., the MRC and British Heart Foundation.

GRAHAME COOK

Director



APPOINTMENT TO PLC BOARD
May 2015

Grahame chairs the Audit Committee and sits on the Nominations Committee.

BACKGROUND

Grahame has served as a member of Horizon Discovery's board of directors and chairman of Horizon Discovery's Audit Committee since 2015. He is a chartered accountant with seven years in the accounting profession in the U.K. and U.S. with Arthur Andersen. He was then an investment banker for 18 years focusing on global equity capital markets, M&A and corporate advisory, having been a director of Corporate Finance at Barclays de Zoete Wedd, Managing Director and Member of the Global Investment Banking Management Committee at UBS Investment Bank and joint Chief Executive Officer at WestLB Panmure. For the past 18 years, he has been a professional non-executive director. Grahame also advised the London Stock Exchange on the creation of TechMark, the specialist segment of the Main Market focusing on innovative technology and healthcare companies. Grahame holds a double first degree from Oxford University and is a member of the Institute of Chartered Accountants.

EXTERNAL APPOINTMENTS

Grahame sits on the following boards: KS Halkins LLP, Minoan Group plc, Morgan Rossiter Limited and Pertsemit Limited.

MARGARITA KRIVITSKI

Director



APPOINTMENT TO PLC BOARD
November 2018

BACKGROUND

Margarita has served as a member of Horizon Discovery's board of directors since 2018 and has been a Vice President at ValueAct Capital Management, L.P. since 2015. Prior to joining ValueAct, she was an associate at TPG Capital in the North American Buyout Group focused on healthcare investments, from 2013 to 2015, and an investment banker at Goldman Sachs, from 2011 to 2013. She brings experience in finance, strategy, accounting, investment, portfolio management and mergers and acquisitions, as well as a deep knowledge of Horizon Discovery's business. Margarita holds a B.A. in applied mathematics from Harvard University.

EXTERNAL APPOINTMENTS

None.

MANAGEMENT

GABE LONGORIA

Head of Global Commercial



Gabe was appointed Head of Global Commercial in January 2019, having joined Horizon Discovery in April 2017 as Head of Strategic Alliance until December 2017 and then serving to Head of Global Sales from January 2018 until December 2018. He is responsible for leading and managing all commercial operations of the business to ensure that profitable business growth is accelerated and commercial success is achieved. Prior to joining Horizon Discovery, Gabe was Director of North America Sales of the Bioproduction and Drug Discovery Divisions, from August 2015 to April 2017, and the Biotherapeutics Division, from July 2012 to July 2015, of Molecular Devices LLC, a subsidiary of Danaher Corp. He has more than 25 years' commercial experience in cell biology, biotherapeutics and drug discovery, encompassing various sales, marketing and product management roles. Gabe holds a degree in microbiology from the University of Arizona.

KIM NICHOLS

Head of Global Operations



Kim joined Horizon Discovery as Head of Global Operations in September 2017, following the acquisition of Dharmacon. She is an experienced Senior Operations Director with over 17 years' experience in product/project development within the RNA interference (RNAi), gene editing, consumables (plastics), and molecular biology and brings extensive experience in global supply chain management, manufacturing, performance and quality assurance, information technology, cross-functional team leadership, scientific collaboration management and cost reductions through improved process performance. Prior to becoming part of Horizon Discovery's team, She had been with the Dharmacon business for more than 18 years in various operational roles under Thermo Fisher Scientific and GE Healthcare. Kim holds a degree in genetics from Iowa State University.

DR CHRIS LOWE

Head of Research Operations



Chris was appointed Head of Research Operations in January 2017, having joined Horizon Discovery in 2011. Prior to leading all research operations within the Horizon Discovery Group, he led the scientific teams responsible for the development and provision of a range of translational research services to support preclinical drug discovery programs as RRD Director from September 2013 to January 2017. He serves on the board of directors of Avvinity Therapeutics Limited. Chris has a background in the genetic analysis of complex disease. He obtained his Ph.D. in the field of medical genetics from the University of Cambridge, where he engaged in research into the genetic causes of Type 1 diabetes in the laboratory of Prof. John Todd, and followed with postdoctoral work focusing on Type 2 diabetes and metabolic disease in the laboratory of Prof. Stephen O'Rahilly. Chris holds a bachelor's degree in molecular biology and biotechnology from the University of Hull.

JULIE CORMACK

Global Head of Human Resources



Julie joined Horizon Discovery as Global Head of Human Resources in July 2019. She has extensive experience helping organizations in high growth environments and is a Chartered Fellow of the Institute of Personnel Development. Prior to joining Horizon Discovery, Julie was Global Head of Human Resources at Getronics, an information technology and services company, from September 2018 to May 2019, and CPA Global Ltd., an intellectual property management and technology company, from May 2014 to September 2017. She holds a degree in Ancient History and Archaeology from the University of Birmingham and a masters in Japanese from the University of Essex.

DR BRIAN BURKE

Global Head of Strategy and Corporate Development



Brian was appointed Global Head of Strategy and Corporate Development in August 2018, having joined Horizon Discovery in August 2012 as a Global Business Development Manager. He is responsible for driving strategic development and execution across Horizon Discovery's business. Before joining Horizon Discovery, Brian worked in a number of commercial and licensing roles with a particular focus on gene editing, bioproduction and next-generation sequencing. He holds a first class honours degree from the University of Glasgow and a Ph.D. from the University of Leeds.

DR PAUL BROOKS

Head of Business Operations



Paul was appointed Head of Business Operations in November 2019. He has over 20 years of experience in leading the successful development and commercialization of tools and services for academic, pharmaceutical, biopharmaceutical and molecular diagnostic markets. Previously, he was Interim Head of Sales for Abcam plc, from January 2019 to July 2019. He has held senior leadership positions in the U.S. and the U.K., including Chief Commercial Officer and Executive Board member of Oxford Genetics Ltd; Head of Discovery Research Services at MilliporeSigma (Merck KGaA); and Global Marketing Manager at Sigma-Aldrich Corp. Paul has a BSc in Biochemistry from the University of Wales, a Ph.D. in Molecular Biology from the University of Manchester Institute of Science and Technology (UMIST), and an MBA from the University of Nottingham Business School.

BOARD ACTIVITIES AND OPERATIONS

BOARD MEETINGS

The Board meets in full on at least a bi-monthly basis, with attendance required in person whenever practicable, with at least one meeting per year scheduled in a Horizon facility outside the U.K. In addition, ad hoc meetings may be called to discuss urgent pertinent issues arising during the course of the year. The Chairman meets with the Executive Directors prior to scheduled and ad hoc meetings to discuss and set each Board agenda, including a forward schedule of items for future consideration.

BOARD EVALUATION

Led by the Chairman, the Board regularly evaluates its own composition and performance in order to confirm that:

- A suitable level of discussion on strategic, financial performance, operational and governance matters is taking place,
- The Board is acting independently, challenging the Executive Leadership as appropriate,
- The composition of the Board contains the right combination of skills and experience for current and forthcoming challenges and opportunities of the Group, and
- Each member of the Board is able to dedicate sufficient time and attention to the business.

Directors are subject to reappointment in accordance with the provisions of the articles of association, with at least one third of the Board members put up for reappointment by shareholder vote at each year's AGM.

INDEPENDENCE

The Board applies a rigorous process to ensure that its Non-Executive Directors remain independent. In accordance with established procedure, all Directors are required to notify the Board of any conflicts of interest, and a register of such interests is maintained. Also under procedure, all share purchases or sales are disclosed in Director/PDMR Shareholding RNS releases, and option holdings by the Directors are publicly disclosed in each Annual Report. Any changes to these interests are similarly notified to the Board. The Board considers that all Non-Executive Directors are independent except for Margarita Krivitski who is currently a Vice President for ValueAct Capital which is a holder of 20.9% of shares in the Company as of 29 April 2020.

Horizon Directors are not permitted to participate in any vote in which they have a conflict of interest, and in most instances recuse themselves from any such discussion.

BOARD COMMITTEES

In accordance with best practice, the Group has established Audit, Remuneration and Nominations Committees with written terms of reference for each which deal with their authorities and duties.

AUDIT COMMITTEE

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems, risk management and procedures and accounting policies. The Committee also reviews the work of external auditors and monitors non-audit fees. The Committee meets at least twice per year. The Committee is chaired by Mr Grahame Cook with Mrs Susan Searle and Dr Vishal Gulati as additional members. Other Directors may attend meetings at the Committee's invitation, together with the Group's external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee has responsibility for recommending, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the Long-Term Incentive Plan.

The Board as a whole is responsible for approving recommendations made by the Remuneration Committee. The remuneration of Non-executive Directors is a matter for the Board, based on recommendations made by the Remuneration Committee. No Director may be involved in any discussions relating to their own remuneration.

The Remuneration Committee is chaired by Mrs Susan Searle and its other members are Dr Susan Galbraith, Dr Ian Gilham and Dr Vishal Gulati. The Committee meets not less than twice per year. Executive Directors may attend meetings at the Committee's invitation, and the Committee obtains advice from third parties where appropriate.

NOMINATIONS COMMITTEE

The Nominations Committee is responsible for reviewing the size, structure and composition of the Board, evaluating the skills, knowledge, experience and diversity on the Board, leading the process for Board appointments, making recommendations to the Board in relation to new appointments and reviewing succession planning.

The Board as a whole is responsible for approving recommendations made by the Nominations Committee.

BOARD ACTIVITIES AND OPERATIONS CONTINUED

The Nominations Committee is chaired by Dr Ian Gilham and its other members are Grahame Cook and Susan Searle. The Nominations Committee normally meets at least once a year. This meeting usually takes place in December but the meeting scheduled for December 2019 was rescheduled for January 2020. In subsequent years it will meet not less than twice a year. Other Directors may attend meetings at the Committee's invitation and the Committee obtains advice from third parties where appropriate.

ACCOUNTABILITY

CORPORATE COMPLIANCE

The board of Horizon Discovery Group plc (the "Company") is responsible for the Group's corporate governance policies and recognises the importance of high standards of integrity. The Company has adopted the Quoted Companies Alliance Code for Small & Mid-sized Quoted Companies 2018 (the "QCA Code").

The following link sets out how the Group complies with the ten principles of the QCA code:

<https://horizondiscoveryplc.com/governance/accountability/>

WHISTLEBLOWING POLICY

Horizon prides itself on its honesty, integrity and high professional standards in its dealings with customers, with its staff and with the public. The Group demands the maintenance of these high standards in everything that it does, and to this end the Group has established an internal policy and procedures that encourage and support employees in coming forward and reporting certain types of conduct or activities that fall short. The chairman of the audit committee is responsible for ensuring that any concerns raised are followed up in an effective and timely manner. Training on the Group's whistleblowing policy is included in the on-boarding process for all new employees.

COMMUNICATION WITH SHAREHOLDERS

The Board believes that maintaining regular and transparent dialogue with shareholders is important in order to ensure that there is a clear understanding of strategic objectives, financial and operational performance, and governance of the Group.

INVESTOR MEETINGS

The Non-Executive Chairman, CEO and CFO, working in consultation with the Group's advisers, make themselves available and expect to meet with major institutional shareholders at least twice a year, following mid-year and full-year results, through roadshows that take place in London and in the major investment centres in the United States (New York, Boston, and San Francisco).

Additional support for current and prospective shareholders is available throughout the year from the Executive Directors. The Board is responsible for oversight of these activities, including giving careful consideration to feedback from investors.

INVESTOR RELATIONS WEBSITE

The Group provides extensive information regarding share price, investor news, analyst consensus, and resources and reports on the investor relations section of the Group's website. Interested parties can also register to receive electronic copies of all RNS and RNS-Reach announcements on the day they are issued.

ANNUAL GENERAL MEETING (AGM)

The Board actively encourages participation in the AGM, which is the principal forum for dialogue with shareholders. The Notice of Annual General Meeting and Form of Proxy are issued with the Annual Report and are made available on the Group's website. At the AGM each resolution is voted on. Proxy votes are counted and the level of proxies lodged on each resolution is reported after it has been dealt with on a show of hands. All results of voting are published in an RNS announcement and on the Group's website following the meeting.

AUDIT COMMITTEE REPORT



GRAHAME COOK
NON-EXECUTIVE DIRECTOR –
CHAIRMAN OF THE AUDIT COMMITTEE

On behalf of the Board, I am pleased to present Horizon's Audit Committee report for 2019. The purpose of the Committee is to provide effective governance of the Group's financial reporting, together with risk identification and risk management, to ensure that shareholders' interests are properly protected. This report describes the Committee's core functions, interactions with auditors, key business risks and significant activities throughout the year.

FUNCTIONS OF THE AUDIT COMMITTEE

Our principal role is to assist the Board in carrying out its oversight responsibilities in relation to internal and external financial reporting, risk management, the Group's control environment and maintaining an appropriate relationship with Deloitte, our external auditor. The Committee also oversees the Group's internal compliance including maintaining a global whistleblowing hotline.

COMPOSITION

The Audit Committee comprises of three Non- Executive Directors, Susan Searle, Vishal Gulati and myself in my role as Chairman. I am a chartered accountant with over 30 years' financial and risk experience of listed companies. I currently chair the audit committee of three quoted companies. My fellow Committee members also have extensive financial and risk experience.

FINANCIAL REPORTING

The Group's financial reporting is underpinned by appropriate accounting practices and policies, exercising sound judgements when making key estimates and the monitoring and managing of key business risks and controls. During 2019, the Committee reviewed the Group's significant accounting matters, which included revenue recognition along with a comprehensive goodwill and intangibles impairment review. Where appropriate, the Committee challenges management's decisions before approving the accounting treatment adopted. The Committee continues to monitor new or updated accounting standards, legislation and reporting requirements that could materially impact the Group.

INTERNAL CONTROL AND RISK MANAGEMENT

The Committee has responsibility for monitoring and reviewing the effectiveness of the Group's internal control environment, including consideration of any need for an internal audit function.

The Committee regularly reviews the control environment including the processes for, and controls of information systems. We challenge management's assessment of the internal control environment and ensure the control recommendations proposed by the external auditor are implemented.

During 2019 the Group made significant progress in developing its internal control framework. Key achievements include documenting and mapping the core financial controls and IT processes, enhancing policies and testing controls for effectiveness. Such measures are to strengthen our ability to manage business risks, allow faster, more accurate reporting and to manage expenditures. Enhancing controls also enables us to meet the requirements of a Group dual-listed in the U.S. and U.K. During this process both management and the external auditors identified certain control weaknesses and deficiencies, including in respect of review over goodwill impairment and revenue recognition. As part of our evolution of the controls environment, mitigating actions are being established to address these issues.

The Committee reviews the Group's approach to risk identification and the associated risk reporting framework and risk management. Risks are identified by considering the overall risk environment; the specific internal operating risks that the Group has exposure to; risks in the Group's key market segments along with an evaluation of external risks that the Group is facing, for example Brexit.

Further information on the Group's Principal Risks can be found in the Risk Overview from page 34.

AUDIT OVERSIGHT

The Committee is responsible for overseeing the relationship with Deloitte LLP, the Group's external auditor. The Committee meets regularly with the external auditor, including as a minimum: once at the audit planning stage; once at the interim results reporting stage; and once prior to finalizing the external reporting. Regular communication between the Committee and the external auditor is maintained throughout the audit process.

The Committee continually reviews the performance of the external auditor and the effectiveness of the external audit process. The annual audit plan and terms of engagement are subject to approval by the Committee. Resolutions relating to the appointment, reappointment and removal of the Group's external auditor are subject to shareholder approval at the Annual General Meeting.

Information on Deloitte's audit and non-audit fees can be found in note 6 of the accounts on page 94.

MR G COOK
DIRECTOR
29 APRIL 2020

REMUNERATION COMMITTEE REPORT



SUSAN SEARLE
SENIOR INDEPENDENT DIRECTOR –
CHAIR OF THE REMUNERATION COMMITTEE

INTRODUCTION

Horizon Discovery has strong prospects for growth and is well positioned to capitalise on rapidly growing market demand through its scientific and commercial leadership position. As noted elsewhere in the report, Horizon initially experienced a limited impact from the COVID-19 pandemic and Q1 2020 was broadly in line with management expectations. However orders towards the end of March 2020 indicated pressure on Research Reagents and this trend has continued in Q2 2020. The Group has prepared itself well to respond to various scenarios but the long-term ramifications of the disease to our business are hard to determine. We have therefore taken a number of mitigating actions to ensure our ability to deliver on our longer-term growth plans. These are outlined in this report.

During 2018 the Board agreed to a revised Investing for Growth plan led by Terry Pizzie and his senior team. The priority is to focus on growth in core areas, supported by a long-term investment plan to help drive the scale necessary to meet market demand and fulfil the significant potential of the business. To support that vision, in 2019 the Company divested the In Vivo business unit to Envigo RMS LLC and hired three new members to its executive leadership team: Jayesh Pankhania as CFO, Julie Cormack as the Global Head of HR and Paul Brooks as the Head of Business Operations.

Looking forward, Horizon Discovery is pursuing another key strategic shift in the company to dual list on Nasdaq. A secondary listing is driven both by the recognition that the U.S. market plays an increasingly important role in Horizon Discovery's growth story, and the greater access that it will give Horizon to an American investor base well attuned to growth-oriented life sciences organisations. A dual listing will also have implications for the Directors and the leadership team: evidenced by the recruitment of Dr Siddhartha Kadia, an experienced U.S. Non-Executive Director, who will be appointed shortly after the publication of this report, and the potential for more roles within the executive leadership team to be based in the U.S. over time. As such, in setting remuneration policy, Horizon developed a programme that would be both compliant with U.K. regulations and investor norms, whilst also being competitive with pay levels and practices observed in the U.S. biotechnology sector.

Horizon's remuneration policy is continuously reviewed to ensure that remuneration is aligned to delivery of the strategy whilst being agile in a high-growth environment and delivering value to shareholders. During the year, the Committee reviewed the current policy with a view to ensuring that it is aligned with the delivery of the Investing for Growth plan. To assist with this review, Horizon Discovery retained Aon to provide guidance around pay practices and policies in the U.K. and the U.S. and how Horizon could manage the evolution of its remuneration policy to reflect the Company's current strategic aims. This process concluded that the Single Incentive Plan should be replaced by a market standard annual bonus and annual grants of long-term incentives and that new best practice features such as alignment of pensions with the workforce, a two-year post-vesting holding period and that changes to the share ownership requirements, including a requirement to maintain a holding after employment has ended should be introduced.

The revised policy is designed to:

- Reward the delivery of Horizon Discovery's growth potential and long-term innovation strategies
- Provide a clear link to delivery of the strategy by creating an increased focus on the creation of long-term shareholder value as well as short-term execution implementation
- Simplify the package through the use of separate arrangements to reward short-term and long-term remuneration
- Ensure packages are competitive in comparison to companies of similar size to Horizon Discovery across the life science industry in order to incentivise, reward and retain the talent the organisation needs over the next five years
- Promote the values of the organisation by adopting a common approach to reward at all levels within the company
- Provide increased alignment with shareholders by increasing the exposure of executives to the performance of the Company's shares

Performance will be linked to the achievement of annual financial targets, longer term strategic delivery goals and clearly aligns the interests of shareholders and the continued focus on delivering a sustainable and value-led organisation that contributes to advancing science.

The Remuneration Committee seeks to set remuneration levels which ensure that Executive Directors are fairly rewarded for achieving high levels of performance.

COVID-19 AND REMUNERATION

It is difficult to determine the long-term ramifications of the COVID-19 pandemic on Horizon. However, as part of temporary measures taken to ensure that the business is best positioned for future growth and delivery of its strategy over the longer-

term, around 10% of U.K. employees have agreed to be furloughed. Non furloughed employees in the U.K., including Executive Directors, earning more than £35,000 per year have agreed to a temporary reduction in salary. Non furloughed employees in the U.K. have also agreed to a temporary reduction in Company pension contributions. We will continue to review these measures on an ongoing basis.

EXECUTIVE DIRECTORS

Mr Terry Pizzie continues to lead Horizon Discovery as CEO following his promotion from the Global Head of Commercial to the CEO role effective 8 May 2018.

As announced on 29 January 2019, Mr Richard Vellacott stepped down from his position as CFO of Horizon Discovery on 29 January 2019 and continued with the Company in an advisory capacity for a period of time to facilitate a smooth transition before starting a 12-month garden leave period from 18 March 2019.

Mr Jayesh Pankhania was appointed as CFO with effect from 29 January 2019. Mr Pankhania joined Horizon Discovery in 2018 in an interim CFO capacity to ensure the successful integration of the acquisitions and has deep expertise in providing financial leadership to growing businesses, building high performance finance teams with strong corporate and financial governance and working in partnership with management teams and Boards to develop robust business strategies.

The Committee is confident that Mr Pizzie and Mr Pankhania will deliver Horizon's future market success and enhance the inclusive, valued culture that Horizon promotes.

DIRECTORS' REMUNERATION OUTCOMES AND CHANGES FOR 2020

During the year, the Committee reviewed the remuneration of the Executive Directors resulting in the following outcomes:

BASE SALARY

Mr Pizzie's and Mr Pankhania's salaries were increased by 2% with effect from 1 February 2020 in line with the general increase applied to employees across the Group. From 1 February 2020 their salaries are £341,445 and £229,500, respectively.

However, as part of the COVID-19 contingency measures referred to above, the Executive Directors have agreed to a temporary salary reduction of 10%.

PENSION CONTRIBUTIONS

The Group operates a defined contribution pension plan which is available to all U.K. employees. The Company contribution for Executive Directors in 2019 was 15% of base salary. For 2020, recognising investors desire for pension contributions for Directors to be aligned with the workforce the Remuneration Committee has decided to reduce

the company contribution to Executive Directors to 8%. This in line with the policy for the rest of the U.K. workforce.

As part of the COVID-19 contingency measures referred to above, the Executive Directors have agreed to a temporary reduction in Company pension contributions to 6% of salary in-line with the reduction for non-furloughed staff.

SINGLE INCENTIVE PLAN

The Single Incentive Plan was introduced in 2017 and combines annual bonus with a longer-term share-based incentive.

For 2019, the on-target payment opportunity was 100% of salary and the maximum potential was 175% of base salary. The first 30% of salary of any pay-out from the Single Incentive Plan is delivered in cash, with the remainder split 30% in cash and 70% in nominal cost options, vesting in two equal tranches on the second and third anniversaries of grant.

The financial performance metrics for the Single Incentive Plan in 2019 were based on Revenue and EBITDA with appropriate threshold, meet and stretch targets. Individual performance objectives for the Executive Directors were linked to scaling the Group for growth, strategic investment, investor relationships and longer-term sustainability.

2019 Revenue was between the threshold and target levels and the EBITDA threshold target was not satisfied.

Based on the partial satisfaction of the financial performance metrics and individual performance during 2019, at its meeting in February 2020, the Remuneration Committee determined that an appropriate level of payment under the Single Incentive Plan would be 90% of salary to both Mr Pizzie and Mr Pankhania (51% of the maximum potential), reflecting the significant individual contribution and performance during the year. This resulted in a payment of £301,591 to Mr Pizzie and £202,713 to Mr Pankhania. The payment to Mr Pizzie was paid £160,775 in cash and £140,816 in nominal cost options. The payment to Mr Pankhania was paid £108,064 in cash and £94,649 in nominal cost options.

REPLACEMENT OF THE SINGLE INCENTIVE PLAN FOR 2020

In its review of the policy, the Committee identified that in light of the new five year plan an increased link to longer-term value creation would be desirable and that the Single Incentive Plan was not the most appropriate mechanism to achieve this. In addition, the Single Incentive Plan is a type of plan that is not used by competitors in the U.S., who typically grant market value options (i.e., options whose exercise price is equal to the company's share price on the date of grant), making it difficult for the Company to attract and retain executives in this increasingly important market for the Company. The Committee therefore

REMUNERATION COMMITTEE REPORT CONTINUED

concluded that going forward, the Single Incentive Plan should be replaced by a more conventional annual bonus plan with a maximum opportunity of 100% of salary alongside annual long-term incentive grants. These changes will result in a more appropriate balance between annual performance and the creation of value of shareholders over the longer-term.

Beginning in 2020, Executive Directors will be eligible for annual grants of market value options with a face value of normally up to 300% of base salary. Options will vest on the third anniversary of the grant date, with an additional two-year holding requirement for Executive Directors. Executive Directors would then have a 5-year period within which to exercise awards within the 10-year option term. The 2020 options were granted on 26 February 2020.

SHAREHOLDING GUIDELINE

A shareholding guideline was introduced in 2017 which sets the expectation that Executive Directors will build up and maintain a shareholding of at least 200% of salary through retaining 50% of any shares acquired from share incentive arrangements (excluding shares acquired in the open market and those sold to cover tax and acquisition costs). For 2020, the Remuneration Committee agreed to extend this shareholding guideline to cover two years post-cessation, applying to any awards granted from 2020 onwards.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-Executive Directors receive a cash fee which is determined by the Board and do not participate in the Group's pension or bonus plans.

The fees paid to Non-Executive Directors were also considered as part of the remuneration review undertaken in 2019. This showed that the fees had fallen considerably below fees paid by companies of similar size to Horizon. The Board therefore determined that it would be appropriate to increase the base fee paid to Non-Executive Directors to £50,000 per year and increase the fees for chairing Board Committees and for the Senior Independent Director to £8,000 per annum. These increases have been deferred as part of the COVID-19 contingency measures and will be implemented when the temporary salary reductions applying to employees and Executive Directors end.

No adjustment is proposed to the Chairman's fee following the review. As part of the COVID-19 contingency measures, a temporary reduction of 10% will be applied to Dr Gilham's fee.

Equity-based compensation has been used in exceptional circumstances to recruit key non-executive directors to join the Board. Dr Gilham was granted a one-off grant of options on his appointment prior to the IPO.

FUTURE POLICY TABLE

Our future policy for the remuneration of the Directors is summarised in the table below:

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE TARGETS
Salary	Provides an appropriate level of basic fixed income, reflecting the value of the individual and their role Reflects skills and experience over time	Normally reviewed annually with changes typically effective 1 February Salaries are periodically benchmarked against a relevant peer group of companies with similar market capitalisations and operations Internal reference points, the responsibilities of the individual role, progression within the role and individual performance are also taken into account	There is no formal maximum limit, but increases will generally be in line with those of the wider workforce Larger increases may be awarded to reflect: <ul style="list-style-type: none"> • a change in responsibilities • individual progression or a significant increase in the scale or complexity of the role • to take account of relevant market movements 	None, although the overall performance of the individual and Company is a key determinant for salary increases
Benefits	To provide a competitive benefits package To promote recruitment and retention	Benefits reflect local market practice. For Executive Directors this currently includes private medical insurance, income protection insurance and life assurance, consistent with all other U.K. based employees. In addition, Executive Directors can participate in any new benefits or all-employee share arrangements introduced by the Company for the workforce as a whole Other benefits including relocation allowances may be offered if considered appropriate and reasonable by the Committee	There is no maximum limit, but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate	n/a
Pension	Provide competitive retirement benefits in-line with the workforce	Defined contribution and/or cash in lieu of pension	Up to 8% of salary	n/a

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE TARGETS
Bonus	Incentivise delivery of specific stretching annual objectives,	<p>Normally payable in cash (although the Committee reserves the right to deliver some or all of the bonus in shares which may be deferred)</p> <p>Non-pensionable</p> <p>Annual bonus performance targets are set at the start of the year by the Board and performance against objectives is assessed by the Remuneration Committee</p> <p>All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding ability to ensure that overall bonus payments reflect its view of corporate performance during the year</p> <p>Clawback provisions apply for a period of three years from the bonus payment date</p>	100% of salary	<p>The performance measures used will normally include financial, operational and non-financial goals related to the company's strategy</p> <p>The weighting for each performance measure is determined by the Remuneration Committee and may vary for each Executive Director according to their role and reflecting their objectives for the year</p> <p>Details of the performance measures for the current year are provided in each year's remuneration report</p>
Long-term incentive	<p>Aligned to main strategic objectives of delivering long-term value creation</p> <p>Align Executive Directors' interests with those of shareholders</p>	<p>Annual grants of market value options</p> <p>The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures</p> <p>A two-year post vesting holding period will be applied to the grant of future awards</p> <p>Clawback and malus provisions apply for a period of three years following the vesting of an award</p>	300% of salary p.a. normal award	None, however, performance measures may be set for future award cycles, as appropriate, to reflect the strategic priorities of the business at that time
Share ownership requirements	To provide alignment of interests between Executive Directors and shareholders	<p>Executive Directors are required to build and maintain a shareholding in the Company's shares through the retention of at least 50% of vested share awards (excluding any shares sold to cover exercise monies or to settle income tax and NICs)</p> <p>On cessation of employment, executives are expected to retain shares equal in value to the lower of the share ownership requirement or their holding on cessation</p>	Executive Directors are required to build up and maintain a shareholding worth at least 200% of base salary	n/a
Chairman and Non-Executive Directors	To attract and retain high calibre Non-Executive Directors with appropriate knowledge and experience	<p>Fees are reviewed on a periodic basis against those in similar sized companies to ensure they remain competitive and adequately reflect the time commitments and scope of the role</p> <p>An annual basic fee is paid to the Chairman and each Non-Executive Director. Supplemental fees are paid for additional responsibilities such as Chairing Committees or where the normal time commitment has been significantly exceeded</p> <p>In addition, an award of market value options may be granted where this is necessary to recruit or to provide a competitive ongoing package of remuneration to an incoming U.S. Non-Executive with specific skills and experience, or in other circumstances deemed appropriate by the Board</p> <p>Non-Executive Directors can be reimbursed for any reasonable business-related expenses and/or receive limited travel and/or hospitality related benefits in connection with the role (including the tax thereon)</p>	There is no prescribed maximum fee or fee increase. Total fees for the Non-Executive Directors are subject to the overall limit set out in the Company's Articles of Association	n/a

Notes:

- The choice of the performance metrics applicable to the annual bonus scheme reflect the Remuneration Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of key financial targets and individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Remuneration Committee has retained some flexibility on the specific measures which will be used to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set.
- The Remuneration Committee operates the annual bonus, long-term incentive or any future all-employee share plans in accordance with the relevant plan rules and where appropriate, any applicable listing requirements and legislation. The Remuneration Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include, for example, the timing of awards and setting performance criteria each year, dealing with leavers, discretion to amend performance targets in exceptional circumstances (providing the new targets are no less challenging than originally envisaged) and in respect of share awards, to adjust the number of shares subject to an award in the event of a variation in the share capital of the Company.
- Directors are eligible to receive payment, and any existing award may vest, in accordance with the terms of any such award made prior to the introduction of this Policy.

REMUNERATION COMMITTEE REPORT CONTINUED

The information provided in this part of the remuneration committee report is subject to audit.

DIRECTORS' REMUNERATION

The Directors received the following remuneration during the year (£):

	Financial year	Fees/ basic salary	Benefits	Pension	Total Fixed	Single incentive***	Share options*	Total variable	Total remuneration
Terry Pizzie	2019	333,938	1,141	45,041	380,120	301,591	5,852	307,443	687,563
	2018	216,577	–	29,120	245,697	267,758	5,052	272,810	518,507
Richard Vellacott**	2019	17,938	121	2,691	20,750	–	–	–	20,750
	2018	252,076	–	37,602	289,678	206,527	74,896	281,423	571,101
Jayesh Pankhania	2019	206,250	17,544	28,095	251,889	202,713	–	202,713	454,602
	2018	–	–	–	–	–	–	–	–
Ian Gilham	2019	130,000	–	–	130,000	–	–	–	130,000
	2018	123,024	–	–	123,024	–	–	–	123,024
Grahame Cook	2019	40,000	–	–	40,000	–	–	–	40,000
	2018	40,000	–	–	40,000	–	–	–	40,000
Susan Searle	2019	46,000	–	–	46,000	–	–	–	46,000
	2018	46,000	–	–	46,000	–	–	–	46,000
Susan Galbraith	2019	35,000	–	–	35,000	–	–	–	35,000
	2018	35,000	–	–	35,000	–	–	–	35,000
Vishal Gulati	2019	35,000	–	–	35,000	–	–	–	35,000
	2018	35,000	–	–	35,000	–	–	–	35,000
Margarita Krivitski	2019	–	–	–	–	–	–	–	–
	2018	–	–	–	–	–	–	–	–
TOTAL	2019	844,126	18,806	75,827	938,759	504,304	5,852	510,156	1,448,915
	2018	747,677	–	66,722	814,399	474,285	79,948	554,233	1,368,632

* theoretical gain on options on vesting date. No options were exercised during the year.

** Richard Vellacott stood down from the Board in early 2019 and was on garden leave until 18 March 2020. During the period of garden leave he received £273,889 by way of compensation for benefits and other contractual entitlements due on termination. In accordance with the rules of the Long-Term Incentive Plan Mr Vellacott has until 18 March 2022 to exercise his vested share options. Mr Vellacott is being treated as a good leaver in relation to his unvested options. These options will therefore vest on a pro rata basis on 18 March 2020 and remain exercisable until 18 March 2022.

*** determined at the February 2020 Remuneration Committee meeting based on 2019 performance.

The Directors hold the following number of options to acquire ordinary shares in the Company. Options vest over a 2,3,4 or 5 year period.

	Options at 31 December 2018	Options granted in the year	Options exercised in the year	Options lapsed/ cancelled	Options at 31 December 2019	Date of Grant	Expiry Date	Exercise Price (£)
Richard Vellacott*	286,500	–	–	–	286,500	02/07/2012	02/07/2022	0.68
	114,600	–	–	–	114,600	18/10/2013	18/10/2023	0.68
	103,139	–	–	–	103,139	18/03/2014	18/03/2024	0.87
	150,000	–	–	–	150,000	20/03/2014	20/03/2024	1.80
	122,781	–	–	–	122,781	08/10/2015	08/10/2025	1.51
	118,846	–	–	–	118,846	16/03/2016	16/03/2026	1.56
	51,851	–	–	–	51,851	17/04/2017	17/04/2027	0.01
	10,638	–	–	–	10,638	07/08/2017	07/08/2027	1.69
	37,038	–	–	–	37,038	10/05/2018	10/05/2028	1.57
	995,393	–	–	–	995,393			
Ian Gilham	57,300	–	–	–	57,300	18/10/2013	18/10/2023	0.68
	85,950	–	–	–	85,950	18/03/2014	18/03/2024	0.87
	143,250	–	–	–	143,250			
Terry Pizzie	60,185	–	–	–	60,185	07/04/2017	07/04/2027	1.62
	7,812	–	–	–	7,812	01/11/2017	01/11/2027	0.01
	10,638	–	–	(10,638)	–	07/08/2017	07/08/2027	1.69
	41,401	–	–	–	41,401	10/05/2018	10/05/2028	0.01
	15,031	–	–	–	15,031	10/05/2018	10/05/2028	1.57
	325,000	–	–	–	325,000	09/11/2018	09/11/2028	2.00
	–	70,730	–	–	70,730	15/03/2019	15/03/2029	0.01
	–	15,202	–	–	15,202	05/07/2019	28/02/2023	1.184
	460,067	85,932	–	(10,638)	535,361			
Jayesh Pankhania	–	128,755	–	–	128,755	06/02/2019	06/02/2029	1.7475
	–	45,064	–	–	45,064	06/02/2019	06/02/2029	0.01
	–	15,202	–	–	15,202	05/07/2019	28/02/2023	1.184
	–	189,021	–	–	189,021			

The Directors hold the following number of ordinary shares in the Company:

	2019	2018
Terry Pizzie	22,285	–
Jayesh Pankhania	46,645	–
EXECUTIVE DIRECTORS	68,930	–
Ian Gilham	75,587	56,488
Grahame Cook	62,400	42,250
Susan Searle	54,691	54,691
Susan Galbraith	110,000	110,000
Vishal Gulati	14,100	14,100
Margarita Krivitski	–	–
NON-EXECUTIVE DIRECTORS	316,778	277,529

* Richard Vellacott stood down from the Board in early 2019 and was on garden leave until 18 March 2020. During the period of gardening leave he received £273,889 by way of compensation for benefits and other contractual entitlements due on termination. In accordance with the rules of the Long-Term Incentive Plan Mr Vellacott has until 18 March 2022 to exercise his vested share options. Mr Vellacott is being treated as a good leaver in relation to his unvested options. These options will therefore vest on a pro rata basis on 18 March 2020 and remain exercisable until 18 March 2022.

REMUNERATION COMMITTEE REPORT CONTINUED

SERVICE CONTRACTS AND LETTERS
OF APPOINTMENT

Executive Directors have service agreements with Horizon Discovery Group plc. Their appointments are terminable on 12 months' notice from the Company, or on 6 months' notice from the Executive Director, with a provision to make a payment in lieu of notice for base salary only. Any payment will normally be phased on a monthly basis and would be subject to mitigation, whereby the payment made can be reduced (including to zero) if appropriate alternative employment is found.

Other than in good leaver circumstances specified by the relevant plan rules, or otherwise at the discretion of the committee, there is no entitlement to a bonus in respect of the year in which termination occurs or to unvested long-term incentive awards. Where good leaver circumstances do apply any award would remain subject to achievement of any performance conditions and, normally, pro-rating for time. On a change of control unvested share awards would normally vest immediately, subject to achievement of performance conditions and, normally, pro-rating for time.

Non-Executive Directors have entered into letters of appointment with the Company which are terminable on three months' notice by either party.

APPROVAL

Approved by the Board of Directors and signed on behalf of the Board.



MS S SEARLE
DIRECTOR
29 APRIL 2020

NOMINATIONS COMMITTEE REPORT



DR IAN GILHAM
NON-EXECUTIVE CHAIRMAN –
CHAIRMAN OF THE NOMINATIONS COMMITTEE

The Nominations Committee normally meets at least once a year. This meeting usually takes place in December but the meeting scheduled for December 2019 was rescheduled for January 2020.

KEY RESPONSIBILITIES

The committee is responsible for reviewing the size, structure and composition of the Board and the Executive Leadership team, evaluating the skills, knowledge, experience and diversity required. Making recommendations to the Board in relation to new appointments and reviewing succession planning.

ACTIVITY IN THE YEAR

The committee recommended the appointment of two new Executive Team members, a new Global Head of HR, Julie Cormack and also nominated the appointment of Paul Brooks into the new role of Head of Business Operations. The committee has also been actively involved in the search for a new U.S. based Non-Executive to appoint to the Board in order to strengthen the composition of the Board from a global perspective. The committee was also actively involved in making key recommendations for appointments to the following senior management roles, Head of Legal, Head of Investor Relations and Head of Global Marketing and the appointment of the Non-Executive Director following the year end.

DR IAN GILHAM
NON-EXECUTIVE CHAIRMAN
29 APRIL 2020

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2019. Pages 1 to 60 inclusive, together with sections of the financial statements which are included by reference, consist of a Strategic Report and a Directors' Report that have been drawn up and presented in accordance with and in reliance upon applicable English company law.

Horizon Discovery Group plc is a public limited company, registered in England and Wales which is listed on the Alternative Investment Market of the London Stock Exchange.

The consolidated financial statements are presented in Pounds Sterling, being the functional currency of the Group.

In presenting the annual report, the directors use non-GAAP measures in reporting financial performance, a non-GAAP financial measure being a numerical measure that adjusts the most directly comparable measure determined in accordance with GAAP. The non-GAAP measures used in this annual report are:

- 1 Adjusted EBITDA from continuing operations, being EBITDA after adjusting for items of individual material significance, which are separately presented in note 6 to the financial statements, to estimate cash generated from the core activities of the business; and
- 2 Constant currency, which is measured by translating the current period results based on the prevailing foreign exchange rates from the previous year. This allows greater comparability of key metrics between reporting periods on a like for like basis.

Adjusted EBITDA from continuing operations is presented because we believe it is frequently used by analysts, investors and other interested parties to evaluate companies in our industry and it facilitates comparisons on a consistent basis across reporting periods. Further, we believe it is helpful in highlighting trends in our operating results because it excludes items that are not indicative of our underlying year-to-year expense base. We define adjusted EBITDA from continuing operations as loss for the year from continuing operations adjusted for finance costs, investment income, amortisation and depreciation, and items considered non-recurring and infrequent in nature. Adjusted EBITDA is reconciled on page 27 of the Chief Financial Officer's review.

CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 23 to the consolidated financial statements. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights.

No person has special rights of control over the Company's share capital and all issued shares are fully paid.

Details of employee share schemes are set out in note 24.

RESULTS AND DIVIDENDS

The results for the year are set out on page 72.

The directors do not recommend payment of a dividend (2018: £nil).

INFORMATION SET OUT IN THE STRATEGIC REPORT

In accordance with section 414C(11) of the 2006 Act, the directors have chosen to set out in the Strategic Report the following information required to be included in the Directors' Report:

Employee involvement is set out in the Corporate and Social Responsibility Statement in the Strategic Report.

Key business relationships and effect on principal decision making is included in the Corporate and Social Responsibility Statement in the Strategic Report.

Employment of disabled persons, including information on the Group's policy applied relating to recruitment, employment, training, career development and promotion of disabled employees is set out in the corporate and social responsibility section of the Strategic Report.

Details of research and development activities are throughout the business and financial review in the Strategic Report.

Likely future developments are included throughout the Strategic Report.

Financial risk management objectives and policies, including the Group's exposure to credit risk are contained within note 25 on page 109.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to the date of this report, unless otherwise stated, are as follows:

Mr T Pizzie
Mr R Vellacott (resigned 28 January 2019)
Mr J Pankhania (appointed 29 January 2019)
Dr I D Gilham
Dr V K Gulati
Dr S Galbraith
Mrs S J Searle
Mr G Cook
Ms M Krivitski

Full details of their interests in shares of the Company and its subsidiary undertakings are included in the Remuneration Committee Report on page 55.

The powers of the Directors are determined by U.K. legislation and the Company's Articles of Association, together with any specific authorities that may be given to the Directors by shareholders from time to time (for example the authority to allot or purchase shares in the Company).

POST-BALANCE SHEET EVENTS

Details of significant events since the balance sheet date, including the COVID-19 outbreak and the share placing, are included in note 35 to the Financial Statements. An indication of likely future developments in the business of the Group are included in the strategic report.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and for its Directors and Officers in order to provide appropriate cover for legal action brought against its Directors.

CHARITABLE DONATIONS

The donations made by the Company during the year for charitable purposes were £nil (2018: £nil).

AUDITOR

Each Director in office at the date the Directors' Report is approved confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Group and the Company's auditor is unaware; and
- (b) he/she has taken all the steps that he/she ought to have taken as Director in order to make himself/herself aware of any relevant audit information and to establish that the Group and the Company's auditor is aware of that information.

The directors intend to reappoint Deloitte LLP as auditor for the forthcoming year.

This report was approved by the board of directors on 29 April and is signed on its behalf by:



MR J PANKHANIA
CHIEF FINANCIAL OFFICER
29 APRIL 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 29 April 2020 and is signed on its behalf by:



MR J PANKHANIA
CHIEF FINANCIAL OFFICER
29 APRIL 2020