

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000. If you have sold all of your shares in PuriCore plc, please pass this document and the accompanying Form of Proxy to the purchaser or to the agent through whom the sale was effected for onward transmission to the purchaser.

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## **PuriCore plc**

*(Incorporated and registered in England and Wales under the Companies Act 1985  
with registered number 5789798)*

### **Proposed Disposal of the Supermarket Retail Business and Notice of General Meeting**

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**This document should be read as a whole. Your attention is drawn to the Letter of Recommendation from the Non-Executive Chairman of the Company set out in Part I of this document. This document contains a recommendation that you vote in favour of the Resolution to be proposed at the General Meeting referred to below. The Disposal will not take place unless the Resolution is passed.**

**Notice of a General Meeting of the Company, to be held at the offices of CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street London, EC4N 6AF at 11.00 a.m. on 6 October 2016, is set out in Part IV of this document.** The Form of Proxy for use at the General Meeting accompanies this document and, to be valid, must be completed, signed and returned in accordance with the instructions printed thereon and either (a) deposited at the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, (b) lodged using the CREST Proxy Voting Service or (c) lodged electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk), in each case so that it is received no later than **11.00 a.m. on 4 October 2016**. For further details please see the notes to the Notice of General Meeting set out at the end of this document. The appointment of a proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so (and you are so entitled).

**A summary of the action to be taken by Shareholders is set out on page 4 of this document and in the Notice of General Meeting set out in Part IV of this document.**

## **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements with respect to certain of PuriCore's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. Such forward-looking statements do not represent a guarantee of future performance and actual results may differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. Examples of forward-looking statements include, amongst others, statements regarding or which make assumptions in respect of the Disposal, the future performance of the Group, the Group's future financial position, plans and objectives for future operations and any other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, market-related risks, the policies and actions of governmental and regulatory authorities, changes in legislation and International Financial Reporting Standards, the outcome of litigation or regulatory investigations, the success of strategic transactions and the impact of competition. A number of these factors are beyond PuriCore's control. As a result, PuriCore's actual future results may differ materially from the plans, goals, and expectations set forth in PuriCore's forward-looking statements. Any forward-looking statements made in this document by or on behalf of PuriCore are given on the date of this document and PuriCore expressly disclaims any obligation or undertaking to publish updates or revisions to such statements to reflect any changes in PuriCore's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based, or otherwise howsoever, save to the extent, if any, required by applicable law or regulations.

## TABLE OF CONTENTS

	<b>PAGE</b>
EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND ACTION TO BE TAKEN	4
PART I LETTER OF RECOMMENDATION FROM THE NON-EXECUTIVE CHAIRMAN OF PURICORE	5
PART II SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL AGREEMENT	11
PART III DEFINITIONS	13
PART IV NOTICE OF GENERAL MEETING	15

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 4 October 2016
General Meeting	11.00 a.m. on 6 October 2016
Expected date of Completion	7 October 2016

### NOTES

- (1) References to time in this document are to London time.
- (2) Each of the times and dates in the above timetable are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service of the London Stock Exchange.
- (3) Unless otherwise agreed between the Seller and Chemstar, Completion will occur within three business days following the date on which all of the conditions in the Disposal Agreement are satisfied or (where applicable) waived (other than those conditions that by their nature are to be satisfied at Completion, but subject to the satisfaction or waiver of such conditions).

### ACTION TO BE TAKEN

#### **Form of Proxy**

You will find enclosed with this document a Form of Proxy in respect of the General Meeting.

#### **Completion and Return of Form of Proxy**

Whether or not you plan to attend the General Meeting in person, please complete the enclosed Form of Proxy and return it in accordance with the instructions printed thereon. The Form of Proxy should either be (a) deposited at the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, (b) lodged using the CREST Proxy Voting Service or (c) lodged electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk), in each case so that it is received no later than 11.00 a.m. on 4 October 2016. For further details please see the notes to the Notice of General Meeting at the end of this document.

The completion and return or non-completion of a Form of Proxy will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person if you wish to do so.

If you have any questions relating to this document or the Form of Proxy, please call Equiniti on 0371 384 2030 (from inside the United Kingdom) or +44 121 415 7047 (from outside the United Kingdom). The above helplines are available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding public holidays). Please note that, for legal reasons, the above helplines are only able to provide information contained in this document and information relating to the Company's register of members and are unable to give advice on the merits of the Disposal or to provide legal, financial, tax or investment advice.

## PART I

### LETTER FROM THE NON-EXECUTIVE CHAIRMAN

*(Incorporated and registered in England and Wales under the Companies Act 1985  
with registered number 5789798)*

*Directors:*

Joseph William (Bill) Birkett *(Senior Independent Non-Executive Director)*  
Balkrishnan (Simba) Gill *(Non-Executive Director)*  
Matthew Hammond *(Non-Executive Director)*  
Daniel Hegglin *(Non-Executive Director)*  
Peter Larkin *(Non-Executive Director)*  
John Alexander (Alex) Martin *(Chief-Executive Officer)*  
Charles Spicer *(Non-Executive Chairman)*  
Marella Thorell *(Chief Financial Officer and Chief Operating Officer)*

*Registered Office:*  
c/o CMS Cameron  
McKenna LLP  
Cannon Place  
78 Cannon Street  
London EC4N 6AF

20 September 2016

Dear Shareholder,

### **Proposed disposal of the Supermarket Retail Business and Notice of General Meeting**

#### **1. INTRODUCTION**

It was announced today that in line with its strategy as a drug development company, PuriCore, Inc. (the “**Seller**”), a wholly-owned subsidiary of PuriCore plc, has agreed to sell the Group’s Supermarket Retail Business to Chemstar Corp. (“**Chemstar**”) for an aggregate consideration of US\$13.5 million payable in cash on Completion, subject to a net working capital adjustment and contingent on Shareholder approval and other customary requirements. Chemstar will satisfy the purchase price principally by drawing down under a new bank facility as well as from its own resources.

Chemstar is a provider of food safety and sanitation products and services to retail food stores, convenience stores, quick service restaurants and food plants in the US, Canada and Mexico. Chemstar also offers chemical solutions and cleaning dispensers for retail supermarkets, food service, restaurants, hospitality, food processing and healthcare institutions.

In February 2016 PuriCore confirmed that its strategic focus going forward would be to develop novel, prescription treatments for inflammatory diseases, including Dermatology, Ophthalmology and potentially rare diseases. At that time the Board also announced it was considering strategic options for the Supermarket Retail Business.

Given the size of the Supermarket Retail Business relative to the Group, the Disposal is deemed to be a disposal resulting in a fundamental change of business under Rule 15 of the AIM Rules and it is therefore conditional, *inter alia*, on approval by Shareholders in a general meeting.

The General Meeting is therefore being convened at the offices of CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF, at 11.00 a.m. on 6 October 2016, at which an ordinary resolution will be proposed to approve the Disposal. To pass the resolution, more than half of the votes cast must be in favour of the Resolution. The Notice convening the General Meeting is set out in Part IV of this document.

The purpose of this document is to:

- (a) provide Shareholders with background to and reasons for the Disposal;
- (b) explain the principal terms of the Disposal;
- (c) describe the intended use of the proceeds of the Disposal and the effects of the Disposal on the Group;
- (d) explain the potential effects on the Group of the Disposal not proceeding, in the event that it is not approved by Shareholders and identify risks for the Continuing Group if the Disposal proceeds; and

- (e) explain why the Board considers the Disposal to be in the best interests of Shareholders as a whole and why, therefore, the Board recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting.

Subject, *inter alia*, to Shareholders approving the Disposal at the General Meeting, it is currently anticipated that the Disposal will be completed on 7 October 2016. If the Resolution is not passed, the Disposal will not proceed.

## **2. BACKGROUND TO AND REASONS FOR THE DISPOSAL**

PuriCore has historically built businesses based on the application of its patented hypochlorous acid technology. In June 2014, the Company sold one of these, its UK Endoscopy business, to Cantel Medical. The Board subsequently embarked upon a strategic and operational review in order to identify how best to leverage further the Company's proprietary technology so as to drive long-term Shareholder value.

### ***Repositioning as a biopharmaceutical company following a strategic review***

PuriCore worked with a leading pharmaceutical consulting firm and influential key opinion leaders to complete a comprehensive drug development strategic review to assess unmet medical needs with considerable commercial value suitable for the development of a product pipeline based on its proprietary immunomodulatory technology. This comprehensive review led to a new strategic focus for the Company and, following the appointment of Alex Martin as the Company's Chief Executive Officer in June 2015, the Group confirmed its new strategic focus in February 2016.

The Company is focused on the development of novel, prescription, topical treatments for inflammatory diseases with a differentiated mechanism of action that are based on formulations containing high concentrations of hypochlorous acid. Using such formulations, the Company has generated compelling evidence in pre-clinical studies of novel immunomodulatory activity with potential application for the treatment of diseases in the target therapeutic areas. The target indications include inflammatory diseases in Dermatology, Ophthalmology and potentially certain rare diseases.

During 2016, the Company has continued formulation development and conducted a series of additional pre-clinical and toxicology studies in support of two planned IND filings with the FDA, anticipated in Q1 2017. Reflecting the Company's new strategic direction, the Company appointed Dr. Christian Peters to the position of Chief Medical Officer in April 2016 and expanded the Board with the appointment of Dr. Simba Gill, an experienced biotechnology executive, in March 2016 as a Non-Executive Director.

In June 2016, the Company announced that it had successfully completed a pre-IND meeting with the FDA. This meeting related to the Company's proprietary topical hydrogel, which is being developed for the treatment of inflammatory skin disease. Recently, the Company learned that additional positive pre-clinical data on Atopic Dermatitis was accepted for a poster presentation at the Second Inflammatory Skin Disease Summit to be held in New York in November of this year.

In August 2016, in light of positive pre-clinical results, the Company requested and received a date in November 2016, for a pre-IND meeting with the FDA for PR013, which is being developed for the treatment of Allergic Conjunctivitis. The Group expanded its intellectual property portfolio in August upon the grant of two new patents by the US Patent and Trademark Office in connection with the method of production, formulations and method of use of hypochlorous acid at therapeutic drug concentrations for the treatment of a broad range of inflammatory skin diseases.

### ***Evaluation of Supermarket Retail strategic options***

In light of the opportunities to generate potentially significant Shareholder value through the drug development strategy, and the associated planned investments, the Board announced in February 2016 that it was considering strategic options for the Supermarket Retail Business, including a potential sale. The Supermarket Retail Business addresses a very different market segment to the new strategic direction of the Company and still requires investment to deliver growth.

The Board engaged advisers to assist in identifying potential purchasers of the Supermarket Retail Business and a number of strategic and financial buyers were identified and approached to ascertain their interest. Business presentations and synergy discussions were held with certain interested parties.

Accordingly, after careful consideration of the Company's strategy and market interest received, the Board concluded that a sale of the Supermarket Retail Business to Chemstar on the terms set out below was in the best interests of the Company and Shareholders as a whole.

### **3. INFORMATION ON THE SUPERMARKET RETAIL BUSINESS**

The Supermarket Retail Business offers products to US (and, on a limited basis, Canadian) supermarket retailers and food service operators for use in their fresh produce departments to improve freshness and quality of produce. Additionally, the Supermarket Retail Business supplies products which enhance the freshness of cut flowers in supermarket floral departments.

The Supermarket Retail Business initially began by offering generator systems for supermarket retailers, producing an on-site hypochlorous acid solution (Sterilox<sup>®</sup>) which replaced water for rinsing, crisping, misting and cut fruit/vegetable applications. The Company developed a method to stabilise the hypochlorous acid in a bottled format with a commercially attractive shelf-life which led to the development of a liquid concentrate product (Produce Maxx<sup>™</sup>) and a potassium-based floral concentrate product (FloraFresh<sup>®</sup>). With the introduction of Produce Maxx<sup>™</sup> and FloraFresh<sup>®</sup>, the Supermarket Retail Business advanced its strategy to expand its core offerings to meet changing customer needs, and to establish a base of recurring revenues.

As at 30 June 2016, the net assets of the Supermarket Retail Business totalled US\$5.6 million.

### **4. INTERIM FINANCIAL RESULTS**

The Group also announced its Interim Financial Results today. The results for the Supermarket Retail Business appear in the Interim Financial Results as Operations Held for Sale in accordance with applicable accounting standards. A summary of the Interim Financial Results is set out below. As at 30 June 2016, net cash and cash equivalents were US\$12.8 million (31 December 2015: US\$15.5 million).

#### ***Continuing Operations***

Revenue from the Continuing Operations was US\$0.4 million (H1 2015:US\$0.7 million, including US\$0.3 million related to Health Sciences and US\$0.4 million of other revenue) due to higher royalty income from the Company's distribution arrangement for its medical device Wound Care product partially offset by no BPR income. Operating expenses increased to US\$3.1 million (H1 2015: US\$2.5 million) due to increased investment in research, development and regulatory activities in drug development partially offset by lower sales and marketing costs for the medical device products. EBITDA loss was US\$2.5 million (H1 2015 loss: US\$1.7 million) due to increased drug development spend and the absence of comparable BPR revenue. A significant growth in investment is planned for the second half of 2016 to prepare for the IND filings in early 2017. Investments are expected to increase in support of the filing of the two INDs and, following FDA acceptance, subsequent commencement of clinical studies in 2017.

#### ***Supermarket Retail Business***

The Supermarket Retail Business grew revenues by 28.3 per cent. to US\$10.8 million (H1 2015: US\$8.4 million), driven by capital equipment sales, new concentrate customers and higher consumption. Additionally, as reflected in the improvement of gross margins to 41.2 per cent. (H1 2015: 19.5 per cent.), the Company's actions to improve the reliability of its generators and update earlier versions of its concentrate delivery systems with lower-cost more reliable units have resulted in significantly lower service costs during the comparative periods. Operating expenses decreased to US\$3.5 million (H1 2015:US\$4.4 million) driven by lower overall spending including reduced sales, marketing and corporate costs. EBITDA profit was US\$1.5 million (H1 2015 loss: US\$2.2 million) driven by higher revenue, lower service costs and reduced operating expenditures. To grow the Supermarket Retail Business, further investment is required.

### **5. PRINCIPAL TERMS OF THE DISPOSAL AGREEMENT**

Under the terms of the Disposal Agreement, Chemstar and the Seller have agreed that, among other things, Chemstar will acquire the Supermarket Retail Business. The consideration for the Disposal will be US\$13.5 million payable in cash at Completion. Chemstar has paid the sum of US\$500,000 to be held as a deposit which will be released to the Seller if the Seller prior to Completion terminates the Disposal Agreement in accordance with its terms other than as a result of the Resolution not being passed by Shareholders. If Chemstar terminates the Disposal Agreement in accordance with its

terms as a result of the Resolution not being passed by Shareholders, the sum of US\$500,000 will be released to Chemstar and additionally Chemstar will be entitled to reimbursement by the Seller of its out-of-pocket costs and expenses actually incurred in connection with the Disposal up to a maximum amount of US\$300,000. On Completion, the sum of US\$500,000 will be released to the Seller and will form part of the purchase price of US\$13.5 million to be paid by Chemstar.

The consideration of US\$13.5 million is subject to adjustment, up or down, on a US\$-for-US\$ basis, to the extent that the net working capital of the Supermarket Retail Business at Completion is different from an agreed target. If the difference is less than US\$100,000, no adjustment will be made to the consideration. If the difference is in excess of US\$100,000, an adjustment will be made up or down equal to the amount of such excess.

At Completion, the Seller and Chemstar will enter into an Intellectual Property Licence Agreement and a Trademark Licence Agreement. Under those agreements (i) the Seller will grant to Chemstar a perpetual, fully-paid, royalty free licence to certain technology and related intellectual property necessary to make, use, market, promote and sell the products produced by the Contemplated Business; and (ii) Chemstar will grant to the Seller a licence for use of the Sterilox<sup>®</sup> trademark in the US in connection with certain specified fields.

The Disposal Agreement contains certain representations and warranties from the Company and the Seller in favour of Chemstar. Under the Disposal Agreement, the Company and the Seller have jointly and severally agreed to indemnify, defend and hold harmless Chemstar from and against liabilities and losses, if any, which Chemstar may suffer or incur from a breach of representation or warranty or a breach of covenants (including non-competition and non-solicitation covenants), or from any Excluded Asset (as defined in the Disposal Agreement) or from any Excluded Liability (as defined in the Disposal Agreement). The aggregate amount recoverable for breach of the representations and warranties (except with respect to a breach of certain fundamental representations and warranties for example those relating to corporate status, authorisation, taxes and certain environmental matters) is limited to US\$2 million. The aggregate amount recoverable for liabilities and losses from breach of a fundamental representation and warranty, a breach of covenants (including non-competition and non-solicitation covenants) or from any Excluded Asset or from any Excluded Liability is limited to US\$13.5 million (plus or minus an amount equal to the Adjustment). There is a limited period during which the Group will provide transition services to Chemstar.

The principal terms of the Disposal Agreement are described in more detail in Part II of this document.

## **6. CORPORATE STRATEGY AND USE OF NET PROCEEDS**

The gross proceeds from the Disposal will be US\$13.5 million, subject to Adjustment, and net proceeds are expected to be approximately US\$10.8 million, following payment of both transaction costs and separation payments to employees of the Supermarket Retail Business whose employment with the Group will terminate as a result of the Disposal.

In accordance with the Company's new strategic direction, the net proceeds of the Disposal will be used to progress the Company's ongoing development of novel immunomodulatory therapies in areas such as Dermatology and Ophthalmology, and potentially certain rare diseases. Specifically the funds will be used to fund studies and other work necessary to support the two planned IND submissions and ultimately to help fund clinical trials in two therapeutic areas following approval of the IND applications. The net cash proceeds may also be used for general operational purposes.

Following a period during which the operations of the Supermarket Retail Business will be transitioned to Chemstar, the current team will be significantly reduced in size and will have a greater focus on the core strategy of building a biopharmaceutical business. The Continuing Group will have a modest revenue stream from the royalty associated with the Company's distribution arrangement for its medical device Wound Care product.

## **7. IMPLICATIONS OF THE DISPOSAL NOT PROCEEDING**

In the event that Shareholders do not approve the Disposal, the Group will not be able to apply the net proceeds of the Disposal to its stated drug development strategy. The absence of proceeds would accelerate the need for the Group to find alternative sources of funding the investments necessary to advance the drug development strategy and fund operations of the Company. Additionally, not having access to the Disposal proceeds could delay the completion of activities needed to support the

two IND filings and consequently delay their submission. Significant costs have been incurred in relation to the Disposal which would not be off-set against proceeds if the Disposal did not proceed.

Further, the Board considers that the transition of PuriCore to a biopharmaceutical company requires the focus of the executive team, and the Group would have more limited resources available to pursue this strategy in the short-term if the Supermarket Retail Business remained part of the Group. Failure of the Disposal to proceed would result in the need to pursue other strategic alternatives for the Supermarket Retail Business and therefore distract the executive team.

The Supermarket Retail Business, if retained rather than sold and if it were to become cash flow positive on a consistent basis, might be able to contribute cash toward the advancement of the new drug development strategy. However, the Board considers that it would take further investment and time to bring the business into consistent cash flow profitability while growing the number of concentrate placements. The associated cash burn could hinder the Company's ability to secure alternative sources of funding, including potentially an equity capital raise, needed to advance the new drug development strategy. Accordingly, the Directors believe resources are more prudently spent on the drug development strategy.

## **8. PRINCIPAL RISKS AND UNCERTAINTIES**

The Board considers that the risks associated with the new strategic focus are commensurate with the potential for significant value creation through the development of applications of PuriCore's proprietary hypochlorous technology, and that the potential benefit to Shareholders justifies the investment of the net proceeds of the Disposal in the manner described in this document.

Following Completion, the Continuing Group will be focused primarily on activities to develop and seek approval for certain therapeutic applications of hypochlorous-based pharmaceutical formulations. Accordingly, the Continuing Group will have a significantly reduced number of employees comprising executive management, clinical and regulatory support, research and development, strategy and limited administration functions. Additionally, the Continuing Group will continue to earn modest royalty revenue associated with Vashe<sup>®</sup> wound-care product, which continues to be licensed to a marketing and manufacturing partner, SteadMed Medical, under a recently amended commercial arrangement. Importantly, the Continuing Group will retain critical research and development capability through employees with experience in hypochlorous acid and product development following Completion.

The business of the Continuing Group will shift significantly if the Disposal is completed, resulting in greater cash requirements, overall less diversified business operations, and focus on the biopharmaceutical sector which is inherently riskier than an established supermarket retail sector. The Group will lose its primary source of revenue. The Company will become primarily a development company with limited revenue stream and significant costs. Additionally, a drug development strategy involves inherent risks associated with demonstrating safety and efficacy of compounds, ensuring stable formulations, demonstrating clinical efficacy, achieving regulatory approval and then delivering commercial success.

Given the significance of the drug development strategy to the future of the Company following the Disposal, failure to implement a successful research and development strategy could result in an inability to deliver new products and indications, which would have a material detrimental effect on the sustainability of the business. Failure of programmes could result from lack of organisational resource or capability deficiencies, inadequate planning or anticipation of obstacles, poorly designed testing protocols, changes in the regulatory landscape, failure to achieve clinical results or regulatory approvals, or from the formulations not having the clinical benefits or safety profiles that were anticipated. Even if regulatory approvals are obtained, adoption of the Continuing Group's products could prove slow or difficult, depending upon other products or available therapies for the indications. Other drug companies could develop safer or more effective products for the same indications and secure a significant portion of the available market. Macro-economic factors could impact the pricing or payers' willingness to reimburse patients for the Continuing Group's products. There are many uncertainties and variables which could impact the timing and likelihood of the Continuing Group successfully delivering a new drug. Additionally, given the significant investment required, the Continuing Group may not be able to fund on-going development costs without additional financing from one or more sources.

The new business strategy in developing drug formulations in targeted therapeutic areas will result in an increased risk associated with the necessary pre-clinical (animal) and clinical (human) studies that need to be conducted. The clinical testing could result in harm to humans for which the Continuing

Group could be held responsible. If humans and/or animals were harmed as a consequence of the Continuing Group's actions, it could have a material negative effect on the Continuing Group's financial results and cash flow as well as its reputation and consequently its access to potential financing. The Continuing Group will seek to mitigate these risks with management oversight and liability insurance.

## **9. GENERAL MEETING**

Notice of the General Meeting to be held at the offices of CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 11.00 a.m. on 6 October 2016, is set out in Part IV of this document.

The Resolution, which is set out in full in the Notice convening the General Meeting, will be proposed at the General Meeting in order to approve the Disposal. The Resolution will be proposed as an ordinary Resolution and will be passed if more than 50 per cent. of those voting (in person or by proxy) vote in favour.

## **10. ACTION TO BE TAKEN**

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy. To be valid, the Form of Proxy must be completed, signed and returned in accordance with the instructions printed thereon and either (a) deposited at the Company's registrars, Equiniti, Aspect House, Spence Road, Lancing, West Sussex BN99 6DA; (b) lodged using the CREST Proxy Voting Service; or (c) lodged electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk), in each case so that it is received no later than 11.00 a.m. on 4 October 2016. For further details, please see the notes to the Notice of General Meeting set out at the end of this document. The appointment of a proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

## **11. RECOMMENDATION**

**The Board considers the Disposal to be in the best interests of Shareholders as a whole and accordingly recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting.**

All the Directors with beneficial interests in the Ordinary Shares of the Company intend to vote in favour of the Resolution in respect of their own beneficial holdings, amounting to an aggregate of 6,254,699 Ordinary Shares representing approximately 12.5 per cent. of the issued ordinary share capital of the Company. In addition, Shareholders who are not Directors, who in aggregate own 27,373,272 Ordinary Shares representing approximately 54.6 per cent. of the issued ordinary share capital of the Company have expressed their support for the Disposal and are therefore expected to vote in favour of the Resolution.

Yours faithfully,

**Charles Spicer**

*Non-Executive Chairman*

## PART II

### SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL AGREEMENT

The Disposal Agreement is the principal agreement in respect of the Disposal. The following is a summary of the principal terms of the Disposal Agreement.

#### 1. INTRODUCTION

The Disposal Agreement between the Company, the Seller and Chemstar was entered into on 19 September 2016. Pursuant to the Disposal Agreement and subject to the terms and conditions thereof, the Seller has agreed to, among other things, sell the Supermarket Retail Business to Chemstar.

#### 2. CONSIDERATION

The consideration for the Disposal will be a cash payment of US\$13.5 million payable on Completion. Chemstar has delivered to a third party escrow agent the sum of US\$500,000 to be held as a deposit, which deposited amount will be released to the Seller if the Seller prior to Completion terminates the Disposal Agreement in accordance with its terms other than as a result of the Resolution not being passed by Shareholders. If Chemstar terminates the Disposal Agreement in accordance with its terms as a result of the Resolution not being passed by Shareholders, the deposited amount of US\$500,000 will be returned to Chemstar and additionally Chemstar will be entitled to reimbursement by the Seller of its out-of-pocket costs and expenses actually incurred in connection with the Disposal up to a maximum amount of US\$300,000. On Completion, the sum of US\$500,000 will be released to the Seller and will form part of the payment of the purchase price of US\$13.5 million.

The consideration of US\$13.5 million is subject to adjustment up or down, on a US\$-for-US\$ basis, to the extent that the net working capital of the Supermarket Retail Business at Completion is different from an agreed target. If the difference is less than US\$100,000, no adjustment will be made to the consideration. If the difference is in excess of US\$100,000, an adjustment will be made up or down equal to the amount of such excess.

The Disposal will be on a cash-free, debt-free basis. The Supermarket Retail Business currently has no debt. Any cash balances at Completion (net cash as at 30 June 2016 was US\$12.8 million) will be retained by the Seller.

#### 3. CONDITIONS

Completion of the Disposal Agreement is conditional, *inter alia*, upon:

- (a) the approval of the Resolution at the General Meeting;
- (b) the obtaining of consents under two customer contracts;
- (c) the warranties of the Company, the Seller and Chemstar remaining true and correct except to the extent that a failure to remain true and correct has not had, and would not be reasonably expected to have had, a Material Adverse Effect (as defined in the Disposal Agreement); and
- (d) no Material Adverse Effect (as defined in the Disposal Agreement) having occurred prior to Completion.

#### 4. OPERATION OF THE SUPERMARKET RETAIL BUSINESS PRIOR TO COMPLETION

The Seller has agreed to conduct the Supermarket Retail Business in the ordinary course, consistent with past practice, and use commercially reasonable efforts to (i) preserve intact the Contemplated Business in all material respects; (ii) maintain in full force and effect its existing policies of insurance with respect to the Business; and (iii) cause the Contemplated Business to preserve its present relationships with, and to maintain the goodwill of, the transferred employees, suppliers, customers, lessors and other persons that have significant business relations with the Contemplated Business. In addition, the Seller has agreed to comply with certain specific obligations as set out in the Disposal Agreement.

#### 5. REPRESENTATIONS AND WARRANTIES

The Disposal Agreement contains customary representations and warranties given by the Company and the Seller in favour of Chemstar, including in relation to, among other things, corporate status,

authorisation, consents and approvals, assets and properties, financial statements, taxes, real property, absence of certain changes or events, litigation, compliance with law, material contracts, intellectual property, insurance, employees, customers and suppliers and environmental matters.

Under the Disposal Agreement, the Company and the Seller have jointly and severally agreed to indemnify, defend and hold harmless Chemstar from and against liabilities and losses, if any, which Chemstar may suffer or incur from a breach of representation or warranty or a breach of covenants (including the restrictive covenants described below), or from any Excluded Asset (as defined in the Disposal Agreement) or from any Excluded Liability (as defined in the Disposal Agreement). The aggregate amount recoverable for breach of the representations and warranties (except with respect to a breach of certain fundamental representations and warranties for example those relating to corporate status and authorisation, taxes and solely to the extent relating to FIFRA and FDCA matters, those representations and warranties concerning environmental matters and the FDCA) is limited to US\$2 million. The aggregate amount recoverable for liabilities and losses from breach of a fundamental representation and warranty, a breach of covenants (including the restrictive covenants described below) or from any Excluded Asset or from any Excluded Liability is limited to US\$13.5 million plus or minus an amount equal to the Adjustment. The foregoing financial limitations do not apply in the event of fraud or intentional misrepresentation. Save in respect of the fundamental representations and warranties, all representations and warranties contained in the Disposal Agreement survive Completion for a period of 18 months. The fundamental representations and warranties survive Completion indefinitely except for those fundamental representations and warranties relating to taxes and solely to the extent relating to FIFRA and FDCA matters, those representations and warranties concerning environmental matters and the FDCA which in each case survive Completion until 90 days following expiry of the applicable statutory period of limitations (including any extension thereof).

Chemstar has given customary representations and warranties to the Seller including, among other things, corporate status, authorisation, consents and approvals, that it will have sufficient funds to pay the purchase price at Completion, and that it will comply with all obligations necessary under its new bank facility (from which it will satisfy most of the purchase price) and will satisfy all of its other payment obligations in connection with completion of the transactions contemplated by the Disposal Agreement.

## **6. RESTRICTIVE COVENANTS**

For a period of five years from the date of Completion, the Company and the Seller have agreed that neither the Company nor the Seller will, and they will take reasonably necessary actions to ensure that other members of the Continuing Group and other affiliates will not, *inter alia*, compete with the Contemplated Business. The Disposal Agreement includes reciprocal non-solicitation of employee covenants given by the Company and the Seller, on the one hand, and Chemstar, on the other, which continue for a period of two years from the date of Completion and reciprocal non-disclosure obligations on the parties.

## **7. INTELLECTUAL PROPERTY**

At Completion, the Seller and Chemstar will enter into an Intellectual Property Licence Agreement and a Trademark Licence Agreement. Under those agreements (i) the Seller will grant to Chemstar a perpetual, fully-paid, royalty free licence to certain technology and related intellectual property necessary to make, use, market, promote and sell the products produced by the Contemplated Business; and (ii) Chemstar will grant to the Seller a licence for use of the Sterilox<sup>®</sup> trademark in the US in connection with certain specified fields.

## **8. TRANSITION SERVICES AGREEMENT**

Under the terms of the Disposal Agreement, at Completion, the Seller and Chemstar will enter into a transition services agreement whereby the Seller will provide certain support services including accounting, customer service, supply chain, knowledge transfer and regulatory, to Chemstar for up to 60 days. However, certain support services in respect of knowledge transfer may be provided for up to 6 months. Chemstar has agreed to pay to the Seller in respect of the provision of the support services set out in the transition services agreement an amount equal to the costs (including, but not limited to, wages, employer taxes and benefits) of employing those individuals performing the services and an amount of related overhead costs.

## PART III

### DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy, unless the context requires otherwise:

<b>“Adjustment”</b>	the adjustment to the consideration to be made pursuant to the Disposal Agreement, which may be positive or negative, as described in greater detail in Part II of this document
<b>“AIM Rules”</b>	the AIM Rules for Companies issued by London Stock Exchange plc (as amended from time to time)
<b>“Board”</b>	the board of Directors
<b>“BPR”</b>	the Biocidal Products Regulation (EU 528/2012)
<b>“Chemstar”</b>	Chemstar Corp., the proposed purchaser of the Supermarket Retail Business
<b>“Company” or “PuriCore”</b>	PuriCore plc, a company incorporated in England and Wales with registered number 5789798
<b>“Completion”</b>	completion of the Disposal in accordance with the terms of the Disposal Agreement
<b>“Contemplated Business”</b>	the Supermarket Retail Business and the Supermarket Retail Business as it is contemplated in the Disposal Agreement to potentially expand, upon receipt of necessary pesticide approvals which may be sought from regulatory authorities, being in particular activities to be undertaken in connection with such approvals and the promotion of products in the post-harvest flower grower and supply sector and also activities to be potentially undertaken in connection with the making of ice for the display of seafood products in the supermarket retail and food service sectors
<b>“Continuing Group”</b>	means the Group, with effect from Completion
<b>“Continuing Operations”</b>	the business of the Continuing Group comprising a wound care product and drug formulations under development
<b>“CREST”</b>	the system for paperless settlement of trades in securities operated by Euroclear
<b>“CREST Manual”</b>	the manual produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants of that system
<b>“Directors”</b>	the Directors of the Company, whose names are set out on page 5 of this document
<b>“Disposal”</b>	the proposed disposal of the Supermarket Retail Business
<b>“Disposal Agreement”</b>	the conditional sale and purchase agreement dated 19 September 2016 between the Company, the Seller and Chemstar, further details of which are set out in Part II of this document
<b>“EBITDA”</b>	earnings before interest, tax, depreciation, amortisation and share based payment expense
<b>“Equiniti”</b>	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“FDA”</b>	the US Food and Drug Administration
<b>“FDCA”</b>	the relevant sections of the US Federal Food, Drug and Cosmetic Act and the regulations adopted by the FDA to implement the FDCA
<b>“FIFRA”</b>	the relevant sections of the US Federal Insecticide, Fungicide and Rodenticide Act

<b>“Form of Proxy”</b>	the enclosed form of proxy for use by Shareholders in connection with the General Meeting
<b>“General Meeting”</b>	the general meeting of Shareholders to be held at the offices of CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 11.00 a.m. on 6 October 2016, notice of which is set out in Part IV of this document, or any reconvened meeting following any adjournment thereof
<b>“Group”</b>	the Company and its subsidiary undertakings as at the date of this document
<b>“IND”</b>	an Investigational New Drug application being the means through which an exemption is obtained by a sponsor (usually the manufacturer or potential marketer) from the FDA to transport or distribute an investigational drug to clinical investigators across different states of the US without an FDA approved marketing application
<b>“Interim Financial Results”</b>	the interim financial results of the Group for the six months ended 30 June 2016
<b>“Ordinary Shares”</b>	ordinary shares of 10 pence each in the capital of the Company
<b>“Resolution”</b>	the ordinary resolution to be proposed at the General Meeting to approve the Disposal, as set out in the notice of General Meeting in Part IV of this document
<b>“Seller”</b>	PuriCore, Inc., a wholly-owned subsidiary of the Company
<b>“Shareholders”</b>	shareholders of the Company
<b>“Supermarket Retail Business”</b>	the business of the Seller, through its Sterilox Fresh division, of offering products to the supermarket retail, food service and specialty fresh fruit arrangements sectors for use (i) in fresh produce departments to improve freshness and quality of produce and (ii) in floral departments to enhance freshness and quality of fresh cut flowers, and which is to be sold pursuant to the Disposal Agreement
<b>“US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“US\$”</b>	the lawful currency of the US

**PART IV**  
**NOTICE OF GENERAL MEETING**

**PuriCore plc**

(Incorporated and registered in England and Wales under the Companies Act 1985  
with registered number 5789798)

NOTICE IS HEREBY GIVEN that a General Meeting (the “**General Meeting**”) of PuriCore plc (the “**Company**”) will be held at the offices of CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street London EC4N 6AF at 11.00 a.m. on 6 October 2016, for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as an ordinary resolution:

**ORDINARY RESOLUTION**

THAT the proposed disposal by PuriCore, Inc. a wholly-owned subsidiary of the Company, of the Supermarket Retail Business (as defined in the circular to the shareholders of the Company dated 20 September 2016, of which this notice forms part (the “**Circular**”)) on and subject to the terms and conditions of the Sale and Purchase Agreement dated 19 September 2016, entered into between (1) the Company, (2) PuriCore, Inc. and (3) Chemstar Corp. and related documentation be and are hereby approved and that the directors of the Company (or a duly authorised committee thereof) be and are hereby authorised to conclude and implement the same in accordance with such terms and conditions and to take all such steps as may be necessary or desirable in relation thereto and to agree such amendments and variations to and waivers of such terms and conditions (provided such amendments, variations or waivers are not material in nature) as they may in their absolute discretion think fit in connection with or to facilitate the disposal of the Supermarket Retail Business.

*By order of the Board*

**Marella Thorell**  
*Company Secretary*  
20 September 2016

*Registered Office:*  
c/o CMS Cameron McKenna LLP  
Cannon Place  
78 Cannon Street  
London EC4N 6AF

Notes:

- (1) A Shareholder who is an individual is entitled to attend, speak and vote at the General Meeting or to appoint one or more other persons as his proxy to exercise all or any of his rights on his behalf. Further details of how to appoint a proxy, and the rights of proxies, are given in the paragraphs below. A Shareholder that is a company can appoint one or more corporate representatives (such as a director or employee of the company) whose attendance at the General Meeting is treated as if the company were attending in person, or it can appoint one or more persons as its proxy to exercise all or any of its rights on its behalf.
- (2) The Form of Proxy which may be used to make such appointment is enclosed. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the General Meeting in person.
- (3) To be effective, the instrument appointing a proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either (a) deposited at the Company’s registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, (b) lodged using the CREST Proxy Voting Service – see Note (8) below, or (c) lodged electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk) – see Note (11) below, in each case so that it is received by no later than 11.00 a.m. on 4 October 2016.
- (4) Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the “**Act**”) to enjoy information rights (a “**Nominated Person**”) may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

- (5) The statement of the rights of Shareholders in relation to the appointment of proxies does not apply to Nominated Persons. The rights described can only be exercised by Shareholders of the Company.
- (6) Holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. The total number of issued Ordinary Shares in the Company on 19 September 2016, which is the latest practicable date before the publication of this document is 50,135,432. On a vote by show of hands every Shareholder who is present in person or by proxy shall have one vote. On a poll vote every Shareholder who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.
- (7) Entitlement to attend and vote at the General Meeting, and the number of votes which may be cast at the General Meeting will be determined by reference to the Company's Register of Members at 6:30 p.m. on 4 October 2016 or, if the General Meeting is adjourned, at 6:30 p.m. on the date which is two days prior to the reconvened General Meeting, (as the case may be). In each case, changes to the Register of Members after such time will be disregarded.
- (8) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment thereof by using the procedures described in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)). 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.
- (9) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("**Euroclear**") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in Note (3) above. 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. After this time any change of instructions to a proxy appointed through CREST should be communicated to the appointee by other means.
- (10) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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) takes) 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. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (11) You may, if you wish, register the appointment of a proxy electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). To use this service you will need your Voting ID, Task ID and Shareholder Reference Number printed on the accompanying Form of Proxy. Full details of the procedure are given on the website at [www.sharevote.co.uk](http://www.sharevote.co.uk).
- (12) Any Shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

- (13) A copy of this Notice and other information required by section 311A of the Companies Act 2006 can be found at [www.puricore.com](http://www.puricore.com).
- (14) You may not use any electronic address provided in this Notice, or any related documents, including the Non-Executive Chairman's Letter of Recommendation and Form of Proxy, to communicate with the Company for any purposes other than those expressly stated.





