

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-39387



Renalytix plc

(Exact name of Registrant as specified in its Charter)

England and Wales
(State or other jurisdiction of
incorporation or organization)

Finsgate
5-7 Cranwood Street
London, United Kingdom
(Address of principal executive offices)

Not Applicable
(I.R.S. Employer
Identification No.)

EC1V 9EE
(Zip Code)

+44 20 3139 2910

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing two ordinary shares, nominal value £0.0025 per share	RNLX	The Nasdaq Stock Market, LLC
Ordinary shares, nominal value £0.0025 per share	*	The Nasdaq Stock Market, LLC*

* Not for trading, but only in connection with the registration of the American Depositary Shares.

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of February 13, 2024, there were 99,930,156 ordinary shares, nominal value £0.0025 per share, outstanding, which if all were held in ADS form would be represented by 49,956,078 American Depositary Shares, each representing two ordinary shares.

RENALYTIX PLC
QUARTERLY REPORT ON FORM 10-Q
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the three months ended December 31, 2023 (this “Quarterly Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by the words “may,” “might,” “will,” “could,” “would,” “should,” “goal,” “target,” “expect,” “intend,” “plan,” “objective,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue” and “ongoing,” or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. The forward-looking statements and opinions contained in this Quarterly Report are based upon information available to us as of the date of this Quarterly Report and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. Forward-looking statements include statements about:

- the timing and plans for commercialization of KidneyIntelX;
- the timing and plans for regulatory filings and decisions;
- our plans to maintain regulatory approval of kidneyintelX.dkd and obtain and maintain regulatory approvals for other products from our KidneyIntelX platform;
- the potential benefits of KidneyIntelX;
- the market opportunities for KidneyIntelX and our ability to maximize those opportunities;
- our business strategies and goals;
- our ability and plans to establish and maintain partnerships and projections related to future test volume as part of those partnerships;
- our ability and plans to drive adoption of KidneyIntelX and integrate KidneyIntelX into clinical workflow;
- estimates of our sales, revenue, expenses, cash runway and capital requirements and our need for and ability to obtain additional financing;
- our ability to continue as a going concern;
- third-party payor reimbursement and coverage decisions;
- the performance of our third-party suppliers and manufacturers,
- our expectations regarding our ability to obtain, maintain and enforce intellectual property protection for our diagnostic products and our ability to operate our business without infringing on the intellectual property rights of others;
- our expectations regarding regulatory classification of KidneyIntelX, as well as the regulatory response to the marketing and promotion of KidneyIntelX;
- our expectations regarding the inclusion of KidneyIntelX in the final version of the KDIGO 2023 Clinical Practice Guideline for Evaluation and Management of Chronic Kidney Disease;
- the impact of guidelines and recommendations published by various organizations on the use of our products;
- our expectations regarding developments relating to our competitors;
- our ability to identify, recruit and retain key personnel;
- the potential for breaches of data privacy, or disruptions in our information technology systems;
- the potential direct or indirect impact of the COVID-19 pandemic and the Russia-Ukraine or Hamas-Israel armed conflict on the global economy and our business or operations;
- our ability to satisfy the listing requirements of the NASDAQ Global Market;
- the sufficiency of our existing cash, cash equivalents and short-term investments to fund our operations and capital expenditure requirements; and
- risks detailed under the caption “Risk Factors” in this Quarterly Report and in our other reports filed with the U.S. Securities and Exchange Commission (“SEC”), from time to time hereafter.

You should refer to the section titled "Part I, Item 1A. Risk Factors" contained in the Company's Annual Report on Form 10-K for the year ended June 30, 2023 (the "Annual Report on Form 10-K") and the sections of this Quarterly Report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. Forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, applicable regulations or the rules of the Nasdaq Stock Market LLC.

You should read this Quarterly Report, the documents that we reference in this Quarterly Report and the documents we have filed as exhibits to this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

RENALYTIX PLC

CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands, except share and per share data)	December 31, 2023	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,619	\$ 24,682
Accounts receivable	1,370	776
Prepaid expenses and other current assets	1,261	1,424
Total current assets	8,250	26,882
Property and equipment, net	576	1,027
Right of Use Asset	102	159
Investment in VericiDx	1,220	1,460
Other Assets	1,128	1,101
Total assets	\$ 11,276	\$ 30,629
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,109	\$ 1,485
Accounts payable – related party	707	1,451
Accrued expenses and other current liabilities	4,259	6,644
Accrued expenses – related party	3,673	1,963
Current lease liability	111	130
Convertible notes-current	3,063	4,463
Total current liabilities	13,922	16,136
Convertible notes-noncurrent	5,310	7,485
Noncurrent lease liability	—	41
Total liabilities	19,232	23,662
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Ordinary shares, £0.0025 par value per share: 107,189,897 shares authorized; 99,930,156 and 93,781,478 shares issued and outstanding at December 31, 2023 and June 30, 2023, respectively	305	286
Additional paid-in capital	190,437	186,456
Accumulated other comprehensive loss	(1,734)	(1,450)
Accumulated deficit	(196,964)	(178,325)
Total shareholders' (deficit) equity	(7,956)	6,967
Total liabilities and shareholders' (deficit) equity	\$ 11,276	\$ 30,629

The accompanying notes are an integral part of these consolidated financial statements.

RENALYTIX PLC

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)

(in thousands, except share data)	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 709	\$ 1,192	\$ 1,168	\$ 2,161
Cost of revenue	480	711	982	1,407
Gross profit	229	481	186	754
Operating expenses:				
Research and development	3,225	3,326	6,012	7,083
General and administrative	5,339	6,810	11,398	15,060
Impairment loss on property and equipment	306	—	306	—
Performance of contract liability to affiliate	—	(7)	—	(19)
Total operating expenses	8,870	10,129	17,716	22,124
Loss from operations	(8,641)	(9,648)	(17,530)	(21,370)
Equity in net losses of affiliate	—	—	—	(9)
Foreign currency (loss) gain, net	(89)	(108)	200	699
Fair value adjustment to VericiDx investment	202	(345)	(245)	(1,199)
Fair value adjustment to convertible notes	(114)	(440)	(1,321)	(730)
Other income, net	161	97	261	211
Net loss before income taxes	(8,481)	(10,444)	(18,635)	(22,398)
Income tax (expense) benefit	(4)	—	(4)	1
Net loss	(8,485)	(10,444)	(18,639)	(22,397)
Net loss per ordinary share—basic	\$ (0.09)	\$ (0.14)	\$ (0.19)	\$ (0.30)
Net loss per ordinary share—diluted	\$ (0.09)	\$ (0.14)	\$ (0.19)	\$ (0.30)
Weighted average ordinary shares—basic	97,268,051	74,891,844	96,017,946	74,848,278
Weighted average ordinary shares—diluted	97,268,051	74,891,844	96,017,946	74,848,278
Other comprehensive income (loss):				
Changes in the fair value of the convertible notes	—	(920)	75	(523)
Foreign exchange translation adjustment	(401)	588	(359)	(499)
Comprehensive loss	(8,886)	(10,776)	(18,923)	(23,419)

The accompanying notes are an integral part of these consolidated financial statements.

RENALYTIX PLC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT) (Unaudited)

(in thousands, except share and per share data)	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity (deficit)
	Shares	Amount				
Balance at July 1, 2023	93,781,478	286	186,456	(1,450)	(178,325)	6,967
Shares issued for repayment of convertible bond	1,052,422	3	1,051	—	—	1,054
Vesting of RSUs	185,540	1	—	—	—	1
Stock-based compensation expense	—	—	524	—	—	524
Currency translation adjustment	—	—	—	42	—	42
Changes in the fair value of the convertible notes at fair value through other comprehensive income	—	—	—	75	—	75
Net loss	—	—	—	—	(10,154)	(10,154)
Balance at September 30, 2023	95,019,440	\$ 290	\$ 188,031	\$ (1,333)	\$ (188,479)	\$ (1,491)
Shares issued for repayment of convertible bond	4,835,388	15	1,928	—	—	1,943
Shares issued under employee stock purchase program	75,328	—	93	—	—	93
Stock-based compensation expense	—	—	385	—	—	385
Currency translation adjustment	—	—	—	(401)	—	(401)
Net loss	—	—	—	—	(8,485)	(8,485)
Balance at December 31, 2023	99,930,156	\$ 305	\$ 190,437	\$ (1,734)	\$ (196,964)	\$ (7,956)

(in thousands, except share and per share data)	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity (deficit)
	Shares	Amount				
Balance at July 1, 2022	74,760,432	\$ 228	\$ 164,012	\$ (915)	\$ (132,718)	\$ 30,607
Shares issued under the employee share purchase program	131,412	1	115	—	—	\$ 116
Stock-based compensation expense	—	—	763	—	—	\$ 763
Currency translation adjustments	—	—	—	(1,087)	—	\$ (1,087)
Changes in the fair value of the convertible notes at fair value through other comprehensive income	—	—	—	397	—	\$ 397
Net loss	—	—	—	—	(11,953)	\$ (11,953)
Balance at September 30, 2022	74,891,844	\$ 229	\$ 164,890	\$ (1,605)	\$ (144,671)	\$ 18,843
Stock-based compensation expense	—	—	818	—	—	\$ 818
Currency translation adjustments	—	—	—	588	—	\$ 588
Changes in the fair value of the convertible notes at fair value through other comprehensive income	—	—	—	(920)	—	\$ (920)
Net loss	—	—	—	—	(10,444)	\$ (10,444)
Balance at December 30, 2022	74,891,844	\$ 229	\$ 165,708	\$ (1,937)	\$ (155,115)	\$ 8,885

The accompanying notes are an integral part of these consolidated financial statements.

RENALYTIX PLC

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)	For the Six Months Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (18,639)	\$ (22,397)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	235	258
Impairment of property and equipment	306	—
Stock-based compensation	909	1,584
Equity in losses of affiliate	—	9
Reduction of Kantaro liability	—	(55)
Fair value adjustment to VericiDx investment	245	1,199
Unrealized foreign exchange gain	—	271
Realized foreign exchange gain	(163)	—
Fair value adjustment to convertible debt, net interest paid	1,059	730
Non cash lease expense	57	52
Changes in operating assets and liabilities:		
Accounts receivable	(594)	81
Prepaid expenses and other current assets	45	494
Receivable from affiliates	—	(22)
Accounts payable	618	2,773
Accounts payable – related party	(744)	(1,083)
Accrued expenses and other current liabilities	(2,465)	1,367
Accrued expenses – related party	1,708	(566)
Deferred revenue	—	(46)
Net cash used in operating activities	(17,423)	(15,351)
Cash flows from investing activities:		
Payment for long term deferred expense	—	(64)
Net cash used in investing activities	—	(64)
Cash flows from financing activities:		
Payment of convertible notes principal	(1,660)	(1,648)
Payment of issuance costs	(5)	—
Proceeds from purchase of ordinary shares under employee share purchase plan	93	116
Net cash used in financing activities	(1,572)	(1,532)
Effect of exchange rate changes on cash	(68)	(570)
Net decrease in cash and cash equivalents	(19,063)	(17,517)
Cash and cash equivalents, beginning of period	24,682	41,333
Cash and cash equivalents, end of period	\$ 5,619	\$ 23,816
Supplemental noncash investing and financing activities:		
Cash paid for interest on convertible debt	\$ 249	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

RENALYTIX PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Business and risks

Renalytix PLC and its wholly-owned subsidiaries, the “Company” or “Renalytix” is an artificial intelligence-enabled in vitro diagnostics company, focused on optimizing clinical management of kidney disease to drive improved patient outcomes and significantly lower healthcare costs. KidneyIntelX, the Company’s first-in-class diagnostic platform, employs a proprietary artificial intelligence-enabled algorithm that combines diverse data inputs, including validated blood-based biomarkers, inherited genetics and personalized patient data from EHR systems, to generate a unique patient risk score. Additionally, the Company has successfully completed a statement of work with AstraZeneca Pharmaceuticals LP (“AstraZeneca”) to conduct a feasibility study to determine the impact of the use of the Company’s KidneyIntelX platform to optimize utilization of various CKD agents. As a result of the initial success with AstraZeneca the Company plans to pursue further collaborations with pharmaceutical companies and make ‘Pharmaceutical Services Revenue’ a core part of the business going forward with the goal of improving guideline-based standard-of-care for optimal utilization of existing and novel therapeutics using the KidneyIntelX testing platform and proprietary care management software.

Since inception in March 2018, the Company has focused primarily on organizing and staffing the Company, raising capital, developing the KidneyIntelX platform, conducting clinical validation studies for KidneyIntelX, establishing and protecting its intellectual property portfolio and commercial laboratory operations, pursuing regulatory clearance and developing a reimbursement strategy. The Company has funded its operations primarily through equity and debt financings.

The Company is subject to risks and uncertainties common to early-stage companies in the diagnostics industry, including, but not limited to, ability to secure additional capital to fund operations, compliance with governmental regulations, development by competitors of new technological innovations, dependence on key personnel and protection of proprietary technology. To achieve widespread usage, KidneyIntelX and additional diagnostic products currently under development will require extensive clinical testing and validation prior to regulatory approval and commercialization. These efforts require significant amounts of additional capital, adequate personnel, and infrastructure, and extensive compliance-reporting capabilities.

2. Liquidity and Going Concern

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of \$197.0 million as of December 31, 2023. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of KidneyIntelX or any future products currently in development.

As a result of its losses and projected cash needs, substantial doubt exists about the Company’s ability to continue as a going concern. Substantial additional capital will be necessary to fund the Company's operations, expand its commercial activities and develop other potential diagnostic related products. The Company is seeking additional funding through public or private equity offerings, debt financings, other collaborations, strategic alliances and licensing arrangements. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be able to enter into strategic alliances or other arrangements on favorable terms, or at all. The terms of any financing may adversely affect the holdings or the rights of the Company’s shareholders. If the Company is unable to obtain funding, the Company may not be able to meet its obligations and could be required to delay, curtail or discontinue research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business prospect.

The Company’s ability to continue as a going concern is contingent upon successful execution of management’s intended plan over the next twelve months to improve the Company’s liquidity and profitability, which includes, without limitation:

- Seeking additional capital through public or private equity offerings, debt financings, other collaborations, strategic alliances and licensing arrangements
- Implementation of various additional operating cost reduction options that are available to the Company
- The achievement of a certain volume of assumed revenue

The consolidated financial statements do not include any adjustments that may result from the outcome of this going concern uncertainty.

3. Basis of presentation and summary of significant accounting policies

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“U.S. GAAP”). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASU”) of the Financial Accounting Standards Board (“FASB”). In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented.

Principles of consolidation

The consolidated financial statements include the accounts of Renalytix plc, and its wholly-owned subsidiaries. All inter-company balances and transactions have been eliminated in consolidation. The Company accounts for investments in which it has significant influence but not a controlling financial interest using the equity method of accounting.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual results could differ from those estimates. Due to the uncertainty of factors surrounding the estimates or judgments used in the preparation of the consolidated financial statements, actual results may materially vary from these estimates.

Estimates and assumptions are periodically reviewed, and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Significant areas that require management’s estimate include the assumptions used in determining the fair value of share-based awards, determining the fair value of the bonds, recording the prepaid/accrual and associated expense for research and development activities performed for the Company by third parties and determining useful lives of property and equipment and capitalized software.

Segment information

The Company manages its operations as a single operating segment for the purposes of assessing performance and making operating decisions. The Company’s singular focus is to make significant improvements in kidney disease diagnosis and prognosis, clinical care, patient stratification for drug clinical trials, and drug target discovery.

Foreign currency

The Company’s consolidated financial statements are presented in U.S. dollars, the reporting currency of the Company. The functional currency of Renalytix plc and Renalytix AI Limited is GB Pounds. The functional currency of Renalytix AI, Inc. is the U.S. dollar. Assets and liabilities of Renalytix plc and Renalytix AI Limited are translated at the rate of exchange at period-end, while the statements of operations are translated at the weighted average exchange rates in effect during the reporting period. The net effect of these translation adjustments is shown as a component of accumulated other comprehensive loss. Transaction gains and losses resulting from exchange rate changes on transactions denominated in currencies other than the functional currency are included in income in the period in which the change occurs and reported in the consolidated statements of operations and comprehensive loss.

Concentrations of credit risk and major customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable balances. Periodically, the Company maintains deposits in accredited financial institutions in excess of federally insured limits. The Company deposits its cash in financial institutions that it believes have high credit quality and are not exposed to any unusual credit risk beyond the normal credit risk associated with commercial banking relationships and has not experienced any losses on such accounts.

The Company’s accounts receivable are derived from revenue earned from customers located in the U.S. For the six months ended December 31, 2023, approximately 91% of all receivables related to KidneyIntelX testing revenue related to two customers and approximately 9% of receivables were due from other party payors. For the six months ended December 31, 2022, two customers made up 92% of the Company’s receivables. The remaining 8% of receivables were due from other third party payors. The Company performs initial and ongoing credit reviews on customers, which involve consideration of the customers’ financial information, their location, and other factors to assess the customers’ ability to pay and reserved for \$0.1 million of receivables as of December 31, 2023.

Fair value of financial instruments

At December 31, 2023 and June 30, 2023, the Company's financial instruments included accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses and other current liabilities. The carrying amounts of these assets and liabilities approximates fair value due to their short-term nature. The convertible notes are recorded at their estimated fair value.

Fair value option

Under the Fair Value Option Subsections of ASC subtopic 825-10, *Financial Instruments – Overall*, the Company has the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings (see Note 5). The Company has elected to measure and record the convertible notes at their estimated fair value.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of 90 days or less to be cash equivalents. As of December 31, 2023 and June 30, 2023, the Company had cash and cash equivalents of \$5.6 million and \$24.7 million, respectively.

Accounts receivable

Accounts receivable are recorded at the invoice amount and are non-interest bearing. The Company estimates expected credit losses of its accounts receivable by assessing the risk of loss and available relevant information about collectability, including historical credit losses, existing contractual payment terms, actual payment patterns of its customers, individual customer circumstances, and reasonable and supportable forecast of economic conditions expected to exist throughout the contractual life of the receivable. The Company reserved for \$0.1 million of receivables as of December 31, 2023. The Company reserved for \$0.1 million of receivables as of June 30, 2023.

Property and equipment

Property and equipment are recorded at cost. Depreciation is determined using the straight-line method over the estimated useful lives ranging from three to ten years. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. When property and equipment are sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations. In November 2023 the Company consolidated lab operations which resulted in the \$0.3 million impairment of property and equipment at the Company's Utah lab for the three and six months ended December 31, 2023. There was no impairment loss on property and equipment in the six months ended December 31, 2022.

Investments

VericiDx plc

The Company accounts for its ownership of VericiDx securities at fair value in accordance with *ASC 321, Investments-Equity Securities*, with changes in fair value recorded in earnings as the fair value of VericiDx's ordinary shares is readily determinable via the London Stock Exchange. Based on the closing stock price of VericiDx, the fair value of the investment in VericiDx was \$1.2 million and \$1.5 million at December 31, 2023 and June 30, 2023, respectively. During the three months ended December 31, 2023 and 2022, the Company recorded an increase in fair value of \$0.2 million and a decrease in fair value of \$0.3 million, respectively, in the consolidated statements of operations and comprehensive loss. During the six months ended December 31, 2023 and 2022, the Company recorded a decrease in fair value of \$0.2 million and \$1.2 million, respectively, in the consolidated statements of operations and comprehensive loss. The Company owned 5.8% of the ordinary shares of VericiDx at December 31, 2023 and June 30, 2023.

Impairment assessment

The Company evaluates its investments that are in unrealized loss positions, if any, and equity method investments for other-than-temporary impairment on a quarterly basis (see Note 5). Such evaluation involves a variety of considerations, including assessments of the risks and uncertainties associated with general economic conditions and distinct conditions affecting specific issuers or investees. Factors considered by the Company include (i) the length of time and the extent to which an investment's fair value has been below its cost; (ii) the financial condition, credit worthiness, and near-term prospects of the issuer; (iii) the length of time to maturity; (iv) future economic conditions and market forecasts; (v) the Company's intent and ability to retain its investment for a period of time sufficient to allow for recovery of market value; (vi) an assessment of whether it is more likely than not that the Company will be required to sell its investment before recovery of market value; and (vii) whether events or changes in circumstances indicate that the investment's carrying amount might not be recoverable.

Software development costs

The Company follows the provisions of ASC 985, *Software*, which requires software development costs for software to marketed externally to be expensed as incurred until the establishment of technological feasibility, at which time those costs are capitalized until the software is available for general release and amortized over its estimated useful life of ten years. For the three and six months ended December 31, 2023 and 2022, there was no capitalization of research and development expenses related to software development to record. Technological feasibility is established upon the completion of a working model that has been validated.

Revenue recognition

Pursuant to ASC 606, *Revenue from Contracts with Customers*, the Company recognizes revenue when a customer obtains control of promised goods or services. The Company records the amount of revenue that reflects the consideration that it expects to receive in exchange for those goods or services. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that it will collect the consideration to which it is entitled in exchange for the goods or services that it transfers to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations it must deliver and which of these performance obligations are distinct. Certain contracts have options for the customer to acquire additional services. The Company evaluates these options to determine if a material right exists. If, after that evaluation, it determines a material right does exist, it assigns value to the material right based upon the renewal option approach. The Company recognizes as revenue the amount of the transaction price that is allocated to each performance obligation when that performance obligation is satisfied or as it is satisfied. The Company uses the present right to payment principle and customer acceptance as indicators to determine the transfer of control to the customer occurs at a point in time. Sales tax and other similar taxes are excluded from revenues.

Cost of revenue

Cost of revenue consists of costs directly attributable to the services rendered, including labor, rent, lab consumables, depreciation, amortization and sample collection costs directly related to revenue generating activities.

Research and development expenses

Research and development costs consist primarily of internal and external labor costs incurred in connection with the development of KidneyIntelX as well as expenses related to studies and clinical trials to further the clinical value, performance and utility of KidneyIntelX. Research and development costs are expensed as incurred.

Share-based compensation

The Company measures equity classified share-based awards granted to employees and nonemployees based on the estimated fair value on the date of grant and recognizes compensation expense of those awards over the requisite service period, which is the vesting period of the respective award. The Company accounts for forfeitures as they occur. For share-based awards with service-based vesting conditions, the Company recognizes compensation expense on a straight-line basis over the service period. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and the Company's expected dividend yield. The Company was a

privately-held organization prior to November 2018 and has been a publicly-traded company for a limited period of time and therefore lacks company-specific historical and implied volatility information for its shares. Therefore, it estimates its expected share price volatility based on the historical volatility of publicly-traded peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded share price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is none based on the fact that the Company has never paid cash dividends on ordinary shares and does not expect to pay any cash dividends in the foreseeable future.

The Company classifies share-based compensation expense in its consolidated statement of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Income taxes

Income taxes are accounted for under the asset and liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A reduction in the carrying value of the deferred tax assets is required when it is not more likely than not that such deferred tax assets are realizable.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes* (ASC 740-10), defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with U.S. GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of income tax expense.

The Company recorded an immaterial provision for income taxes for the three and six months ended December 31, 2023. The Company did not record a provision for income taxes for the three and six months ended December 31, 2022, as the Company has generated losses for such periods. The Company periodically evaluates the realizability of its deferred tax assets based on all available evidence, both positive and negative. The realization of deferred tax assets is dependent on the Company's ability to generate sufficient future taxable income during periods prior to the expiration of tax attributes to fully utilize these assets. The Company weighed both positive and negative evidence and determined that there is a continued need for a full valuation allowance on its deferred tax assets as of December 31, 2023. Should the Company determine that it would be able to realize its remaining deferred tax assets in the foreseeable future, an adjustment to its remaining deferred tax assets would cause a material increase to income in the period such determination is made.

Comprehensive loss

Comprehensive loss includes net loss as well as other changes in shareholders' equity that result from transactions and economic events other than those with shareholders. For the periods presented, changes in shareholders' equity includes foreign currency translation as well as changes in fair value of the convertible note due to changes in instrument specific credit risk. The change in instrument specific credit risk was calculated as the change in the risk yield from the convertible debt issuance date to the valuation date. The instrument specific credit risk at issuance date was calibrated such that the fair value of the convertible bond was equal to the issue price as of the issuance date. The risk yield was adjusted to reflect the change in credit spreads between the issuance date and the valuation date.

Net loss per ordinary share

Basic net loss per ordinary share is computed by dividing net loss by the weighted average number of ordinary shares outstanding during each period. Diluted net loss per ordinary share includes the effect, if any, from the potential exercise or conversion of securities, such as options and convertible debt which would result in the issuance of incremental ordinary shares.

The dilutive effect of convertible securities is calculated using the if-converted method. Under the if-converted method, interest charges applicable to the convertible debt as well as nondiscretionary adjustments which include any expenses or charges that are determined based on the income (loss) for the period are added back to net income. The convertible debt is assumed to have been converted at the beginning of the period (or at time of issuance, if later). For the three and six months ended December 31, 2023, under the if-converted method, the add back of nondiscretionary adjustments and inclusion of potentially converted shares would be anti-dilutive.

Emerging growth company

The Company is an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, as amended (the “JOBS Act”). Under the JOBS Act, companies have extended transition periods available for complying with new or revised accounting standards. The Company has elected to avail itself of this exemption and, therefore, while the Company is an emerging growth company it will not be subject to new or revised accounting standards at the same time that they become applicable to other public emerging growth companies that have not elected to avail themselves of this exemption.

Recently issued accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments*, which requires measurement and recognition of expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This is different from the previous guidance as this will require immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets. The Company implemented ASU 2016-13 in the fiscal year beginning July 1, 2023 and evaluated the impact of ASU 2016-13 and it did not have a material impact on the consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* (“ASU 2020-06”). ASU 2020-06 eliminates two of the three models in ASC 470-20 that require issuers to separately account for embedded conversion features and eliminates some of the requirements for equity classification in ASC 815-40-25 for contracts in an entity's own equity. The guidance also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and generally requires them to include the effect of potential share settlement for instruments that may be settled in cash or shares. It is effective for annual periods beginning after December 15, 2023, and interim periods therein. The Company evaluated the effect of ASU 2020-06 and it is not expected to have a material impact on the consolidated financial statements.

4. Revenue

Testing services revenue

Each individual test is a performance obligation that is satisfied at a point in time upon completion of the testing process (when results are reported) which is when control passes to the customer and revenue is recognized. During the three and six months ended December 31, 2023, the Company recognized \$0.7 million and \$1.2 million, respectively, of testing services revenue. During the three and six months ended December 31, 2022, the Company recognized \$1.0 million and \$2.0 million, respectively, of testing services revenue. Sales tax and other similar taxes are excluded from revenues.

Pharmaceutical services revenue

Pharmaceutical services revenue is generated from the provision of analytical services to customers. Contracts with customers generally include an initial upfront payment and additional payments upon achieving performance milestones. The Company uses the present right to payment principle and customer acceptance as indicators to determine the transfer of control to the customer which may occur at a point in time or over time depending on the individual contract terms. Sales tax and other similar taxes are excluded from revenues.

During the three and six months ended December 31, 2023, there was no pharmaceutical services revenue recognized. During each of the three and six months ended December 31, 2022, the Company recognized \$0.2 million of pharmaceutical services revenue where performance obligations are satisfied at a point in time.

5. Fair value measurements and the fair value option

Assets and liabilities recorded at fair value on a recurring basis in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

- Level 1—Quoted prices (unadjusted in active markets for identical assets or liabilities)
- Level 2—Inputs other than quoted prices in active markets that are observable either directly or indirectly
- Level 3—Unobservable inputs in which there is little or no market data, which require the Company to develop its own assumptions

This hierarchy requires the use of observable market data when available and to minimize the use of unobservable inputs when determining fair value. The following fair value hierarchy table presents information about the Company's assets measured at fair value on a recurring basis:

(in thousands)	Fair value measurement at reporting date using		
	(Level 1)	(Level 2)	(Level 3)
December 31, 2023			
Assets:			
Equity Securities	\$ 1,220	\$ —	\$ —
Liabilities:			
Convertible notes	\$ —	\$ —	\$ 8,373
June 30, 2023			
Assets:			
Equity Securities	\$ 1,460	\$ —	\$ —
Liabilities:			
Convertible notes	\$ —	\$ —	\$ 11,948

The Company accounts for its ownership of VericiDx securities at fair value in accordance with ASC 321, *Investments-Equity Securities*, with changes in fair value recorded in earnings as the fair value of VericiDx's ordinary shares is readily determinable via the London Stock Exchange. The Company owns 9,831,681 shares of VericiDx. Based on closing stock price of VericiDx, the fair value of the investment in VericiDx was \$1.2 million and \$1.5 million at December 31, 2023 and June 30, 2023, respectively.

As further described in Note 8, in April 2022 the Company issued convertible promissory notes (the "Notes") to an investor. The fair value option, as prescribed by ASC 815, *Derivatives and Hedging*, was elected and applied in connection with the preparation of these consolidated financial statements. The fair value of the Notes is determined using a scenario-based analysis that estimates the fair value based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to the noteholders.

The Company adjusts the carrying value of the Notes to their estimated fair value at each reporting date, with qualifying increases or decreases in the fair value recorded as change in fair value of convertible promissory notes in the statements of operations and comprehensive loss. Changes in the fair value resulting from changes in the instrument-specific credit risk will be presented separately in other comprehensive income.

The following table shows the fair value movements of the Notes for the six months ended December 31, 2023:

(in thousands)	
Balance at July 1, 2023	\$ 11,948
Change due to payment of principal and interest	(4,911)
Fair value adjustments	1,321
Change in credit risk	(75)
FX Impact	90
Balance at December 31, 2023	\$ 8,373

Non-financial assets and liabilities

The Company's non-financial assets, which primarily consist of property and equipment and equity method investments, are not required to be measured at fair value on a recurring basis, and instead are reported at carrying value in its consolidated balance sheet. However, on a periodic basis or whenever events or changes in circumstances indicate that they may not be fully recoverable, the respective carrying value of non-financial assets are assessed for impairment and, if ultimately considered impaired, are adjusted and written down to their fair value, as estimated based on consideration of external market participant assumptions.

6. Property and equipment, net and intangibles

Property and equipment consists of (in thousands):

(in thousands)	December 31, 2023	June 30, 2023
Lab equipment	\$ 873	\$ 1,142
Office equipment	124	124
Office furniture	1	35
Leasehold improvements	—	576
Total	998	1,877
Less accumulated depreciation	(422)	(850)
	\$ 576	\$ 1,027

Depreciation expense was \$0.1 million and \$0.2 million for the three and six months ended December 31, 2023, respectively. Depreciation expense was \$0.1 million and \$0.2 million for the three and six months ended December 31, 2022, respectively.

Software consists of (in thousands):

(in thousands)	December 31, 2023	June 30, 2023
Software (Included in Other Assets)	\$ 1,535	\$ 1,526
Less accumulated amortization	(570)	(476)
	\$ 965	\$ 1,050

As of December 31, 2023, the expected amortization expense for the next five years and thereafter is as follows:

(in thousands)		
2024	\$	92
2025		184
2026		141
2027		126
2028		126
Thereafter		296
	\$	965

7. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consisted of (in thousands):

	December 31, 2023	June 30, 2023
Consulting and professional fees	\$ 909	\$ 442
Research and development	1,180	1,657
Payroll and related benefits	1,212	3,866
License and Royalty Expense	737	669
Other	221	10
	\$ 4,259	\$ 6,644

8. Convertible Notes

In April 2022, the Company issued amortizing senior convertible bonds with a principal amount of \$21.2 million in amortizing senior convertible bonds due in April 2027 (the "Bonds") to Heights Capital Ireland LLC (the "Convertible Bond Investor"). The Bonds were issued at 85% par value with total net proceeds of \$18.0 million and accrue interest at an annual rate of 5.5%, payable quarterly in arrears, in cash or American Depositary Shares ("ADSs") valued at the ADS Settlement Price at the option of the Company. The principal and interest payments are due in equal quarterly installments starting in July 2022. The Bonds contain various conversion and redemption features. The initial conversion price for the Bonds of \$8.70 has been set at a 20 percent premium to the Reference ADS Price. The Conversion Price may reset down at 12, 24 and 36 months, depending on share price performance, and the Bonds have a hard floor in the conversion price of \$7.25. As a result of the February 2023 private placement and pursuant to conditions of the bond agreement, the conversion price was adjusted to \$8.2508 (previously \$8.70) and the floor price was adjusted to \$6.8757 (previously \$7.25). Further, pursuant to conditions of the agreement, effective April 7, 2023, the conversion price was adjusted from \$8.2508 to \$7.7924. Between amortization dates, the Convertible Bond Investor retains the right to advance future amortization payments, provided that (a) there shall be no amortization advancements during the first 12 months, (b) no more than 2 amortization advancements may occur in any 12 month period, and (c) no more than 1 amortization advancement may occur in any 3 month period.

The Convertible Bond Investor is also permitted to defer up to two amortization payments to a subsequent amortization date. The Company retains the option to repay any deferred amortization in cash at 100 percent of the nominal amount. In July 2023, the Company made a cash amortization payment of \$1.4 million, which consisted of \$1.1 million of principal and \$0.3 million of interest. Also in July 2023, the Convertible Bond Investor exercised its right to advance an amortization payment and the Company made an accelerated repayment of \$1.06 million through the issuance of 526,211 ADSs. In October 2023, the Company made an amortization payment of \$1.3 million, which consisted of \$1.1 million of principal and \$0.2 million of interest, through the issuance of 2,335,388 ordinary shares in the form of 150,000 ordinary shares and 1,092,694 ADSs. In December 2023, the Company made an amortization payment of \$1.3 million, which consisted of \$1.1 million of principal and \$0.2 million of interest, through the issuance of 2,500,000 ordinary shares and a cash payment of \$0.6 million. As of December 31, 2023, \$13.8 million of principal was outstanding.

On issuance, the Company elected to account for the Bonds at fair value in accordance with ASC 815, *Derivatives and Hedging*, with qualifying changes in fair value being recognized through the statements of operations until the Bonds are settled. Changes in fair value related to instrument-specific credit risk are recognized through comprehensive loss until the Bonds are settled. The fair value of the bonds is determined using a scenario-based analysis that estimates the fair value based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to the noteholders. Significant assumptions used in the fair value analysis include the volatility rate, risk-free rate, dividend yield and risky yield. The fair value of the Bonds was determined to be \$16.9 million on issuance, which is the principal amount of the Bonds. On issuance, total debt issuance costs of \$1.4 million were immediately expensed as a component of general and administrative expense in the consolidated statement of operations during the year ended June 30, 2022. As of December 31, 2023, the fair value of the Bonds was determined to be \$8.5 million. During the three months ended December 31, 2023 and 2022, the Company recognized no change and a \$0.9 million increase in fair value of the Notes related to the instrument-specific credit risk in comprehensive loss, respectively, and an increase in fair value related to non-instrument specific credit risk of \$0.1 million and \$0.4 million as a loss in the consolidated statement of operations, respectively. During six months ended December 31, 2023 and 2022, the Company recognized a decrease of \$0.1 million and an increase of \$0.5 million in the fair value of the Notes related to the instrument-specific credit risk in comprehensive loss, respectively, and an increase in fair value related to non-instrument specific credit risk of \$1.3 million and \$0.7 million as a loss in the consolidated statement of operations, respectively.

9. Leases

The Company leases certain office space and laboratory space. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present. The Company does not recognize right-of-use assets or lease liabilities for leases determined to have a term of 12 months or less. Many of the Company's leases contain variable non-lease components such as maintenance, taxes, insurance, and similar costs for the spaces it occupies.

Variable executory costs, as it relates to net leases, are excluded from the calculation of the lease liability. Variable executory costs include costs relating to utilities, repairs, maintenance, insurance, common area expenses, and taxes paid for the leased asset during its economic life.

Upon adoption of ASC 842, the Company elected the package of practical expedients and the hindsight practical expedient but did not elect the easement practical expedient which is not applicable to the Company as the Company does not have any ground leases. In accordance with the package of practical expedients, the Company has not reassessed any of their existing or expired contracts or any other agreements that were previously concluded to not contain a lease for the following practical expedient guidance: (1) whether the arrangement is or contains a lease, (2) lease classification and (3) whether previously capitalized costs continue to qualify as initial direct costs.

The Company leased lab space in Salt Lake City, UT, under a five-year lease, the term of which commenced in November 2019. The Company has measured its right-of-use assets and lease liabilities based on lease terms ending in October 2024.

The Company leased lab space in New York City, NY under an initial three-month lease, the term of which commenced in February 2019. The Company has classified this lease as a short-term lease as the Company concluded that the noncancelable terms of this lease was less than one year at the commencement and none of the Company's renewals or amendments were for additional noncancelable terms greater than one year.

The Company leased lab space in St. Petersburg, FL from under an initial one-year term, the term of which commenced in January 2022. The Company has classified this lease as a short-term lease as the Company concluded that the noncancelable terms of this lease was less than one year at the commencement and none of the Company's renewals or amendments were for additional noncancelable terms greater than one year.

The Company leased office space in New York City, NY under an initial month-to-month term, the term of which commenced in June 2018. The lease did not have termination or formal renewal options however the Company can renew their office space if they are still needed and are still available at the end of the term. The Company has classified this lease as a short-term lease as the Company concluded that the noncancelable terms of this lease was less than one year at the commencement and none of the Company's renewals or amendments were for additional noncancelable terms greater than one year.

The Company identified and assessed the following significant assumptions in recognizing its right-of-use assets and corresponding lease liabilities during the adoption of ASC 842:

As the Company's leases do not provide an implicit rate, it concluded that a 10.0% IBR, the approximate midpoint between the average commercial real estate loans during 2022, is an appropriate discount rate to use for the Utah lease, which was the only lease existing as of the adoption date.

The following table shows the lease balance sheet classification of leases for the six months ended December 31, 2023 (in thousands):

(in thousands)	December 31, 2023	June 30, 2023
Assets		
Operating lease right-of-use assets, net of accumulated amortization	\$ 102	\$ 159
Liabilities		
Current		
Operating lease liabilities, current	\$ 111	\$ 130
Non-current		
Operating lease liabilities, non-current	\$ —	\$ 41
Total lease liabilities	\$ 111	\$ 171

The following table shows the lease costs for the six months ended December 31, 2023 (in thousands):

Lease costs (in thousands)	Statement of operations classification	December 31, 2023	December 31, 2022
Operating lease costs	Operating expenses: research and development	\$ 64	\$ 64
Short term lease costs	Operating expenses: research and development	\$ 48	\$ 24
Short term lease costs	Operating expenses: general and administrative	\$ 51	\$ 72
Short term lease costs	Cost of goods sold	\$ 173	\$ 183
Total lease costs		\$ 336	\$ 343

Other information	December 31, 2023	December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities (in thousands)	\$ 64	\$ 64
Remaining lease term - operating leases (in years)	0.9	1.9
Discount rate - operating leases	10%	10%

The following table shows the lease costs for the three months ended December 31, 2023 (in thousands):

Lease costs (in thousands)	Statement of operations classification	December 31, 2023	December 31, 2022
Operating lease costs	Operating expenses: research and development	\$ 32	\$ 33
Short term lease costs	Operating expenses: research and development	\$ 17	\$ 11
Short term lease costs	Operating expenses: general and administrative	\$ 25	\$ 34
Short term lease costs	Cost of goods sold	\$ 92	\$ 92
Total lease costs		\$ 166	\$ 170

Other information	December 31, 2023	Year Ended June 30, 2022
Cash paid for amounts included in the measurement of lease liabilities (in thousands)	\$ 32	\$ 33
Remaining lease term - operating leases (in years)	0.9	1.9
Discount rate - operating leases	10%	10%

The future minimum payments for noncancelable leases with terms in excess of one year as of December 31, 2023 are payable as follows (in thousands):

(in thousands)	December 31, 2023	Year Ended June 30, 2022
2024	\$ 116	—
2025	—	—
2026	—	—
Total minimum lease payments	\$ 116	116
Less amounts representing interest	\$ (5)	(5)
Present value of lease liabilities	\$ 111	111

10. Commitments and contingencies

Leases

Lease payments under operating leases as of December 31, 2023 and information about the Company's lease arrangements are disclosed in Note 9, "Leases".

Employment agreements

The Company has entered into employment agreements with certain key executives providing for compensation and severance in certain circumstances, as set forth in the agreements.

Retirement plans

The Company maintains a defined contribution 401(k) retirement plan which covers all U.S. employees. Employees are eligible after three months of service. Under the 401(k) plan, participating employees may make contributions in an amount up to the limit set by the Internal Revenue Service on an annual basis. The Company has a safe harbor plan and makes contributions to employee accounts of 5% of compensation (as defined by the plan). The Company paid \$0.1 million and \$0.3 million in contributions for the three and six months ended December 31, 2023, respectively, and \$0.1 million and \$0.2 million for the three and six months ended December 31, 2022, respectively.

Legal proceedings

The Company is not a party to any litigation and does not have contingency reserves established for any litigation liabilities. At each reporting date, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies.

11. License and services agreements

Mount Sinai license and sponsored research agreements

On May 30, 2018, the Company entered into an exclusive license agreement (the "ISMMS License Agreement") and, on March 7, 2019, a sponsored research agreement (the "ISMMS SRA") with Mount Sinai. Under the terms of the ISMMS License Agreement, ISMMS granted the Company (i) an exclusive, sublicensable license to use certain patent rights covering specific inventions concerning the utilization of biomarkers guided artificial intelligence techniques for detecting kidney functional decline (the "ISMMS Technology"), (ii) a non-exclusive license under unregistered licensed copyrights and licensed know-how and (iii) an exclusive option to obtain licensed technology conceived after May 30, 2018. The Company is obligated to pay Mount Sinai \$1.5 million and \$7.5 million in commercial milestone payments upon achieving worldwide net sales of KidneyIntelX of \$50.0 million and \$300.0 million, respectively. The Company is also obligated to pay Mount Sinai a 4% to 5% royalty on net sales of KidneyIntelX, subject to customary reductions. Royalties are payable on a product-by-product basis from first commercial sale of such product until the later of (1) expiration of the last valid claim of a licensed patent covering such product or (2) on a country-by-country basis, 12 years from first commercial sale of such product in such country. Moreover, the Company is obligated to pay Mount Sinai between 15% and 25% of any consideration received from a sublicensee.

As part of the ISMMS SRA, the Company has agreed to fund several research projects to further develop the ISMMS Technology. The Company incurred expenses of \$0.8 million and \$1.8 million related to the ISMMS SRA for the three and six months ended December 31, 2023, respectively, and \$0.0 million and \$0.8 million under the ISMMS SRA for the three and six months ended December 31, 2022, respectively.

Mount Sinai Clinical Trial agreement

In July 2021, the Company entered into a Clinical Trial Agreement (the "CTA") with ISMMS. Under the CTA, ISMMS will undertake a sponsored clinical trial entitled, "A prospective decision impact trial of KidneyIntelX in patients with Type 2 diabetes and existing chronic kidney disease". The clinical trial is to be conducted at ISMMS with Renalytix agreeing to pay ISMMS in accordance with the agreed upon budget. The clinical trial is expected to last up to four years with a total estimated budget of \$3.2 million. As of December 31, 2023, amounts due to ISMMS under the CTA totaled \$1.0 million, and \$0.3 million and \$0.6 million was expensed during the three and six months ended December 31, 2023, respectively. As of December 31, 2022, amounts due to ISMMS under the CTA totaled \$0.2 million, and \$0.0 million and \$0.1 million was expensed during the three and six months ended December 31, 2022, respectively.

Joslin diabetes center agreement

In October 2018, the Company purchased a worldwide exclusive license agreement (the "Joslin Agreement") with the Joslin Diabetes Center, Inc. ("Joslin") that was previously entered into with EKF Diagnostics Holding Plc ("EKF"), a related party, in July 2017. The license agreement provides the Company with the right to develop and commercialize licensed products covering a novel methodology of diagnosing and predicting kidney disease using certain biomarkers (the "Joslin Diabetes Technology").

Under the terms of the Joslin Agreement, the Company is obligated to pay Joslin aggregate commercial milestone payments of \$0.3 million and \$1.0 million upon achieving worldwide net sales of licensed products and processes of \$2.0 million and \$10.0 million, respectively. The Company is also obligated to pay Joslin a 5% royalty on net sales of any licensed products or licensed processes, subject to customary reductions. Moreover, the Company is obligated to pay Joslin 25% of any consideration received from a sublicensee. The Company accrued \$0.3 million related to achievement of the first sales milestone and accrued \$0.4 million of royalties due to Joslin as of December 31, 2023 which were recorded as cost of revenue within the consolidated statement of operations. The Company accrued \$0.3 million of royalties due to Joslin for the three months ended December 31, 2022.

The Joslin Agreement initially expires on July 31, 2025 and is subject to an automatic five-year extension unless either party notifies the other party of its intent not to extend the agreement at least 180 days prior to initial expiration. Either party may terminate the Joslin Agreement earlier upon an uncured material breach of the agreement by the other party, the insolvency of the other party, or in the event the other party is unable to perform its obligations under the agreement for a specified period. Additionally, Joslin may terminate the agreement in the event that the Company ceases developing or commercializing licensed products or processes, if the Company fails to maintain certain required insurance policies, and if the Company fails to pay patent expenses related to the licensed patents.

Wake Forest/Atrium Health

In May 2021, the Company entered into a partnership with Atrium Health, Wake Forest Baptist Health and Wake Forest School of Medicine to implement an advanced clinical care model to improve kidney health and reduce kidney disease progression and kidney failure. Through these partnerships, KidneyIntelX access will be enabled to primary care physicians, endocrinologists, nephrologists and care teams in 37 hospitals and more than 1,350 care locations across the Carolinas and Georgia. Additionally, the Company entered into a five year clinical trial agreement with Wake Forest University Health Sciences to evaluate the clinical impact of KidneyIntelX on the management of patients with type 2 diabetes (T2D) and diabetic (chronic) kidney disease (stage 1-3). The total estimated cost of the clinical trial is \$6.9 million. To date the Company has incurred \$4.3 million in clinical trial costs which are recorded in the research and development line of the consolidated statement of operations. As part of the clinical trial, the Company has generated over 2,100 reportable patient results in the Atrium Wake Forest system across over 100 unique providers. As of December 31, 2023, the Company accrued \$1.1 million related to the clinical trial agreement and expensed \$0.5 million during the three months ended December 31, 2023. As of December 31, 2022, the Company accrued \$0.5 million related to the clinical trial agreement and expensed \$0.4 million during the three months ended December 31, 2022.

12. Shareholders' equity

Ordinary shares

As of December 31, 2023, the Company had 107,189,897 ordinary shares authorized on a fully diluted basis. Each share entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Ordinary shareholders are entitled to receive dividends as may be declared by the board of directors. From inception through December 31, 2023, no cash dividends have been declared or paid.

13. Share-based compensation

Equity Incentive Plan

In November 2018, Company established the Renalytix AI plc Share Option Plan (the "2018 Share Option Plan") and a U.S. Sub-Plan and Non-Employee Sub-Plan. In July 2020, the Company's board of directors adopted and the Company's shareholders approved the 2020 Equity Incentive Plan (the "EIP"), which superseded the 2018 Share Option Plan. The equity incentive plan provides for the Company to grant options, restricted share awards and other share-based awards to employees, directors and consultants of the Company. As of December 31, 2023, there were 12,179,489 shares available for future issuance under the EIP.

The EIP is administered by the board of directors. The exercise prices, vesting and other restrictions are determined at their discretion, except that all options granted have exercise prices equal to the fair value of the underlying ordinary shares on the date of the grant and the term of stock option may not be greater than ten years from the grant date.

With respect to the options outstanding as of December 31, 2023:

- 5,968,095 options vest equally over twelve quarters following the grant date;
- 777,521 options vest 25% on the one year anniversary of the grant date and the remaining 75% equally over twelve quarters following the one year anniversary of the grant date;
- 301,625 options vest 25% on the one year anniversary of the grant date, 50% on the two year anniversary of the grant date, and 25% on the three year anniversary;
- 190,000 options vest one third on the one year anniversary of the grant date and the remaining two thirds equally over eight quarters following the one year anniversary of the grant date;
- 12,500 options vest quarterly over two years following the grant date; and
- 10,000 options vested on the vesting commencement date.

If options remain unexercised after the date one day before the tenth anniversary of grant, the options expire. On termination of employment, any options that remain unexercised are either forfeited immediately or after a delayed expiration period, depending on the circumstances of termination. Upon the exercise of awards, new ordinary shares are issued by the Company.

The Company recorded share-based compensation expense in the following expense categories in the consolidated statements of operations for the three and six months ended December 31, 2023 and 2022 (in thousands):

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2023	2022	2023	2022
Research and development	\$ 80	\$ 113	\$ 177	\$ 180
General and administrative	\$ 302	\$ 700	\$ 726	\$ 1,396
Cost of revenue	\$ 3	\$ 2	\$ 6	\$ 2
	\$ 385	\$ 815	\$ 909	\$ 1,578

The fair value of options is estimated using the Black-Scholes option pricing model, which takes into account inputs such as the exercise price, the value of the underlying ordinary shares at the grant date, expected term, expected volatility, risk-free interest rate and dividend yield. The fair value of each grant of options during the three months ended December 31, 2023 and 2022 were determined using the methods and assumptions discussed below.

- The expected term of employee options is determined using the “simplified” method, as prescribed in SEC’s Staff Accounting Bulletin No. 107, whereby the expected life equals the arithmetic average of the vesting term and the original contractual term of the option due to the Company’s lack of sufficient historical data.
- The expected volatility is based on historical volatility of the publicly-traded common stock of a peer group of companies.
- The risk-free interest rate is based on the interest rate payable on U.S. Treasury securities in effect at the time of grant for a period that is commensurate with the assumed expected term.
- The expected dividend yield is none because the Company has not historically paid and does not expect for the foreseeable future to pay a dividend on its ordinary shares.

For the six months ended December 31, 2023 and 2022, the grant date fair value of all option grants was estimated at the time of grant using the Black-Scholes option-pricing model using the following weighted average assumptions:

	For the Six Months Ended December 31,	
	2023	2022
Expected term (in years)	6.4	6.1
Expected volatility	74.3 %	66.9 %
Risk-free rate	4.3 %	3.2 %
Dividend yield	— %	— %

The weighted average fair value of the options granted during the three and six months ended December 31, 2023 and 2022 was \$0.96 and \$1.16 per share, respectively.

The following table summarizes the stock option granted to employees and non-employees for the six months ended December 31, 2023:

	Number of shares under option plan	Weighted-average exercise price per option	Weighted-average remaining contractual life (in years)
Outstanding at June 30, 2023	4,968,576	\$ 4.50	6.7
Granted	2,673,296	\$ 1.32	
Exercised	—	\$ -	
Forfeited	(380,568)	\$ 5.48	
Expired	(1,563)	\$ 6.68	
Outstanding at December 31, 2023	7,259,741	\$ 3.29	7.3
Exercisable at December 31, 2023	4,452,018	\$ 4.29	6.0
Vested and expected to vest at December 31, 2023	7,259,741	\$ 3.29	7.3

As of December 31, 2023, there was \$2.87 million in unrecognized compensation cost related to unvested options that will be recognized as expense over a weighted average period of 2.10 years. The aggregate intrinsic value of options outstanding and options exercisable at each of December 31, 2023 and December 31, 2022 was \$0.

Employee Share Purchase Plan

The Company's 2020 Employee Share Purchase Plan (the "ESPP") became effective on August 17, 2020. The ESPP authorizes the issuance of up to 850,000 of the Company's ordinary shares. The number of the Company's ordinary shares that may be issued pursuant to rights granted under the ESPP shall automatically increase on January 1st of each year, commencing on January 1, 2021 and continuing for ten years, in an amount equal to the lesser of one percent of the total number of the Company's ordinary shares outstanding on December 31st of the preceding calendar year, and 2,000,000 ordinary shares, subject to the discretion of the board of directors or remuneration committee to determine a lesser number of shares shall be added for such year.

Under the ESPP, eligible employees can purchase the Company's ordinary shares through accumulated payroll deductions at such times as are established by the board of directors or remuneration committee. Eligible employees may purchase the Company's ordinary shares at 85% of the lower of the fair market value of the Company's ordinary shares on the first day of the offering period or on the purchase date. Eligible employees may contribute up to 15% of their eligible compensation. Under the ESPP, a participant may not purchase more than \$25,000 worth of the Company's ordinary shares for each calendar year in which such rights are outstanding. During the six months ended December 31, 2023, 75,328 shares were purchased under the ESPP. During the six months ended December 31, 2022, 131,412 shares were purchased under the ESPP.

In accordance with the guidance in ASC 718-50 – *Compensation – Stock Compensation*, the ability to purchase shares of the Company's ordinary shares at 85% of the lower of the price on the first day of the offering period or the last day of the offering period (i.e. the purchase date) represents an option and, therefore, the ESPP is a compensatory plan under this guidance. Accordingly, share-based compensation expense is determined based on the option's grant-date fair value as estimated by applying the Black Scholes option-pricing model and is recognized over the withholding period. The Company recognized share-based compensation expense of \$0.01 million during the six months ended December 31, 2023 related to the ESPP. The Company did not recognize compensation expense related to the ESPP for the three months ended December 31, 2023. The Company recognized share-based compensation expense of \$0.02 million and \$0.05 million in the three and six months ended December 31, 2022, respectively.

Restricted Stock Units

Activity for restricted stock units for the six months ended December 31, 2023 is as follows:

	Number of Restricted Stock Units	Weighted- average Grant Date Fair Value
Non-vested balance at June 30, 2023	40,340	\$ 1.72
Granted	—	\$ -
Vested	(20,150)	\$ 2.10
Forfeited	(9,045)	\$ 1.69
Non-vested balance at December 31, 2023	<u>11,145</u>	<u>\$ 0.63</u>

The total fair value of restricted stock units vested during the three months ended December 31, 2023 was \$0.1 million. Restricted stock units vest upon the achievement of time-based service requirements.

At December 31, 2023, total unrecognized compensation expense related to non-vested restricted stock units was approximately \$0.01 million. Unrecognized compensation expense relating to restricted stock units that are deemed probable of vesting is expected to be recognized over a weighted-average period of approximately 1.01 years.

14. Related-party transactions

EKF Diagnostic Holdings

During the three and six months ended December 31, 2023, the Company incurred expenses of \$0.00 million and \$0.01 million, respectively, related to employees of EKF who provided services to Renalytix. During the three and six months ended December 31, 2022, the Company incurred expenses of \$0.03 million and \$0.05 million, respectively, related to employees of EKF who provided services to Renalytix.

Icahn School of Medicine at Mount Sinai

In May 2018, the Company secured its cornerstone license agreement with ISMMS for research and clinical study work and intended commercialization by the Company (see Note 11). As part of the collaboration, ISMMS became a shareholder in the Company and has subsequently made equity investments both in the Company's initial public offering (the "IPO") on AIM in November 2018, the subsequent sale of ordinary shares in July 2019 and the Company's IPO on Nasdaq in July 2020 and private placements in April 2022 and February 2023. As of December 31, 2023, amounts due to ISMMS totaled \$4.4 million and are included within accrued expenses and other current liabilities and accounts payable on the balance sheet. During the three and six months ended December 31, 2023, the Company incurred expenses of \$1.1 million and \$2.4 million, respectively, related to its obligations under the ISMMS license agreement. During the three and six months ended December 31, 2022, the Company incurred expenses of \$0.00 million and \$1.40 million, respectively, which are included in research and development expenses in the condensed consolidated statement of operations.

15. Net loss per ordinary share

Basic net loss per ordinary share is computed by dividing net loss by the weighted average number of ordinary shares outstanding during each period. Diluted net loss per ordinary share includes the effect, if any, from the potential exercise or conversion of securities, such as options which would result in the issuance of incremental ordinary shares. Potentially dilutive securities outstanding as of December 31, 2023 and December 31, 2022 have been excluded from the computation of diluted weighted average shares outstanding as they would be anti-dilutive. Therefore, the weighted average number of shares used to calculate both basic and diluted net loss per share are the same.

The following potentially dilutive securities have been excluded from the computation of diluted weighted-average shares of ordinary shares outstanding as they would be anti-dilutive:

	For the Six Months Ended December 31,	
	2023	2022
Stock options to purchase ordinary shares	7,259,741	4,977,699
Restricted stock units	22,290	179,960
Conversion of convertible note	4,625,019	2,071,264
	<u>11,907,050</u>	<u>7,228,923</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our unaudited consolidated financial statements and related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our audited consolidated financial statements and related notes for the year ended June 30, 2023, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on September 28, 2023 (the "Annual Report on Form 10-K"), as well as the information contained under Management's Discussion and Analysis of Financial Condition and Results of Operations and "Risk Factors" contained in the Annual Report on Form 10-K, and Part II, Item 1A "Risk Factors" of this Quarterly Report on Form 10-Q, and other information provided from time to time in our other filings with the SEC.

Overview

Renalytix is focused on providing doctors around the world with a safe, reliable and effective tool to identify which patients are or are not in danger of losing significant kidney function and falling into kidney failure and may require long-term dialysis or kidney transplant. Chronic kidney disease is one of the largest urgent medical needs, globally affecting an estimated 850 million people, and is responsible for an unsustainable and growing societal cost burden.

We believe an important part of the answer is preventative medicine and the ability to identify individuals with advancing chronic kidney disease early, where new drug therapies and clinical strategies have the optimal chance to stop uncontrolled disease progression.

At Renalytix, we developed kidneyintelX.dkd, the first U.S. Food and Drug Administration ("FDA"), authorized *in vitro* prognostic test that uses an artificial intelligence-enabled algorithm to aid in assessment of the risk of progressive decline in kidney function. The test is designed to predict early in the progression of kidney disease who is at risk for significant sustained decline in kidney function. Prognostic tests, such as kidneyintelX.dkd, are not intended for diagnosing any disease or for monitoring disease progression or the effect of any therapeutic product. Rather, prognostic tests are intended to be used in conjunction with other clinical and diagnostic findings and consistent with professional standards of practice, including information obtained by alternative methods, and clinical evaluation, as appropriate. When used as intended, potential interventions can be considered early, ideally before major damage is done and when treatments can be most effective. KidneyintelX.dkd is part of a family of clinical tests being developed from the KidneyIntelX technology platform developed using technology licensed from the Icahn School of Medicine at Mount Sinai in New York, the Joslin Diabetes Center in Boston and under development through U.S. and international collaborations.

We are deploying KidneyIntelX to patient populations with DKD on a regional basis through partnerships with healthcare systems and insurance payors that provide coverage to those healthcare systems' patients. Following the receipt of national Medicare pricing at \$950 per reportable test for KidneyIntelX in January 2020, we are actively pursuing Medicare coverage and a determination under the MolDX Program. In March 2020, we announced that our application for a Medicare PTAN was approved by Noridian Healthcare Solutions, the regional Medicare Administrative Contractor with responsibility for overseeing facilities and providers located in the western United States, and, as a result, we are now qualified as a provider and can bill for services provided to patients with Medicare and Medicaid health insurance coverage in the United States. In addition, in October 2019, Capital District Physicians' Health Plan, Inc., a physician-led health insurance payor in New York, adopted coverage determination policies that provide insurance for certain patients with DKD who are tested with KidneyIntelX. We are working with additional private insurance payors and healthcare providers to expand insurance coverage for KidneyIntelX nationwide, which we believe will be accelerated by our recent achievement of a CPT code and national Medicare pricing.

Since our inception in March 2018, we have focused primarily on organizing and staffing our company, raising capital, developing the KidneyIntelX platform, conducting clinical validation studies for KidneyIntelX, establishing and protecting our intellectual property portfolio and commercial laboratory operations, pursuing regulatory approval and developing our reimbursement strategy. We have funded our operations primarily through equity financings. In November 2018, we sold 18.4 million of our ordinary shares in our initial public offering (the "IPO"), and our ordinary shares were admitted to trading on AIM, a market operated by the London Stock Exchange, resulting in gross proceeds of approximately \$29.1 million. Prior to our IPO on the London Stock Exchange, EKF provided debt financing, referred to as our related-party note payable. All borrowings with EKF were repaid in their entirety upon completion of the equity offering in November 2018.

In July 2019, we sold an additional 5.6 million of our ordinary shares in a secondary offering for approximately \$17.3 million. In July 2020, we closed our global offering and listed our American Depositary Shares ("ADS") on the Nasdaq Global Market, in which we issued and sold 12.6 million ordinary shares which converted into 6.3 million ADSs at a public offering price of \$13.50 per share. In addition, we completed a concurrent private placement in Europe and other countries outside of the United States of 30,000 ordinary shares at a price of £5.37 per ordinary share (at an exchange rate of GBP:USD 1:1.2563). We received gross proceeds of approximately \$85.1 million as a result of the offering.

Macroeconomic Considerations

During fiscal year 2023, we returned to conducting business as usual after the COVID-19 pandemic, with necessary or advisable modifications to employee travel and employee work locations. We continue to monitor the situation related to COVID-19 and may take actions that alter our business operations to the extent that may be required by federal, state or local authorities, or that we determine are in the best interests of our employees, partners and shareholders.

Unfavorable conditions in the economy in the United States and abroad may negatively affect the growth of our business and our results of operations. For example, macroeconomic events, including the COVID-19 pandemic, rising inflation and U.S. and U.K. interest rates and the Russia-Ukraine and Hamas-Israel armed conflicts and related developments, have led to economic uncertainty globally. The effect of macroeconomic conditions may not be fully reflected in our results of operations until future periods. If, however, economic uncertainty increases or the global economy worsens, our business, financial condition and results of operations may be harmed. For further discussion of the potential impacts of macroeconomic events on our business, financial condition, and operating results, see the section titled “Risk Factors.”

Our Key Agreements

Mount Sinai Health System

In May 2018, we entered into the Mount Sinai Agreement, with Mount Sinai, pursuant to which we obtained a worldwide, royalty-bearing, exclusive license under certain patents and a worldwide, royalty-bearing, non-exclusive license under certain know-how of Mount Sinai to develop and commercialize licensed products in connection with the application of artificial intelligence for the diagnosis of kidney disease. Pursuant to the terms of the Mount Sinai Agreement, we are obligated to use commercially reasonable efforts in connection with the development and commercialization of the licensed products, including in accordance with specified diligence milestones.

We paid Mount Sinai \$10.0 million as an up-front payment upon entering into the Mount Sinai Agreement. Under the terms of the Mount Sinai Agreement, we are obligated to pay Mount Sinai \$1.5 million and \$7.5 million in commercial milestone payments upon achieving worldwide net sales of KidneyIntelX of \$50.0 million and \$300.0 million, respectively. We are also obligated to pay Mount Sinai a 4% to 5% royalty on net sales of KidneyIntelX, subject to customary reductions. Royalties are payable on a product-by-product basis from first commercial sale of such product until the later of (1) expiration of the last valid claim of a licensed patent covering such product or (2) on a country-by-country basis, 12 years from first commercial sale of such product in such country. Moreover, we are obligated to pay Mount Sinai between 15% and 25% of any consideration received by us from a sublicensee. The two provisional patent applications covering the KidneyIntelX diagnostic in-licensed under the Mount Sinai Agreement were filed in February 2020 and April 2020, respectively. If issued, these patents will expire in February 2041 and April 2041, respectively. Furthermore, we agreed to carry out and fund a clinical utility study for KidneyIntelX at a total estimated cost of \$10.7 million.

The Mount Sinai Agreement expires on the later of the tenth anniversary of the execution of the agreement and expiration of the last remaining royalty term. We may terminate the Mount Sinai Agreement at any time upon 90 days’ prior written notice. Mount Sinai may terminate the agreement for our uncured material breach, our failure to meet certain diligence milestones, our insolvency, or in the event that we challenge the validity or enforceability of any licensed patent.

Joslin Diabetes Center

In July 2017, EKF, entered into the Joslin Agreement, with Joslin. In October 2018, we purchased all of EKF’s rights, title, interest and benefit in the Joslin Agreement in exchange for the issuance of 15.4 million of our ordinary shares.

Pursuant to the Joslin Agreement and the related assignment from EKF, we obtained a worldwide, royalty-bearing, exclusive license under any patents and any related know-how of Joslin related to the patent application filed with respect to the Joslin IP to make, have made, use, offer for sale and sell licensed products covered by claims in the Joslin IP, and to perform, practice offer for sale and sell certain licensed processes related to the Joslin IP. We are obligated to use commercially reasonable efforts in connection with the development and commercialization of the licensed products and licensed processes, including in accordance with a development plan.

Under the terms of the Joslin Agreement, we are obligated to pay Joslin aggregate commercial milestone payments of \$0.3 million and \$1.0 million in commercial milestone payments upon achieving worldwide net sales of licensed products and processes of \$2.0 million and \$10.0 million, respectively. We are also obligated to pay Joslin a 5% royalty on net sales of any licensed products or licensed processes, subject to customary reductions. Moreover, we are obligated to pay Joslin 25% of any consideration received by us from a sublicensee.

The Joslin Agreement initially expires on July 31, 2025, and is subject to an automatic five-year extension unless either party notifies the other party of its intent not to extend the agreement at least 180 days prior to initial expiration. Either party may terminate the Joslin Agreement earlier upon an uncured material breach of the agreement by the other party, the insolvency of the other party, or in the event the other party is unable to perform its obligations under the agreement for a specified period. Additionally, Joslin may terminate the agreement in the event that we cease developing or commercializing licensed products or processes, if we fail to maintain certain required insurance policies, and if we fail to pay patent expenses related to the licensed patents.

Recent Developments

- During the three months ended December 31, 2023, we recognized \$0.7 million of revenue related to sales of KidneyIntelX, compared to the previous quarter reported revenue of \$0.5 million.
- KidneyintelX.dkd, the first U.S. Food and Drug Administration (“FDA”), authorized in vitro prognostic test that uses an artificial intelligence-enabled algorithm to aid in assessment of the risk of progressive decline in kidney function, officially included in the lab fee schedule by Centers for Medicare & Medicaid Services (CMS) at \$950 per test.
- KidneyIntelX™ and kidneyintelX.dkd included in the proposed Local Coverage Determination (LCD) published by National Government Services (NGS) on February 8, 2024, and on the agenda for the LCD open public meeting on February 29, 2024.
- NGS has resumed consistent payment for tests under individual claims review (ICR), allowing revenue recognition of 318 tests billed to Medicare (including prior period tests). Total billable volume of 734 tests during the second quarter (representing 69% of all tests in the period, including non-billable study tests).
- Real-world evidence continues to demonstrate the benefits of KidneyIntelX early risk assessment as published in the Journal of Primary Care and Community Health, in which 12 months of care following KidneyIntelX prognostic testing was associated with clinical actions that led to significant improvement in care and outcomes including a 61% increase in kidney protective drug prescriptions among patients in the high-risk group.
- Operating cost reductions commenced during the fiscal second quarter continued with a fiscal third quarter cash burn target approximately 33% less than in the prior quarter and approximately 50% less than in the first quarter of fiscal 2024.

NASDAQ Notices

On December 22, 2023, we received two written notices from The Nasdaq Stock Market, or Nasdaq, notifying us that (i) because the closing bid price for our ADSs was below \$1.00 per ADS for at least 30 consecutive business days, we did not meet the \$1.00 per ADS minimum bid price requirement of Nasdaq Listing Rule 5450(a)(1) the (“Minimum Bid Price Requirement”) and (ii) we are not in compliance with the requirement to maintain a minimum market value of listed securities (the “MVLS”) of \$50,000,000 for continued listing on The Nasdaq Global Market, as set forth in Nasdaq Listing Rule 5450(b)(2)(A) (the “MVLS Requirement”).

The Notices have no immediate impact on the continued listing or trading of our ADSs on The Nasdaq Global Market, which will continue to be listed and traded on The Nasdaq Global Market, subject to our compliance with the other continued listing requirements.

Pursuant to Nasdaq Listing Rule 5810(c)(3)(A) and Nasdaq Listing Rule 5810(c)(3)(C), we have a compliance period of 180 calendar days, or until June 19, 2024 (the “Compliance Period”), to regain compliance with the Minimum Bid Price Requirement and the MVLS Requirement. To regain compliance with the Minimum Bid Price Requirement, the closing bid price of the ADSs must be at least \$1.00 per ADS for a minimum of ten consecutive business days prior to the end of the Compliance Period. To regain compliance with the MVLS Requirement, our MVLS must close at \$50,000,000 or more for a minimum of ten consecutive business days prior to the end of the Compliance Period.

If we do not regain compliance with the Minimum Bid Price Requirement by the end of the Compliance Period, we may be eligible for an additional 180 calendar day period to regain compliance during which we may transfer to The Nasdaq Capital Market, provided that we meet the applicable market value of publicly held shares requirement for continued listing and all other applicable requirements for initial listing thereon (except for the bid price requirement) based on our most recent public filings and market information and notify Nasdaq of our intent to cure the minimum bid price deficiency. If we meet the applicable requirements, Nasdaq may inform us that we have been granted an additional 180 calendar days to regain compliance with the Minimum Bid Price Requirement. If, however, it appears to Nasdaq that we will not be able to cure the minimum bid price deficiency, or if we are otherwise not eligible for listing on The Nasdaq Capital Market, Nasdaq could provide notice that our ADSs will become subject to delisting. In such event, Nasdaq rules would permit us to appeal the delisting determination to a Nasdaq Hearings Panel.

If we do not regain compliance with the MVLS Requirement by the end of the Compliance Period, Nasdaq will notify us that our securities are subject to delisting, at which point we may appeal the delisting determination to a Nasdaq hearings panel. We may also

choose to transfer the listing of our ADSs to The Nasdaq Capital Market. In order to transfer, we must submit an on-line transfer application, pay a \$5,000 application fee and meet The Nasdaq Capital Market's continued listing requirements.

We intend to actively monitor our MVLS and the closing bid price of our ADS and may, if appropriate, implement available options to regain compliance with the MVLS Requirement and the Minimum Bid Price Requirement. There can be no assurance that we will be able to regain compliance with the MVLS Requirement or the Minimum Bid Price Requirement or maintain compliance with any other listing requirements.

Components of Results of Operations

Revenues

During the six months ended December 31, 2023, we continued to deploy KidneyIntelX to patient populations with DKD, on a regional basis through partnerships with healthcare systems and insurance payors that provide coverage to those healthcare systems' patients. If these strategic partners fail to meet their key contractual obligations or to purchase KidneyIntelX tests, that will likely have an adverse effect on us and our ability to achieve our commercial objectives, potentially including the attainment of sales volumes leading to profitability.

Cost of Revenue

During the six months ended December 31, 2023, cost of revenue consists of costs directly attributable to the KidneyIntelX testing and services rendered, including labor, lab consumables and sample collection costs directly related to revenue generating activities.

Research and Development Expenses

Research and development costs consist primarily of costs incurred in connection with the development of KidneyIntelX. We are currently continuing to conduct clinical utility and other studies for KidneyIntelX to determine clinical value and performance in different CKD populations. We expense research and development costs as incurred. Because we have limited resources and access to capital to fund our operations, we must decide which diagnostic product to pursue and the amount of resources to allocate to each. As such, we have been focused primarily on the development of KidneyIntelX and studies to further demonstrate the clinical utility of KidneyIntelX.

We incur both direct and indirect expenses related to our research and development programs. Direct expenses include third-party expenses related to our programs such as expenses for data science and artificial intelligence capabilities, consulting fees, lab supplies, assay development services and clinical validation costs. Indirect expenses include salaries and other personnel-related costs, including share-based compensation for personnel in research and development functions and rent.

At the end of the reporting period, we compare payments made to third-party service providers to the estimated progress toward completion of the research or development objectives. Such estimates are subject to change as additional information becomes available. Depending on the timing of payments to the service providers and the progress that we estimate to have been made as a result of the service provided, we may record net prepaid or accrued expense relating to these costs. Upfront milestone payments made to third parties who perform research and development services on our behalf are expensed as services are rendered.

The successful commercialization of KidneyIntelX is uncertain. This is due to the numerous risks and uncertainties associated with product development and commercialization, including:

- the uncertainty of the scope, progress, costs and results of clinical validation studies and other research and development activities;
- the cost of manufacturing clinical supply of KidneyIntelX;
- the efficacy and potential advantages of KidneyIntelX compared to alternative solutions, including any standard of care, and our ability to achieve market acceptance for KidneyIntelX;
- continuing to expand study data for KidneyIntelX, including data demonstrating the clinical utility over the short, intermediate and long term use of KidneyIntelX in different clinical settings;

- raising necessary additional funds to continue operations; and
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining, enforcing and protecting our intellectual property rights and defending against any intellectual property-related claims.

A change in the outcome of any of these variables could result in a significant change in the costs and timing associated with our related development.

General and Administrative Expenses

General and administrative expenses consist principally of salaries and other personnel-related costs including share-based compensation; professional fees for accounting, auditing, tax and administrative consulting services; legal fees relating to patent and corporate matters; administrative travel expenses; insurance costs; marketing expenses and other operating costs. Additionally, general and administrative expenses include the cost of maintaining our admission to AIM and Nasdaq.

Impairment loss on property and equipment

On a quarterly basis, the respective carrying value of non-financial assets are assessed for impairment indicators and, if ultimately considered impaired, are adjusted and written down to their fair value, as estimated based on consideration of external market participant assumptions.

Foreign Currency Gain (Loss), net

Foreign currency gain (loss), net consists of foreign currency income (losses) due to exchange rate fluctuations on transactions denominated in a currency other than our functional currency.

Fair Value Adjustments to VericiDx Investment

In October 2020, the Company completed a spin off VericiDx, a developer of advanced clinical diagnostics for organ transplant and retained 9,831,681 ordinary shares of VericiDx. The Company accounts for the investment in VericiDx equity securities at fair value, with changes in fair value recognized in the income statement.

Fair Value Adjustment on Convertible Notes

We elected to account for the bonds at fair value with qualifying changes in fair value recognized through the statements of operations until the notes are settled.

Other Income (Expense)

Other income relates to interest income earned on our cash deposits and grant income earned for work performed under the Horizon Europe grant.

Consolidated Results of Operations

(in thousands, except share data)	Three Months Ended		Change 2023 vs. 2022	
	December 31, 2023	December 31, 2022	Change	%
Revenue	\$ 709	\$ 1,192	\$ (483)	-41%
Cost of revenue	480	711	(231)	-32%
Gross profit	229	481	(252)	-52%
Operating expenses:				
Research and development	3,225	3,326	(101)	-3%
General and administrative	5,339	6,810	(1,471)	-22%
Impairment loss on property and equipment	306	—	306	100%
Performance of contract liability to affiliate	—	(7)	7	-100%
Total operating expenses	8,870	10,129	(1,259)	-12%
Loss from operations	(8,641)	(9,648)	1,007	-10%
Foreign currency gain, net	(89.0)	(108)	19	-18%
Fair value adjustment to VericiDx investment	202.0	(345)	547	-159%
Fair value adjustment to convertible notes	(114.0)	(440)	326	-74%
Other income, net	161.0	97	64	66%
Net loss before income taxes	(8,481)	(10,444)	1,963	-19%
Income tax (expense) benefit	(4)	—	(4)	-
Net loss	(8,485)	(10,444)	1,959	-19%
Net loss per ordinary share—basic	\$ (0.09)	\$ (0.14)	\$ 0.05	-37%
Net loss per ordinary share—diluted	\$ (0.09)	\$ (0.14)	\$ 0.05	-37%
Weighted average ordinary shares—basic			22,376,2	
	97,268,051	74,891,844	07	30%
Weighted average ordinary shares—diluted			22,376,2	
	97,268,051	74,891,844	07	30%
Other comprehensive income (loss):				
Changes in the fair value of the convertible notes	—	(920)	920	-100%
Foreign exchange translation adjustment	(401)	588	(989)	-168%
Comprehensive loss	(8,886)	(10,776)	1,890	-18%

Comparison of three months ended December 31, 2023 and 2022

Revenue

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Revenue	\$ 709	\$ 1,192	\$ (483)	-41%

During the three months ended December 31, 2023, we recognized \$0.7 million of revenue related to sales of KidneyIntelX. During the three months ended December 31, 2022, we recognized \$1.0 million revenue related to sales of KidneyIntelX and \$0.2 million of revenue of pharmaceutical services revenue related to services performed for AstraZeneca. The \$0.5 million decrease in revenue was primarily driven by a \$0.3 million decrease in KidneyIntelX billable testing volumes due to the transition to a commercial billing structure under our arrangement with Mount Sinai and a decrease of \$0.2 million of pharmaceutical services revenue.

Cost of Revenue

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Cost of revenue	\$ 480	\$ 711	\$ (231)	-32%

During the three months ended December 31, 2023, we recognized cost of revenue of \$0.5 million primarily attributable to KidneyIntelX testing, including labor, lab consumables and sample collection costs related to revenue generating activities. We recognized \$0.7 million of cost of revenue for the three months ended December 31, 2022. The \$0.2 million decrease in cost of revenue was primarily driven by a decrease in KidneyIntelX billable testing volumes.

Research and Development Expenses

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Research and development expenses	\$ 3,225	\$ 3,326	\$ (101)	-3%

Research and development expenses decreased by \$0.1 million from \$3.3 million for the three months ended December 31, 2022 to \$3.2 million for the three months ended December 31, 2023. The decrease was attributable to a \$1.2 million decrease in compensation and related benefits, offset by a \$1.1 million increase related to external R&D projects and studies with Mount Sinai, Wake Forest and Joslin.

General and Administrative Expenses

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
General and administrative expenses	\$ 5,339	\$ 6,810	\$ (1,471)	-22%

General and administrative expenses decreased \$1.5 million from \$6.8 million for the three months ended December 31, 2022 to \$5.3 million for the three months ended December 31, 2023. The decrease was driven by even further cost cutting measures, which resulted in a \$1.7 million decrease in compensation and related benefits, including share-based payments, due to decreased headcount, and a \$0.5 million decrease in other operating expenses, offset by a \$0.5 million increase in legal fees and a \$0.2 million increase in consulting and professional fees. We have implemented a plan to further reduce payroll expense and total general and administrative expenses while preserving our sales capacity.

Impairment loss on property and equipment

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Impairment loss on property and equipment	0 \$ 306	\$ —	\$ 306	100%

As part of the our cost saving plan, we consolidated lab operations which resulted in the \$0.3 million impairment of property and equipment at our Utah lab for the six months ended December 31, 2023. There was no impairment loss on property and equipment in the six months ended December 31, 2022.

Foreign Currency Gain (Loss)

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Foreign currency gain, net	\$ (89)	\$ (108)	\$ 19	-18%

During the three months ended December 31, 2023, we recognized a foreign currency loss of \$0.1 million due to exchange rate fluctuations on transactions denominated in a currency other than our functional currency. During the three months ended December 31, 2022, we recognized a foreign currency loss of \$0.1 million primarily attributable to cash balances denominated in currencies other than our functional currency, GB Pounds.

Fair Value Adjustments to VericiDx Investment

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Fair value adjustment to VericiDx investment	\$ 202	\$ (345)	\$ 547	-159%

We account for the investment in VericiDx equity securities at fair value, with changes in fair value recognized in the income statement. During the three months ended December 31, 2023, we recorded a gain of \$0.2 million to adjust the VericiDx investment to fair value. During the three months ended December 31, 2022, we recorded a loss of \$0.3 million to adjust the VericiDx investment to fair value.

Fair Value Adjustment on Convertible Notes

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Fair value adjustment to convertible notes	\$ (114)	\$ (440)	\$ 326	-74%

We elected to account for the Bonds (as defined below) at fair value with qualifying changes in fair value recognized through the statements of operations until the notes are settled. This excludes fair value adjustments related to instrument-specific credit risk, which are recognized in Other Comprehensive Income (Loss). For the three months ended December 31, 2023, we recorded a loss of \$0.1 million to adjust the bonds to fair value. For the three months ended December 31, 2022 we recorded a loss of \$0.4 million to adjust the bonds to fair value. The change in fair value of the bond was driven by a decrease in term to maturity, increase in risk free rate and change in stock price.

Other Income

(in thousands)	Three Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Other income, net	\$ 161	\$ 97	\$ 64	66%

During the three months ended December 31, 2023 we recognized \$0.2 million of other income which included \$0.1 million of grant income and \$0.1 million of interest income earned on our cash deposits. During the three months ended December 31, 2022, we realized \$ 0.1 million of other income for additional services performed outside the scope of the operating agreement.

Consolidated Results of Operations

(in thousands, except share data)	Six Months Ended		Change 2023 vs. 2022	
	December 31, 2023	December 31, 2022	Change	%
Revenue	\$ 1,168	\$ 2,161	\$ (993)	-46%
Cost of revenue	982	1,407	(425)	-30%
Gross profit	186	754	(568)	-75%
Operating expenses:				
Research and development	6,012	7,083	(1,071)	-15%
General and administrative	11,398	15,060	(3,662)	-24%
Impairment loss on property and equipment	306	—	306	100%
Performance of contract liability to affiliate	—	(19)	19	-100%
Total operating expenses	17,716	22,124	(4,408)	-20%
Loss from operations	(17,530)	(21,370)	3,840	-18%
Equity in net losses of affiliate	—	(9)	9	-100%
Foreign currency gain, net	200	699	(499)	-71%
Fair value adjustment to VericiDx investment	(245)	(1,199)	954	-80%
Fair value adjustment to convertible notes	(1,321)	(730)	(591)	81%
Other income, net	261	211	50	24%
Net loss before income taxes	(18,635)	(22,398)	3,763	-17%
Income tax (expense) benefit	(4)	1	(5)	-515%
Net loss	(18,639)	(22,397)	3,758	-17%
Net loss per ordinary share—basic	\$ (0.19)	\$ (0.30)	\$ 0.11	-36%
Net loss per ordinary share—diluted	\$ (0.19)	\$ (0.30)	\$ 0.11	-36%
Weighted average ordinary shares—basic			22,419,77	
	97,268,051	74,848,278	3	30%
Weighted average ordinary shares—diluted			22,419,77	
	97,268,051	74,848,278	3	30%
Other comprehensive income (loss):				
Changes in the fair value of the convertible notes	75	(523)	598	-114%
Foreign exchange translation adjustment	(359)	(499)	140	-28%
Comprehensive loss	(18,923)	(23,419)	4,496	-19%

Comparison of six months ended December 31, 2023 and 2022

Revenue

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Revenue	\$ 1,168	\$ 2,161	\$ (993)	-46%

During the six months ended December 31, 2023, we recognized \$1.2 million of revenue related to sales of KidneyIntelX. During the six months ended December 31, 2022, we recognized \$2.0 million revenue related to sales of KidneyIntelX and \$0.2 million of revenue of pharmaceutical services revenue related to services performed for AstraZeneca. The \$1.0 million decrease in revenue was primarily driven by a \$0.8 million decrease in KidneyIntelX billable testing volumes due to the transition to a commercial billing structure under our arrangement with Mount Sinai and a decrease of \$0.2 million of pharmaceutical services revenue.

Cost of Revenue

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Cost of revenue	\$ 982	\$ 1,407	\$ (425)	-30%

During the six months ended December 31, 2023, we recognized cost of revenue of \$1.0 million primarily attributable to KidneyIntelX testing, including labor, lab consumables and sample collection costs related to revenue generating activities. We recognized \$1.4 million of cost of revenue for the six months ended December 31, 2022. The \$0.4 million decrease in cost of revenue was primarily driven by a decrease in KidneyIntelX billable testing volumes.

Research and Development Expenses

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Research and development expenses	\$ 6,012	\$ 7,083	\$ (1,071)	-15%

Research and development expenses decreased by \$1.1 million from \$7.1 million for the six months ended December 31, 2022 to \$6.0 million for the six months ended December 31, 2023. The decrease was attributable to a \$1.9 million decrease in compensation and related benefits, offset by a \$0.4 million increase related to external R&D projects and studies with Mount Sinai, Wake Forest and Joslin, a \$0.3 million increase related to consulting and professional fees, and \$0.1 million increase in other miscellaneous expenses.

General and Administrative Expenses

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
General and administrative expenses	\$ 11,398	\$ 15,060	\$ (3,662)	-24%

General and administrative expenses decreased \$3.7 million from \$15.1 million for the six months ended December 31, 2022 to \$11.4 million for the six months ended December 31, 2023. The decrease was driven by even further cost cutting measures, which resulted in a \$2.7 million decrease in compensation and related benefits, including share-based payments, due to decreased headcount, \$0.6 million decrease in insurance costs, \$0.4 million decrease in consulting and professional fees, \$0.5 million decrease in other operating expenses, and a \$0.2 million decrease in marketing, offset by a \$0.7 million increase in legal fees. We have implemented a plan to further reduce payroll expense and total general and administrative expenses while preserving our sales capacity.

Impairment loss on property and equipment

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Impairment loss on property and equipment	\$ 306	\$ —	\$ 306	100%

As part of our cost saving plan, we consolidated lab operations which resulted in the \$0.3 million impairment of property and equipment at our Utah lab for the six months ended December 31, 2023. There was no impairment loss on property and equipment in the six months ended December 31, 2022.

Foreign Currency Gain (Loss)

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Foreign currency gain, net	\$ 200	\$ 699	\$ (499)	-71%

During the six months ended December 31, 2023, we recognized a foreign currency gain of \$0.2 million due to exchange rate fluctuations on transactions denominated in a currency other than our functional currency. During the six months ended December 31, 2022, we recognized a foreign currency gain of \$0.7 million primarily attributable to cash balances denominated in currencies other than our functional currency, GB Pounds.

Fair Value Adjustments to VericiDx Investment

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Fair value adjustment to VericiDx investment	\$ (245)	\$ (1,199)	\$ 954	-80%

We account for the investment in VericiDx equity securities at fair value, with changes in fair value recognized in the income statement. During the six months ended December 31, 2023, we recorded a loss of \$0.2 million to adjust the VericiDx investment to fair value. During the six months ended December 31, 2022, we recorded a loss of \$1.2 million to adjust the VericiDx investment to fair value.

Fair Value Adjustment on Convertible Notes

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Fair value adjustment to convertible notes	\$ (1,321)	\$ (730)	\$ (591)	81%

We elected to account for the Bonds (as defined below) at fair value with qualifying changes in fair value recognized through the statements of operations until the notes are settled. This excludes fair value adjustments related to instrument-specific credit risk, which are recognized in Other Comprehensive Income (Loss). For the six months ended December 31, 2023, we recorded a loss of \$1.3 million to adjust the bonds to fair value. For the six months ended December 31, 2022, we recorded a loss of \$0.7 million to adjust the bonds to fair value. The change in fair value of the bond was driven by a decrease in term to maturity, increase in risk free rate and change in stock price.

Other Income (Expense)

(in thousands)	Six Months Ended		Change 2023 vs.2022	
	December 31, 2023	December 31, 2022	Change	%
Other income, net	\$ 261	\$ 211	\$ 50	24%

During the six months ended December 31, 2023, we recorded \$0.3 million of other expenses which included \$0.1 million of grant income and \$0.2 million of interest income earned on our cash deposits. During the six months ended December 31, 2022, we recognized \$0.2 million of other income for additional services performed outside the scope of the operating agreement.

Liquidity and Capital Resources

Since our inception, we have incurred net losses. We incurred net losses of \$18.6 million and \$ 22.4 million for the six months ended December 31, 2023 and 2022, respectively. As of December 31, 2023, we had an accumulated deficit of \$197.0 million.

We expect to incur additional losses in the near future, and we expect our expenses to increase substantially in connection with our ongoing activities, particularly as we continue to commercialize and scale KidneyIntelX, as we conduct our ongoing and planned clinical utility and other studies for KidneyIntelX for its commercial launch, develop and refine our artificial intelligence technology platform, seek and maintain regulatory clearances or approvals for KidneyIntelX or any other product we develop, establish and maintain partnerships with healthcare systems, pursue our coverage and reimbursement strategy, and continue to invest in our infrastructure to support our manufacturing and other activities. In addition, we expect to incur additional costs associated with operating as a public company in the United States. The timing and amount of our operating expenditures will depend largely on:

- the cost, progress and results of our ongoing and planned validation studies and health economic studies;
- the cost of manufacturing clinical and commercial supply of KidneyIntelX;

- the cost, timing and outcome of regulatory review of current and future products from the KidneyIntelX platform, including any post-marketing studies that could be required by regulatory authorities;
- the cost, timing and outcome of commercialization activities, including manufacturing, marketing, sales and distribution, for KidneyIntelX;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims, including any claims by third parties that we are infringing upon their intellectual property rights;
- the timing and amount of revenue received from commercial sales of KidneyIntelX;
- the sales price and availability of adequate third-party coverage and reimbursement for KidneyIntelX;
- the effect of competing technological and market developments; and
- the extent to which we acquire or invest in businesses, products and technologies, although we currently have no other commitments or agreements to complete any such transactions.

To date, we have primarily financed our operations through equity and debt financings. As of December 31, 2023, we had cash and cash equivalents of \$5.6 million. We have incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of \$197.0 million as of December 31, 2023. We anticipate incurring additional losses until such time, if ever, that we can generate significant sales of KidneyIntelX or any future products currently in development. As a result of our losses and our projected cash needs, substantial doubt exists about our ability to continue as a going concern within 12 months after the date that the financial statements are issued.

Substantial additional capital will be necessary to fund our operations, expand our commercial activities and develop other potential diagnostic related products. We plan to finance our cash needs through a combination of revenue from sales, securities offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our shareholders.

Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or diagnostic products or grant licenses on terms that may not be favorable to us. Additional capital may not be available when needed, on reasonable terms, or at all, and our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and disruptions to and volatility in the credit and financial markets in the United States and worldwide. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may not be able to meet our obligations and we may be required to delay, curtail or discontinue our product development or future commercialization efforts, or grant rights to develop and market products that we would otherwise prefer to develop and market ourselves.

Going Concern

We have limited sources of revenue to provide incoming cash flows to sustain our future operations. As outlined above, our ability to pursue our planned business activities is dependent upon our successful efforts to raise additional capital and the effectiveness of our cost-cutting and other capital preservation measures. Without additional financing, we expect our cash and cash equivalents as of December 31, 2023, combined with additional cost reduction options available, will be sufficient to fund our operating expenses and capital expenditure requirements into early fiscal fourth quarter. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect or may fail in our efforts to enact additional cost reduction options. Furthermore, our operating plan may change, and we may need additional funds sooner than planned in order to meet operational needs and capital requirements for product development and commercialization.

These factors raise substantial doubt regarding our ability to continue as a going concern. Our condensed consolidated financial statements have been prepared on a going concern basis, which implies that we will continue to realize our assets and discharge our liabilities in the normal course of business. Our financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Cash Flows

The following table shows a summary of our cash flows from operations for the periods indicated (in thousands):

(in thousands, except share and per share amounts)	For the Six Months Ended December 31,		Change 2023 vs. 2022	
	2023	2022	Change	%
Net cash used in operating activities	\$ (17,423)	\$ (15,351)	(2,072)	13%
Net cash used in investing activities	—	(64)	64	—
Net cash used in financial activities	(1,572)	(1,532)	(40)	3%
Effect of exchange rate changes on cash	(68)	(570)	502	-88%

Net cash used in operating activities

During the six months ended December 31, 2023, net cash used in operating activities was \$17.4 million and was primarily attributable to our \$18.6 million net loss as well as \$2.6 million of noncash charges and \$1.4 million net change in our operating assets and liabilities. Noncash charges were primarily related to \$1.1 million fair value adjustment related to the bonds, \$0.9 million in share-based compensation expense, \$0.3 million of loss on write off of assets, \$0.2 million fair value adjustment on our VericiDx investment, and \$0.2 million of depreciation and amortization expense. The change in our operating assets and liabilities was primarily attributable to \$0.9 million decrease in accrued expenses and other current liabilities, \$0.5 million decrease in accounts receivables, prepaids and other current assets.

During the six months ended December 31, 2022, net cash used in operating activities was \$15.4 million and was primarily attributable to our \$22.4 million net loss including a \$3.0 million net change in our operating assets and liabilities and \$4.0 million in noncash charges. The change in our operating assets and liabilities was primarily attributable to a \$2.5 million increase in accounts payable and accrued expenses and other current liabilities and a \$0.5 million increase in prepaid expenses and other current assets. Noncash charges were primarily related to \$1.6 million in share-based compensation, \$1.2 million fair value adjustment of our VericiDx securities, \$0.7 million fair value adjustment of our convertible debt, a \$0.3 million unrealized foreign exchange loss and \$0.2 million of depreciation and amortization.

Net cash provided by and used in investing activities

During the six months ended December 31, 2023, no cash was used in investing activities.

During the six months ended December 31, 2022, net cash used in investing activities was \$0.1 million, attributable to the purchase of long term assets.

Net cash used in financing activities

During the six months ended December 31, 2023, net cash used in financing activities was \$1.6 million and was primarily attributable to \$1.7 million in cash used to pay down the principal of the Bonds, offset by \$0.1 million in proceeds from the issuance of ordinary shares under our employee stock purchase program.

During the six months ended December 31, 2022, net cash used in financing activities was \$0.9 million and was primarily attributable to \$1.0 million in cash used to pay down the principal of the Bonds, offset by \$0.1 million in proceeds from the issuance of ordinary shares under our employee stock purchase program.

Recent Accounting Pronouncements

See Note 3 to our financial statements found elsewhere in this report for a description of recent accounting pronouncements applicable to our financial statements.

JOBS Act Transition Period

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. An emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period for complying with new or revised accounting standards and, as a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We have evaluated the benefits of relying on other exemptions and reduced reporting requirements under the JOBS Act. Subject to certain conditions, as an emerging growth company, we have chosen to rely on certain of these exemptions, including without limitation exemptions to the requirements for (1) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (2) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (a) June 30, 2026, (b) the last day of the fiscal year (1) in which we have total annual gross revenues of at least \$1.235 billion or (2) in which we are deemed to be a "large accelerated filer" under the rules of the SEC, which means the market value of our ordinary shares and ADSs that are held by non-affiliates exceeds \$700.0 million as of the prior December 31, or (c) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses and share-based compensation. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 3 to our financial statements included elsewhere in this report, we believe the following accounting policies are the most critical to the judgments and estimates used in the preparation of our financial statements.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with the development of KidneyIntelX. We expense research and development costs as incurred.

At the end of the reporting period, we compare payments made to third-party service providers to the estimated progress toward completion of the research or development objectives. Such estimates are subject to change as additional information becomes available. Depending on the timing of payments to the service providers and the progress that we estimate has been made as a result of the service provided, we may record a prepaid expense or accrued liability relating to these costs. Upfront milestone payments made to third parties who perform research and development services on our behalf are expensed as services are rendered. Contingent development or regulatory milestone payments are recognized upon the related resolution of such contingencies.

We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, we will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Share-based Compensation

We measure equity classified share-based awards granted to employees and nonemployees based on the estimated fair value on the date of grant and recognize compensation expense of those awards over the requisite service period, which is the vesting period of the respective award. We account for forfeitures as they occur. For share-based awards with service-based vesting conditions, we recognize compensation expense on a straight-line basis over the service period. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and our expected dividend yield. We were a privately-held organization prior to November 2018 and have been a publicly-traded company for a limited period of time and therefore lack company-specific historical and implied volatility information for our shares. Therefore, we estimate our expected share price volatility based on the historical volatility of publicly-traded peer companies and expect to continue to do so until such time as we have adequate historical data regarding the volatility of our own traded share price. The expected term of our stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is

none based on the fact that we have never paid cash dividends on ordinary shares and do not expect to pay any cash dividends in the foreseeable future.

We classify share-based compensation expense in our consolidated statement of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Convertible Notes

In April 2022, we issued amortizing senior convertible bonds with a principal amount of \$21.2 million in amortizing senior convertible bonds due in April 2027 (the "Bonds") to Heights Capital Ireland LLC (the "Convertible Bond Investor"). The Bonds were issued at 85% par value with total net proceeds of \$18.0 million and accrue interest at an annual rate of 5.5%, payable quarterly in arrears, in cash or ADSs valued at the ADS Settlement Price at our option. The principal and interest payments are due in equal quarterly installments starting in July 2022. The Bonds contain various conversion and redemption features. The initial conversion price for the Convertible Bonds of \$8.70 has been set at a 20 percent premium to the Reference ADS Price. The Conversion Price may reset down at 12, 24 and 36 months, depending on share price performance, the Bonds have a hard floor in the conversion price of \$7.25. As a result of the February 2023 private placement and pursuant to conditions of the bond agreement, the conversion price was adjusted to \$8.2508 (previously \$8.70) and the floor price was adjusted to \$6.8757 (previously \$7.25). Further, pursuant to conditions of the agreement, effective April 7, 2023, the conversion price was adjusted from \$8.2508 to \$7.7924. Between amortization dates, Heights Convertible Bond Investor retains the right to advance future amortization payments, provided that (a) there shall be no amortization advancements during the first 12 months, (b) no more than 2 amortization advancements may occur in any 12 month period, and (c) no more than 1 amortization advancement may occur in any 3 month period.

The Convertible Bond Investor is also permitted to defer up to two amortization payments to a subsequent amortization date. We retain the option to repay any deferred amortization in cash at 100 percent of the nominal amount. In July 2022, we made a cash amortization payment of \$1.4 million, which consisted of \$1.1 million of principal and \$0.3 million of interest. In October 2022, the Convertible Bond Investor deferred the October amortization payment to maturity of the bond and we made an interest payment of \$0.3 million. In January 2023, we made a cash amortization payment of \$1.4 million, which consisted of \$1.1 million of principal and \$0.3 million of interest. In April 2023, we made a cash amortization payment of \$1.4 million, which consisted of \$1.1 million of principal and \$0.3 million of interest. In October 2023, we made an amortization payment of \$1.3 million, which consisted of \$1.1 million of principal and \$0.2 million of interest, through the issuance of 2,335,388 ordinary shares in the form of 150,000 Ordinary Shares and 1,092,694 ADSs. In December 2023, we made an amortization payment of \$1.3 million, which consisted of \$1.1 million of principal and \$0.2 million of interest, through the issuance of 2,500,000 ordinary shares and a cash payment of \$0.6 million. As of December 31, 2023, \$13.8 million of principal was outstanding.

We elected the fair value option to account for the Bonds as we believe the fair value option provides users of the financial statements with greater ability to estimate the outcome of future events as facts and circumstances change, particularly with respect to changes in the fair value of the ordinary shares underlying the conversion option. The fair value of the Bonds is determined using a scenario-based analysis that estimates the fair value based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to the noteholders. For each reporting period, changes in the fair value of the Bonds are recognized through other income (expense) with the portion of the change that results from a change in the instrument-specific credit risk recorded separately in Other Comprehensive Income for each reporting period.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company and not required to provide this information.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer (*principal executive officer*) and chief financial officer (*principal financial officer*), as appropriate, to allow timely decisions regarding required disclosure.

Our principal executive officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2023, have concluded that, as of such date, our disclosure controls and procedures were effective as described further below.

It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable (and not absolute) assurance as to its effectiveness, and there can be no assurance that any design will succeed in achieving its stated goals.

Management does not expect that our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described under the heading “Item 1A. Risk Factors” included in our 2023 Annual Report on Form 10-K and the risk factors and other cautionary statements contained in our other SEC filings, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Our future capital needs are uncertain, and our independent registered public accounting firm has expressed in its report on our audited financial statements for the fiscal year ended June 30, 2023 a substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to raise additional capital and our operations could be curtailed if we are unable to obtain the required additional funding when needed. We may not be able to do so when necessary, and/or the terms of any financings may not be advantageous to us.

Our financial statements included in this report have been prepared assuming we will continue to operate as a going concern. However, due to our recurring losses from operations, and working capital deficiency, there is substantial doubt about our ability to continue as a going concern. Because we expect to continue to experience negative cash flow, our ability to continue as a going concern is subject to our ability to obtain necessary funding from outside sources, including obtaining additional funding from offerings of our equity securities or debt, transactions involving product development, licensing or collaboration, or other forms of financing. Management intends to continue its efforts to contain costs and to raise additional capital until we can generate sufficient cash from commercial sales to support operations, if ever. If we are unable to obtain sufficient financing, we may be required to delay, scale back or discontinue one or more product development programs, curtail our commercialization activities and significantly reduce expenses or we may not be able to continue as a going concern. As a result, our independent registered public accounting firm has expressed in its auditors’ report on the financial statements included in our Annual Report on Form 10-K a substantial doubt regarding our ability to continue as a going concern. Our financial statements in our Annual Report on Form 10-K and in this report do not include any adjustments that might result from the outcome of the uncertainty regarding our ability to continue as a going concern. If we cannot continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our financial statements, and our shareholders may lose their entire investment in our securities. Further, the perception that we may be unable to continue as a going concern may impede our ability to pursue strategic opportunities or operate our business due to concerns regarding our ability to discharge our contractual obligations. Future reports from our independent registered public accounting firm may also contain statements expressing doubt about our ability to continue as a going concern.

Without additional financing, we expect our cash and cash equivalents as of December 31, 2023, combined with additional cost reduction options available, will be sufficient to fund our operating expenses and capital expenditure requirements into early fiscal fourth quarter. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect or may fail in our efforts to enact additional cost reduction options. Furthermore, our operating plan may change, and we may need additional funds sooner than planned in order to meet operational needs and capital requirements for product development and commercialization.

If we fail to meet all applicable requirements of Nasdaq and Nasdaq determines to delist our ADSs, the delisting could adversely affect the market liquidity of our ADSs and the market price of our ADSs could decrease.

On December 22, 2023, we received two written notices from Nasdaq Stock Market, notifying us that (i) because the closing bid price for our ADSs was below \$1.00 per ADS for at least 30 consecutive business days, we did not meet the \$1.00 per ADS Minimum Bid Price Requirement and (ii) we are not in compliance with the requirement to maintain a minimum MVLS of \$50,000,000 for continued listing on The Nasdaq Global Market, as set forth in Nasdaq Listing Rule 5450(b)(2)(A).

The Notices have no immediate impact on the continued listing or trading of our ADSs on The Nasdaq Global Market, which will continue to be listed and traded on The Nasdaq Global Market, subject to our compliance with the other continued listing requirements.

Pursuant to Nasdaq Listing Rule 5810(c)(3)(A) and Nasdaq Listing Rule 5810(c)(3)(C), we have a compliance period of 180 calendar days, or until June 19, 2024, to regain compliance with the Minimum Bid Price Requirement and the MVLS Requirement. To regain compliance with the Minimum Bid Price Requirement, the closing bid price of the ADSs must be at least \$1.00 per ADS for a minimum of ten consecutive business days prior to the end of the Compliance Period. To regain compliance with the MVLS Requirement, our MVLS must close at \$50,000,000 or more for a minimum of ten consecutive business days prior to the end of the Compliance Period.

If we do not regain compliance with the Minimum Bid Price Requirement by the end of the Compliance Period, we may be eligible for an additional 180 calendar day period to regain compliance during which we may transfer to The Nasdaq Capital Market, provided that we meet the applicable market value of publicly held shares requirement for continued listing and all other applicable requirements for initial listing thereon (except for the bid price requirement) based on our most recent public filings and market information and notify Nasdaq of our intent to cure the minimum bid price deficiency. If we meet the applicable requirements, Nasdaq may inform us that we have been granted an additional 180 calendar days to regain compliance with the Minimum Bid Price Requirement. If, however, it appears to Nasdaq that we will not be able to cure the minimum bid price deficiency, or if we are otherwise not eligible for listing on The Nasdaq Capital Market, Nasdaq could provide notice that our ADSs will become subject to delisting. In such event, Nasdaq rules would permit us to appeal the delisting determination to a Nasdaq Hearings Panel.

If we are unable to satisfy the Nasdaq criteria for continued listing, our ADS would be subject to delisting. A delisting of our ADS could negatively impact us by, among other things, reducing the liquidity and market price of our ADS; reducing the number of investors willing to hold or acquire our ADS, which could negatively impact our ability to raise equity financing; decreasing the amount of news and analyst coverage of us; and limiting our ability to issue additional securities or obtain additional financing in the future. In addition, delisting from Nasdaq may negatively impact our reputation and, consequently, our business.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchase of Equity Securities

Recent Sales of Unregistered Equity Securities

None.

Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None

Item 6. Exhibits, Financial Statement Schedules.

Exhibit No.	Description	Incorporation by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
3.1	Articles of Association				
4.1	Reference is made to Exhibit 3.1				
4.2	Form of Deposit Agreement	F-1/A	333- 239414	4.1	July 13, 2020
4.3	Form of American Depositary Receipt (included in Exhibit 4.2)	F-1/A	333- 239414	4.1	July 13, 2020
4.4	Description of Securities	20-F	001- 39387	4.3	October 28, 2020
31.1*	Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14a				
31.2*	Certification of Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14a				
32.1**	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS*	Inline XBRL Instance Document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* Filed herewith.

** Furnished herewith and not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

+ Indicates a management contract or any compensatory plan, contract or arrangement.

† Certain portions of this exhibit will be omitted because they are not material and would likely cause competitive harm to the registrant if disclosed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RENALYTIX PLC

February 14, 2024

By: /s/ James McCullough
Name: James McCullough
Title: Chief Executive Officer

February 14, 2024

By: /s/ O. James Sterling
Name: O. James Sterling
Title: Chief Financial Officer (*Principal Financial Officer*)

RENALYTIX PLC

ARTICLES OF ASSOCIATION

ADOPTED ON 15 DECEMBER 2023

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THE COMPANIES ACT 2006
PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
RENALYTIX PLC
ADOPTED ON 15 DECEMBER 2023

1. Exclusion of model articles (and any other prescribed regulations)

No regulations or articles set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies (including the regulations in the Companies (Model Articles) Regulations 2008 (SI 2008/3229)) shall apply as the articles of the Company. The following shall be the articles of association of the Company.

2. Interpretation

2.1 In these articles, unless the context otherwise requires:

Act: Companies Act 2006;

address: includes any number or address used for the purposes of sending or receiving documents or information by electronic means;

Affiliates: in relation to a person any other person directly or indirectly controlling, controlled by or under common control with such person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a person whether through the ownership of voting securities, contract or otherwise, provided that Affiliates shall not include any portfolio companies of a person;

Articles: these articles of association as altered from time to time and "Article" shall be construed accordingly;

Board: the board of Directors for the time being of the Company or the Directors present or deemed to be present at a duly convened quorate meeting of the Directors;

certificated shares: a share which is not an uncertificated share and references in these Articles to a share being held in certificated form shall be construed accordingly;

class meeting: shall have the meaning given to it in Article 11;

clear days: in relation to a period of notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;

Companies Acts: the Act, the Companies Act 1985 and, where the context requires, every other statute from time to time in force concerning companies and affecting the Company;

Company: Renalytix plc;

Director: a Director for the time being of the Company;

DTC: The Depository Trust Company and any Affiliate or nominee therefore, including Cede & Co, and any successors thereto;

electronic form: has the meaning given to it in section 1168 of the Act;

electronic means: has the meaning given to it in section 1168 of the Act;

hard copy form: has the meaning given to it in section 1168 of the Act;

Listing: listing of the Company's Ordinary Shares (including the form of American Depositary Shares) on any regulated market, stock exchange or trading platform;

member: a member of the Company, or where the context requires, a member of the Board or of any committee;

Office: the registered office from time to time of the Company;

Operator: the Operator of a relevant system (as defined in the uncertificated securities rules) or the transfer agent of the Company (as applicable);

Ordinary Shares: means the Company's ordinary shares of £0.0025 each as sub-divided or consolidated from time to time;

paid up: paid up or credited as paid up;

participating class: a class of shares title to which is permitted by the Operator to be transferred by means of a relevant system;

Register: the register of members of the Company to be maintained under the Act or as the case may be any overseas branch register maintained under Article 107;

relevant system: a computer-based system which allows units of securities without written instruments to be transferred and endorsed pursuant to the uncertificated securities rules or other applicable regulations;

SEC: the United States Securities and Exchange Commission;

Secretary: the secretary of Company for the time being;

share: an Ordinary Share;

Share Warrant: a warrant to bearer issued by the Company in respect of its shares;

Seal: the common seal of the Company or, where the context allows, any official seal kept by the Company under section 50 of the Act;

uncertificated securities rules: any provision of the Companies Acts relating to the holding, evidencing of title to, or transfer of uncertificated shares and any legislation, rules or other arrangements made under or by virtue of such provision;

uncertificated share: a share of a class which is at the relevant time a participating class, title to which is recorded on the Register as being held in uncertificated form and references in these Articles to a share being held in uncertificated form shall be construed accordingly; and

Voting Control: with respect to a share the exclusive power (whether directly or indirectly) to vote or direct the voting of such share by proxy, voting agreement, or otherwise.

2.2 Headings are used for convenience only and shall not affect the construction or interpretation of these Articles.

2.3 A **person** includes a corporate and an unincorporated body (whether or not having separate legal personality).

2.4 Words in the singular shall include the plural and vice versa.

2.5 A reference to one gender shall include a reference to the other gender.

2.6 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

2.7 Any words or expressions defined in the Companies Acts in force when these Articles or any part of these Articles are adopted shall (if not inconsistent with the subject or context in which they appear) have the same meaning in these Articles or that part, save that the word "company" shall include any body corporate.

2.8 A reference to a document **being signed** or to **signature** includes references to its being executed under hand or under seal or by any other method and, in the case of a communication in electronic form, such references are to its being authenticated as specified by the Companies Acts.

2.9 A reference to **writing** or **written** includes references to any method of representing or reproducing words in a legible and non-transitory form whether sent or supplied in electronic form or otherwise.

2.10 A reference to documents or information **being sent or supplied by or to** a company (including the Company) shall be construed in accordance with section 1148(3) of the Act.

2.11 A reference to a **meeting** shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

3. **Form of resolution**

Subject to the Companies Acts, where anything can be done by passing an ordinary resolution, this can also be done by passing a special resolution.

4. **Limited liability**

The liability of the members of the Company is limited to the amount, if any, unpaid on the shares in the Company held by them.

5. **Change of name**

The Company may change its name by resolution of the Board.

6. **Shareholder rights**

6.1 The Ordinary Shares shall rank pari passu as a single class.

6.2 In the event of the liquidation, dissolution or winding up of the Company, the assets of the Company available for distribution to members shall be distributed amongst all holders of the Ordinary Shares in proportion to the number of shares held irrespective of the amount paid or credited as paid on any share.

6.3 Any:

- (a) consolidation or merger of the Company with or into another entity or entities (whether or not the Company is the surviving entity) as a result of which the holders of the Company's outstanding shares possessing the voting power (under ordinary circumstances) to elect a majority of the Board immediately prior to such sale or issue cease to own the Company's outstanding shares possessing the voting power (under ordinary circumstances) to elect a majority of the Board;
- (b) sale or transfer by the Company of all or substantially all of its assets (determined either for the Company alone or together with its subsidiaries on a consolidated basis); or
- (c) sale, transfer or issuance or series of sales, transfers and/or issues of shares by the Company or the holders thereof, as a result of which the holders of the Company's outstanding shares possessing the voting power (under ordinary circumstances) to elect a majority of the Board immediately prior to such sale or issue cease to own the Company's outstanding shares possessing the voting power (under ordinary circumstances) to elect a majority of the Board,

shall be deemed to be a liquidation, dissolution and winding up of the Company for purposes of this Article (unless the Board determine otherwise), and the holders of the Ordinary Shares shall be entitled to receive from the Company the amounts payable with respect to the Ordinary Shares on a liquidation, dissolution or winding up of the Company under this Article in cancellation of their Ordinary Shares upon the completion of any such transaction.

6.4 At a general meeting of the Company and at any separate class meeting of the holders of Ordinary Shares, where a holder of Ordinary Shares is entitled to vote, such holder is entitled to one vote for each Ordinary Share held.

6.5 A holder of Ordinary Shares is entitled to receive notice of any general meeting of the Company (and notice of any separate class meeting of the holders of Ordinary Shares) and a copy of every report, accounts, circular or other document sent out by the Company to members.

7. **Power to attach rights to shares**

Subject to the Companies Acts and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine.

8. **Allotment of shares and pre-emption**

8.1 Subject to the Companies Acts, these Articles and to any relevant authority of the Company in general meeting required by the Act, the Board may offer, allot (with or without conferring rights of renunciation), grant options over or otherwise deal with or dispose of shares or grant rights to subscribe for or convert any security into shares to such persons, at such times and upon such terms as the Board may decide. No share may be issued at a discount to the nominal value of such share.

8.2 The Board may, at any time after the allotment of any share but before any person has been entered in the Register, recognise a renunciation by the allottee in favour of some other person and accord to the allottee of a share a right to effect such renunciation and/or allow the rights to be represented to be one or more participating securities, in each case upon the subject to such terms and conditions as the Board may think fit to impose.

8.3 Under and in accordance with section 551 of the Act, the Directors shall be generally and unconditionally authorised to exercise for each prescribed period all the powers of the Company to allot shares up to an aggregate nominal amount equal to the Section 551 Amount.

8.4 Under and within the terms of the said authority or otherwise in accordance with section 570 of the Act, the Directors shall be empowered during each prescribed period to allot equity securities (as defined by the Act) wholly for cash:

(a) in connection with a rights issue; and

(b) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the Section 561 Amount.

8.5 During each prescribed period the Company and its Directors by such authority and power may make offers or agreements which would or might require equity securities or other securities to be allotted after the expiry of such period.

8.6 For the purposes of this Article:

(a) **rights issue** means an offer of equity securities (as defined by the Act) open for acceptance for a period fixed by the Board to holders of equity securities on the Register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached to them but subject to such

exclusions or other arrangements as the Board may deem necessary or expedient with regard to treasury shares, fractional entitlements or legal or practical problems under the laws of any territory or under the requirements of any recognised regulatory body or stock exchange in any territory;

- (b) **prescribed period** means any period (not exceeding five years on any occasion) for which the authority, in the case of Article 8.3, is conferred or renewed by ordinary or special resolution stating the Section 551 Amount and in the case of Article 8.4 is conferred or renewed by special resolution stating the Section 561 Amount;
- (c) **Section 551 Amount** means for any prescribed period, the amount stated in the relevant ordinary or special resolution;
- (d) **Section 561 Amount** means for any prescribed period, the amount stated in the relevant special resolution; and
- (e) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or to convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

9. Redeemable shares

Subject to the Companies Acts and to any rights attaching to existing shares, any share may be issued which can be redeemed or is liable to be redeemed at the option of the Company or the holder. The Board may determine the terms, conditions and manner of redemption of any redeemable shares which are issued. Such terms and conditions shall apply to the relevant shares as if the same were set out in these Articles.

10. Pari passu issues

If new shares are created or issued which rank equally with any other existing shares, or the Company purchases any of its own shares, the rights of the existing shares will not be regarded as changed or abrogated unless the terms of the existing shares expressly say otherwise.

11. Variation of rights

11.1 Subject to the Companies Acts, the rights attached to any class of shares can be varied or abrogated:

- (a) in such manner (if any) as may be provided by those rights;
- (b) with the consent in writing of the holders of not less than three-quarters in nominal value of the issued share of that class (excluding any shares of that class held as treasury shares); or
- (c) with the authority of a special resolution passed at a separate meeting of the holders of the relevant class of shares known as a **class meeting**.

11.2 The provisions of this Article will apply to any variation or abrogation of rights of shares forming part of a class. Each part of the class which is being treated differently is treated as a separate class in applying this Article.

11.3 All the provisions in these Articles as to general meetings shall apply, with any necessary modifications, to every class meeting except that the quorum at every such meeting shall not be less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class) (excluding any shares of that class held as treasury shares).

11.4 The Board may convene a class meeting whenever it thinks fit and whether or not the business to be transacted involves a variation or abrogation of class rights.

12. **Rights deemed not varied**

Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall be deemed not to be varied by the purchase by the Company of any of its own shares or the holding of such shares as treasury shares.

13. **Payment of commission**

The Company may in connection with the issue of any shares or the sale for cash of treasury shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Acts. Any such commission or brokerage may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or other securities or the grant of an option to call for an allotment of shares or any combination of such methods.

14. **Trusts not recognised**

Except as otherwise expressly provided by these Articles, required by law or as ordered by a court of competent jurisdiction, the Company shall not recognise any person as holding any share on any trust, and the Company shall not be bound by or required in any way to recognise (even when having notice of it) any equitable, contingent, future, partial or other claim to or interest in any share other than an absolute right of the holder of the whole of the share.

15. **Uncertificated shares**

15.1 Under and subject to the uncertificated securities rules, the Board may permit title to shares of any class to be evidenced otherwise than by certificate and title to shares of such a class to be transferred by means of a relevant system and may make arrangements for a class of shares (if all shares of that class are in all respects identical) to become a participating class. Title to shares of a particular class may only be evidenced otherwise than by a certificate where that class of shares is at the relevant time a participating class. The Board may also, subject to compliance with the uncertificated securities rules, determine at any time that title to any class of shares may from a date specified by the Board no longer be evidenced otherwise than by a certificate or that title to such a class shall cease to be transferred by means of any particular relevant system.

15.2 In relation to a class of shares which is a participating class and for so long as it remains a participating class, no provision of these Articles shall apply or have effect to the extent that it is inconsistent in any respect with:

- (a) the holding of shares of that class in uncertificated form;
- (b) the transfer of title to shares of that class by means of a relevant system; or
- (c) any provision of the uncertificated securities rules,

and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the Operator, so long as that is permitted or required by the uncertificated securities rules, of an Operator register of securities in respect of that class of shares in uncertificated form.

15.3 Shares of a class which is at the relevant time a participating class may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the uncertificated securities rules.

15.4 If, under these Articles or the Companies Acts, the Company is entitled to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over an uncertificated share, then, subject to these Articles and the Companies Acts, such entitlement shall include the right of the Board to:

- (a) require the holder of the uncertificated share by notice in writing to change that share from uncertificated to certificated form within such period as may be specified in the notice and keep it as a certificated share for as long as the Board requires;
- (b) appoint any person to take such other steps, by instruction given by means of a relevant system or otherwise, in the name of the holder of such share as may be required to effect the transfer of such share and such steps shall be as effective as if they had been taken by the registered holder of that share; and
- (c) take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share or otherwise to enforce a lien in respect of that share.

15.5 Unless the Board determines otherwise, shares which a member holds in uncertificated form shall be treated as separate holdings from any shares which that member holds in certificated form but a class of shares shall not be treated as two classes simply because some shares of that class are held in certificated form and others in uncertificated form.

15.6 Unless the Board determines otherwise or the uncertificated securities rules require otherwise, any shares issued or created out of or in respect of any uncertificated shares shall be uncertificated shares and any shares issued or created out of or in respect of any certificated shares shall be certificated shares.

15.7 The Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the uncertificated securities rules and regularly reconciled with the relevant Operator register of securities are a complete and accurate reproduction of the particulars entered in the Operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance on such assumption. Any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the Register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

16. Share certificates

16.1 Every person (except a person to whom the Company is not by law required to issue a certificate) whose name is entered in the Register as a holder of any certificated shares shall be entitled, without charge, to receive within the time limits prescribed by the Companies Acts (unless the terms of issue prescribe otherwise) one certificate for all of the shares of that class registered in his name.

16.2 The Company shall not be bound to issue more than one certificate in respect of shares held jointly by two or more persons. Delivery of a certificate to the person first named in the Register shall be sufficient delivery to all joint holders.

16.3 Where a member has transferred part only of the shares comprised in a certificate, he shall be entitled without charge to a certificate for the balance of such shares to the extent that the balance is to be held in certificated form. Where a member receives more shares of any class, he shall be entitled without charge to a certificate for the extra shares of that class to the extent that the balance is to be held in certificated form.

16.4 A share certificate may be issued under Seal (by affixing the Seal to or printing the Seal or a representation of it on the certificate) or signed by at least two Directors or by at least one Director and the Secretary. Such certificate shall specify the number and class of the shares in respect of which it is issued and the amount or respective amounts paid up on it. The Board may by resolution decide, either generally or in any particular case or cases, that any signatures on any share certificates need not be autographic but may be applied to the certificates by some mechanical or other means or may be printed on them or that the certificates need not be signed by any person.

16.5 Every share certificate sent in accordance with these Articles will be sent at the risk of the member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.

17. Replacement certificates

17.1 Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu without charge on surrender of the original certificates for cancellation.

17.2 Any certificate representing shares of any one class held by any member may at his request be cancelled and two or more certificates for such shares may be issued instead.

17.3 If a share certificate is defaced, worn out or said to be stolen, lost or destroyed, it may be replaced on such terms as to evidence and indemnity as the Board may decide and, where it is defaced or worn out, after delivery of the old certificate to the Company.

17.4 The Board may require the payment of any exceptional out-of-pocket expenses of the Company incurred in connection with the issue of any certificates under this Article. In the case of shares held jointly by several persons, any such request as is mentioned in this Article may be made by any one of the joint holders.

18. Lien on shares not fully paid

The Company shall have a first and paramount lien on every share, not being a fully paid share, for all amounts payable to the Company (whether presently or not) in respect of that share. The Company's lien over a share takes priority over any third party's interest in that share, and extends to any dividend or other money payable by the Company in respect of that share (and, if the lien is enforced and the share is sold by the Company, the proceeds of sale of that share). The Board may at any time, either generally or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Article.

19. Enforcement of lien by sale

The Company may sell, in such manner as the Board may decide, any share over which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen (14) clear days after a notice has been served on the holder of the share or the person who is entitled by transmission to the share, demanding payment and stating that if the notice is not complied with the share may be sold. For giving effect to the sale, in the case of a certificated share, the Board may authorise some person to sign an instrument of transfer of the share sold to, or in accordance with the directions, of the buyer. In the case of an uncertificated share, the Board may require the Operator to convert the share into certificated form and after such conversion, authorise any person to sign the instrument of transfer of the share to effect the sale of the share. The buyer shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

20. Application of proceeds of sale

The net proceeds of any sale of shares subject to any lien, after payment of the costs, shall be applied:

- (a) first, in or towards satisfaction of so much of the amount due to the Company or of the liability or engagement (as the case may be) as is presently payable or is liable to be presently fulfilled or discharged; and
- (b) second, any residue shall be paid to the person who was entitled to the share at the time of the sale but only after the certificate for the shares sold has been surrendered

to the company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a like lien for debts or liabilities not presently payable as existed on the share prior to the sale.

21. Calls

21.1 Subject to these Articles and the terms on which the shares are allotted, the Board may from time to time make calls on the members in respect of any monies unpaid on their shares (whether in respect of nominal value or premium) and not payable on a date fixed by or in accordance with the terms of issue.

21.2 Each member shall (subject to the Company serving upon him at least fourteen (14) clear days' notice specifying when and where payment is to be made and whether or not by instalments) pay to the Company as required by the notice the amount called on for his shares.

21.3 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

21.4 A call may be revoked or postponed, in whole or in part, as the Board may decide.

21.5 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which the call is required to be paid.

22. Liability of joint holders

The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.

23. Interest on calls

If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay all expenses that may have been incurred by the Company by reason of such non-payment together with interest on the amount unpaid from the day it is due and payable to the time of actual payment at such rate (not exceeding the Bank of England base rate by more than five percentage points) as the Board may decide. The Board may waive payment of the interest or the expenses in whole or in part.

24. Sums treated as calls

An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid these Articles shall apply as if that sum had become due and payable by virtue of a call.

25. Power to differentiate

On or before the issue of shares, the Board may decide that allottees or holders of shares can be called on to pay different amounts or that they can be called on at different times.

26. Payment of calls in advance

The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid on the shares held by him. Such payment in advance of calls shall, to the extent of the payment, extinguish the liability on the shares on which it is made. The Company may pay interest on the money paid in advance, or so much of it as exceeds the amount for the time being called upon the shares in respect of which such advance has been made, at such rate as the Board may decide. The Board may at any time repay the amount so advanced by giving at least three months' notice in writing to such member of its intention to do so, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced.

27. Notice if call or instalment not paid

If any member fails to pay the whole of any call (or any instalment of any call) by the date when payment is due, the Board may at any time give notice in writing to such member (or to any person entitled to the shares by transmission), requiring payment of the amount unpaid (and any accrued interest and any expenses incurred by the Company by reason of such non-payment) by a date not less than fourteen (14) clear days from the date of the notice. The notice shall name the place where the payment is to be made and state that, if the notice is not complied with, the shares in respect of which such call was made will be liable to be forfeited.

28. Forfeiture for non-compliance

If the notice referred to in Article 27 is not complied with, any share for which it was given may be forfeited, by resolution of the Board to that effect, at any time before the payment required by the notice has been made. Such forfeiture shall include all dividends declared or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

29. Notice after forfeiture

When any share has been forfeited, notice of the forfeiture shall be served on the holder of the share or the person entitled to such share by transmission (as the case may be) before forfeiture. An entry of such notice having been given and of the forfeiture and the date of forfeiture shall immediately be made in the Register in respect of such share. However, no forfeiture shall be invalidated by any omission to give such notice or to make such entry in the Register.

30. Forfeiture may be annulled

The Board may annul the forfeiture of a share, at any time before any forfeited share has been cancelled or sold, re-allotted or otherwise disposed of, on the terms that payment shall be made of all calls and interest due on it and all expenses incurred in respect of the share and on such further terms (if any) as the Board shall see fit.

31. Surrender

The Board may accept the surrender of any share liable to be forfeited and, in any event, references in these Articles to forfeiture shall include surrender.

32. Sale of forfeited shares

32.1 A forfeited share shall become the property of the Company.

32.2 Subject to the Companies Acts, any such share may be sold, re-allotted or otherwise disposed of, on such terms and in such manner as the Board thinks fit.

32.3 The Board may, for the purposes of the disposal, authorise some person to transfer the share in question and may enter the name of the transferee in respect of the transferred share in the Register even if no share certificate is lodged and may issue a new certificate to the transferee. An instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the share. The Company may receive the consideration (if any) given for the share on its disposal.

33. Effect of forfeiture

A shareholder whose shares have been forfeited shall cease to be a member in respect of such forfeited shares and shall surrender the certificate for such shares to the Company for cancellation. Such shareholder shall remain liable to pay to the Company all sums which at the date of forfeiture were presently payable by him to the Company in respect of such shares with interest (not exceeding the Bank of England base rate by 2 percentage points) from the date of the forfeiture to the date of payment. The Directors may waive payment of interest wholly or in part and may enforce payment, without any reduction or allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

34. Evidence of forfeiture

A statutory declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share. The person to whom the share is transferred or sold shall not be bound to see to the application of the purchase money or other consideration (if any), nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture or disposal of the share.

35. Form of transfer

35.1 Subject to these Articles:

- (a) each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. All instruments of transfer, when registered, may be retained by the Company.
- (b) each member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules. No provision of these Articles shall apply in respect

of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred.

35.2 The transferor of a share shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the Register in respect of it.

36. **Right to refuse registration of transfer**

36.1 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:

- (a) it is for a share which is fully paid up;
- (b) it is for a share upon which the Company has no lien;
- (c) it is only for one class of share;
- (d) it is in favour of a single transferee or no more than four joint transferees;
- (e) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty (if this is required); and
- (f) it is delivered for registration to the Office (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

36.2 The Board shall not refuse to register any transfer or renunciation of partly paid shares which are listed on a stock exchange or securities trading platform on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

36.3 Transfers of shares will not be registered in the circumstances referred to in Article 76.

36.4 The Board may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system.

37. **Notice of refusal to register a transfer**

If the Board refuses to register a transfer of a share it shall notify the transferee of the refusal and the reasons for it within two months after the date on which the transfer was lodged with the Company or the instructions to the relevant system received. Any instrument of transfer which the Board refuses to register shall be returned to the person depositing it (except if there

is suspected or actual fraud). All instruments of transfer which are registered may be retained by the Company.

38. No fees on registration

No fee shall be charged for registration of a transfer or other document or instruction relating to or affecting the title to any share or for making any other entry in the Register.

39. Other powers in relation to transfers

Nothing in these Articles shall prevent the Board:

- (a) from recognising a renunciation of the allotment of any share by the allottee in favour of another person; or
- (b) (if empowered to do so by these Articles) from authorising any person to execute an instrument of transfer of a share and from authorising any person to transfer that share in accordance with any procedures implemented under Article 19.

40. Transmission of shares on death

If a member dies, the survivors or survivor (where he was a joint holder), and his executors or administrators (where he was a sole or the only survivor of joint holders), shall be the only persons recognised by the Company as having any title to his shares. Nothing in these Articles shall release the estate of a deceased member from any liability for any share which has been solely or jointly held by him.

41. Election of person entitled by transmission

41.1 Any person becoming entitled to a share because of the death or bankruptcy of a member, or otherwise by operation of law, may (on such evidence as to his title being produced as the Board may require) elect either to become registered as a member or to have some person nominated by him registered as a member. If he elects to become registered himself, he shall notify the Company to that effect. If he elects to have some other person registered, he shall execute an instrument of transfer of such share to that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer (as the case may be) as if it were an instrument of transfer executed by the member and his death, bankruptcy or other event had not occurred. Where the entitlement of a person to a share because of the death or bankruptcy of a member or otherwise by operation of law is proved to the satisfaction of the Board, the Board shall within thirty (30) days after proof cause the entitlement of that person to be noted in the Register.

41.2 A person entitled by transmission to a share in uncertificated form who elects to have some other person registered shall either:

- (a) procure that instructions are given by means of the relevant system to effect transfer of such uncertificated share to that person; or

- (b) change the uncertificated share to certificated form and execute an instrument of transfer of that certificated share to that person.

42. Rights on transmission

Where a person becomes entitled to a share because of the death or bankruptcy of any member, or otherwise by operation of law, the rights of the holder in relation to such share shall cease. However, the person so entitled may give a good discharge for any dividends and other monies payable in respect of it and shall have the same rights to which he would be entitled if he were the holder of the share, except that he shall not be entitled to receive notice of, or to attend or vote at, any meeting of the Company or an separate meeting of the holders of any class of shares of the Company before he is registered as the holder of the share. The Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share. If the notice is not complied with within thirty (30) days, the Board may withhold payment of all dividends and the other monies payable in respect of such share until the requirements of the notice have been complied with.

43. Destruction of documents

43.1 The Company may destroy any:

- (a) instrument of transfer, after six years from the date on which it is registered;
- (b) dividend mandate or any variation or cancellation of a dividend mandate or any notification of change of name or address, after two years from the date on which it is recorded;
- (c) share certificate, after one year from the date on which it is cancelled;
- (d) instrument of proxy which has been used for the purpose of voting at any time after one year has elapsed from the date of use;
- (e) instrument of proxy which has not been used for the purpose of voting at any time after a period of one month has elapsed from the end of the meeting to which the instrument of proxy relates;
- (f) Share Warrant (including coupons or tokens detailed from it) which has been cancelled at any time after seven years from the date on which it was cancelled; or
- (g) other document for which any entry in the Register is made, after six years from the date on which an entry was first made in the Register in respect of it,

provided that the Company may destroy any such type of document at a date earlier than that authorised by this Article if a copy of such document is made and retained (whether electronically, by microfilm, by digital imaging or by other similar means) until the expiration of the period applicable to the destruction of the original of such document.

43.2 It shall be conclusively presumed in favour of the Company that every:

- (a) entry in the Register purporting to have been made on the basis of a document so destroyed was duly and properly made;
- (b) instrument of transfer so destroyed was duly registered;
- (c) share certificate so destroyed was duly cancelled; and
- (d) other document so destroyed had been properly dealt with under its terms and was valid and effective according to the particulars in the records of the Company.

43.3 This Article shall only apply to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant. Nothing in this Article shall be construed as imposing any liability on the Company in respect of the destruction of any such document other than as provided for in this Article which would not attach to the Company in the absence of this Article. References in this Article to the destruction of any document include references to the disposal of it in any manner.

43.4 References in this Article to instruments of transfer shall include, in relation to uncertificated shares, instructions and/or notifications made in accordance with the relevant system relating to the transfer of such shares.

44. **Sub-division**

Any resolution authorising the Company to sub-divide its shares or any of them may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

45. **Fractions**

45.1 Where any difficulty arises in regard to any consolidation or division, the Board may settle such difficulty as they see fit. In particular, without limitation, the Directors may sell to any person (including the Company) the shares representing the fractions for the best once reasonably obtainable and distribute the net proceeds of sale in due proportion among those members or retain such net proceeds for the benefit of the Company and:

- (a) in the case of shares in certificated form, the Board may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser and take such other steps (including the giving of directions to or on behalf of the holder, who shall be bound by them) as they think fit to effect such transfer; and
- (b) in the case of shares in uncertificated form, the Board may:
 - (i) to enable the Company to deal with the share in accordance with the provisions of this Article, require or procure any relevant person or the Operator (as applicable) to convert the share into certificated form; and
 - (ii) after such conversion, authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser

and take such other steps (including the giving of directions to or on behalf of the holder, who shall be bound by them) as they think fit to effect the transfer.

45.2 The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

46. Annual general meetings

An annual general meeting shall be held once a year, at such time (consistent with the terms of the Companies Acts) and place as may be determined by the Board.

47. Convening of general meetings

All meetings other than annual general meetings shall be called general meetings. The Board or the chairman of the Board may, whenever it thinks fit, and shall on requisition in accordance with the Companies Acts, proceed to convene a general meeting. For all other purposes, and unless expressly provided otherwise in these Articles, the procedures for giving notice (other than as to duration) of, the conduct of, and voting at annual general meetings and all other general meetings shall be the same.

48. Notice of general meetings

A general meeting shall be called by at least such minimum notice as is required or permitted by the Companies Acts. The period of notice shall in either case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given to all members other than those who are not entitled to receive such notices from the Company. The Company may give such notice by any means or combination of means permitted by the Companies Acts.

49. Contents of notice of meetings

49.1 Every notice calling a meeting shall specify;

- (a) whether the meeting shall be a physical or electronic meeting or a hybrid meeting;
- (b) in the case of a physical meeting and/or a hybrid meeting the place, date and time of the meeting,
- (c) in the case of an electronic and/or hybrid meeting, the date, time and electronic platform for the meeting, which electronic platform may vary from time to time and from meeting to meeting as the board, in its sole discretion, sees fit,

and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to a proxy or (if he has more than one share) proxies to exercise all or any of his rights to attend, speak and vote and that a proxy need not be a member of the Company. Such notice shall also include the address of the website on which the information required by the Act is published, state the procedures with which members must comply in order to be able to attend and vote at the meeting (including the date

by which they must comply), provide details of any forms to be used for the appointment of a proxy and state that a member has the right to ask questions at the meeting in accordance with the Act.

49.2 The notice shall specify the general nature of the business to be transacted at the meeting and shall set out the text of all resolutions to be considered by the meeting and shall state in each case whether it is proposed as an ordinary resolution or as a special resolution.

49.3 In the case of an annual general meeting, the notice shall also specify the meeting as such.

49.4 For the purposes of determining which persons are entitled to attend or vote at a meeting and how many votes a person may cast, the Company may specify in the notice of meeting a time, not more than forty-eight (48) hours before the time fixed for the meeting (not taking into account non-working days) by which a person must be entered in the Register in order to have the right to attend or vote at the meeting or appoint a proxy to do so.

50. Omission to give notice and non-receipt of notice

The accidental omission to give notice of any meeting or to send an instrument of proxy (where this is intended to be sent out with the notice) to, or the non-receipt of either by, any person entitled to receive the same shall not invalidate the proceedings of that meeting.

51. Postponement of general meeting

If the Board considers that it is impracticable or unreasonable to hold a general meeting on the date or at the time or place stated in the notice calling the meeting, it may postpone or move the meeting (or do both). The Board shall take reasonable steps to ensure that notice of the date, time and place of the rearranged meeting is given to any member trying to attend the meeting at the original time and place. Notice of the date, time and place of the rearranged meeting shall, if practicable, also be placed in at least two national newspapers published in the United Kingdom. Notice of the business to be transacted at such rearranged meeting shall not be required. If a meeting is rearranged in this way, appointments of proxy are valid if they are received as required by these Articles not less than forty-eight (48) hours before the time appointed for holding the rearranged meeting and for the purpose of calculating this period, the Board can decide in their absolute discretion, not to take account of any part of a day that is not a working day. The Board may also postpone or move the rearranged meeting (or do both) under this Article.

52. Quorum

No business shall be transacted at any general meeting unless a quorum is present. If a quorum is not present, a chairman of the meeting can still be chosen and this will not be treated as part of the business of the meeting. A quorum shall be present if both:

- (a) two qualifying persons are present at a meeting unless each is a qualifying person only because (i) he is authorised to act as the representative of a corporation in relation to the meeting, and they are representatives of the same corporation or (ii) he is appointed

as proxy of a member in relation to the meeting, and they are proxies of the same member; and

- (b) those qualifying persons present together hold (or are the representative or proxy of members in relation to the meeting holding) at least one-third in number of the issued shares entitled to vote on the business to be transacted.

For the purposes of this Article 52, (A) a “qualifying person” is an individual who is a member, a person authorised to act as the representative of a member (being a corporation) in relation to the meeting or a person appointed as proxy of a member in relation to the meeting and (B) where a qualifying person is present as proxy of a member in relation to the meeting, only the shares in respect of which the proxy is authorised to exercise voting rights will be treated as held for the purposes of determining whether a quorum is present.

53. Procedure if quorum not present

If a quorum is not present within fifteen (15) minutes (or such longer interval as the chairman in his absolute discretion thinks fit) from the time appointed for holding a general meeting, or if a quorum ceases to be present during a meeting, the meeting shall be dissolved if convened on the requisition of members. In any other case, the meeting shall stand adjourned to another day, (not being less than ten (10) clear days after the date of the original meeting), and at such time and place as the chairman (or, in default, the Board) may determine. If at such adjourned meeting a quorum is not present within fifteen (15) minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

54. Chairman of general meeting

The chairman of the Board shall preside at every general meeting of the Company. If there is no such chairman or if at any meeting he shall not be present within five (5) minutes after the time appointed for holding the meeting, or shall be unwilling to act as chairman, the deputy chairman (if any) of the Board shall, if present and willing to act, preside at such meeting. If more than one deputy chairman is present they shall agree amongst themselves who is to take the chair or, if they cannot agree, the deputy chairman who has been in office as a Director the longest shall take the chair. If no chairman or deputy chairman shall be so present and willing to act, the Directors present shall choose one of their number to act or, if there be only one Director present, he shall be chairman if willing to act. If there be no Director present and willing to act, the members present and entitled to vote shall choose one of their number to be chairman of the meeting. Nothing in these Articles shall restrict or exclude any of the powers or rights of a chairman of a meeting which are given by law.

55. Entitlement to attend and speak

55.1 A Director (and any other person invited by the chairman to do so) may attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company, whether or not he is a member.

55.2 The Board may resolve to enable persons entitled to attend a general meeting hosted on an electronic platform (such meeting being an *electronic general meeting*) to do so by

simultaneous attendance by electronic means with no member necessarily in physical attendance at the electronic general meeting. The members or their proxies present shall be counted in the quorum for, and entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the general meeting is satisfied that adequate facilities are available throughout the electronic general meeting to ensure that members attending the electronic general meeting who are not present together at the same place may, by electronic means, attend and speak and vote at it.

55.3 Nothing in these Articles prevents a general meeting being held both physically and electronically.

56. Adjournments

56.1 The chairman may, with the consent of a meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time (or indefinitely) and from place to place as the meeting shall determine.

56.2 Without prejudice to any other power which he may have under these Articles or at common law, the chairman may, without the need for the consent of the meeting, interrupt or adjourn any meeting from time to time and from place to place or for an indefinite period if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of attending, speaking and voting at the meeting (where facilities at a physical meeting place and/or an electronic platform appear to the chairman to have become inadequate for the purpose) or to ensure that the business of the meeting is properly disposed of.

56.3 Meetings can be adjourned more than once, in accordance with the procedures set out in this Article.

57. Notice of adjournment

If the meeting is adjourned indefinitely or for more than three months, notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting. Except as provided in these Articles, there is no need to give notice of the adjourned meeting or of the business to be considered there.

58. Business of adjourned meeting

No business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

59. Security arrangements and orderly conduct

59.1 The Board may direct that any person wishing to attend any meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.

59.2 The Board and, at any electronic general meeting, the chairman may make any arrangement and impose any requirement or restriction as is:

- (a) necessary to ensure the identification of those taking part and the security of the electronic communication; and
- (b) proportionate to those objectives.

In this respect, the Company is able to authorise any voting application, system or facility for electronic general meetings as it sees fit.

59.3 The chairman shall take such action or give directions as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting and to ensure the security of the meeting and the safety of the people attending the meeting. The chairman's decision on matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his determination as to whether any matter is of such a nature.

60. **Overflow meeting rooms**

60.1 The Board may, in accordance with this Article, make arrangements for members and proxies who are entitled to attend and participate in a general meeting, but who cannot be seated in the main meeting room where the chairman will be, to attend and take part in a general meeting in an overflow room or rooms. Any overflow room will have appropriate links to the main room and will enable audio-visual communication between the meeting rooms throughout the meeting. The Board will decide how to divide members and proxies between the main room and the overflow room. If an overflow room is used, the meeting will be treated as being held and taking place in the main meeting room and the meeting will consist of all the members and proxies who are attending both in the main meeting room and the overflow room.

60.2 Details of any arrangements for overflow rooms will be set out in the notice of the meeting but failure to do so will not invalidate the meeting.

61. **Satellite meeting places**

61.1 To facilitate the organisation and administration of any general meeting, the Board may decide that the meeting shall be held at two or more locations.

61.2 For the purposes of these Articles, any general meeting of the Company taking place at two or more locations shall be treated as taking place where the chairman of the meeting presides (the **principal meeting place**) and any other location where that meeting takes place is referred in this Article as a **satellite meeting**.

61.3 A member present in person or by proxy at a satellite meeting may be counted in the quorum and may exercise all rights that they would have been able to exercise if they were present at the principal meeting place.

61.4 The Board may make and change from time to time such arrangements as they shall in their absolute discretion consider appropriate to:

- (a) ensure that all members and proxies for members wishing to attend the meeting can do so;
- (b) ensure that all persons attending the meeting are able to participate in the business of the meeting and to see and hear anyone else addressing the meeting;
- (c) ensure the safety of persons attending the meeting and the orderly conduct of the meeting; and
- (d) restrict the numbers of members and proxies at any one location to such number as can safely and conveniently be accommodated there.

61.5 The entitlement of any member or proxy to attend a satellite meeting shall be subject to any such arrangements then in force and stated by the notice of the meeting or adjourned meeting to apply to the meeting.

61.6 If there is a failure of communication equipment or any other failure in the arrangements for participation in the meeting at more than one place, the chairman may adjourn the meeting in accordance with Article 56. Such adjournment will not affect the validity of such meeting, or any business conducted at such meeting up to the point of adjournment, or any action taken pursuant to such meeting.

61.7 A person (**satellite chairman**) appointed by the Board shall preside at each satellite meeting. Every satellite chairman shall carry out all requests made of him by the chairman of the meeting, may take such action as he thinks necessary to maintain the proper and orderly conduct of the satellite meeting and shall have all powers necessary or desirable for such purposes.

62. **Procedure where general meetings held at more than one place**

62.1 The provisions of this Article shall apply if any general meeting is held at or adjourned to more than one place.

62.2 The notice of such a meeting or adjourned meeting shall specify the principal meeting place and the Directors shall make arrangements for simultaneous attendance and participation at the principal meeting place and at other satellite meetings by members, provided that persons attending at any particular place shall be able to see and hear and be seen and heard by means of audio visual links by persons attending the principal meeting place and at the other satellite meeting places at which the meeting is held.

62.3 The Directors may from time to time make such arrangements for the purpose of controlling the level of attendance at any such place (whether involving the issue of tickets or the imposition of some geographical or regional means of selection or otherwise) as they shall in their absolute discretion consider appropriate, and may from time to time vary any such arrangements or make new arrangements in place of them, provided that a member who is not entitled to attend, in person or by proxy, at any principal meeting place shall be entitled so to attend at one of the satellite meetings, and the entitlement of any member so to attend the meeting or adjourned meeting at such place shall be subject to any such arrangements as may from time to time be in force and by the notice of meeting or adjourned meeting stated to apply to the meeting.

62.4 For the purposes of all other provisions of these Articles, any such meeting shall be treated as being held at the principal meeting place.

62.5 If a meeting is adjourned to more than one place, not less than seven days' notice of the adjourned meeting shall be given despite any other provision of these Articles.

63. Amendment to resolutions

63.1 If an amendment to any resolution under consideration is proposed but is ruled out of order by the chairman of the meeting in good faith, any error in such ruling shall not invalidate the proceedings on the original resolution.

63.2 In the case of a resolution duly proposed as a special resolution, no amendment to it (other than an amendment to correct a patent error) may in any event be considered or voted on. In the case of a resolution duly proposed as an ordinary resolution no amendment to it (other than an amendment to correct a patent error) may be considered or voted on unless either at least forty-eight (48) hours prior to the time appointed for holding the meeting or adjourned meeting at which such ordinary resolution is to be proposed, notice in writing of the terms of the amendment and intention to move the same has been lodged at the Office or received in electronic form at the electronic address at which the Company has or is deemed to have agreed to receive it or the chairman of the meeting in his absolute discretion decides that it may be considered or voted on.

64. Withdrawal and ruling amendments out of order

With the consent of the chairman of the meeting, an amendment may be withdrawn by its proposer before it is voted on. If an amendment proposed to any resolution under consideration is ruled out of order by the chairman of the meeting, the proceedings on the resolution shall not be invalidated by any error in the ruling.

65. Members' resolutions

65.1 Members of the Company shall have the rights provided by the Companies Acts to have the Company circulate and give notice of a resolution which may be properly moved, and is intended to be moved, at the Company's next annual general meeting.

65.2 Expenses of complying with these rights shall be borne in accordance with the Companies Acts.

66. Method of voting

66.1 Any resolution put to the vote of a general meeting must be decided exclusively on a poll.

66.2 At general meetings, resolutions shall be put to the vote by the chairman of the meeting and there shall be no requirement for the resolution to be proposed or seconded by any person.

67. Objection to error in voting

No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at the meeting or adjourned meeting at which the vote objected to is

given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same is of sufficient magnitude to vitiate the resolution or may otherwise have affected the decision of the meeting. The decision of the chairman of the meeting on such matters shall be final and conclusive.

68. Voting Procedure

68.1 Any poll on any question of adjournment shall be taken immediately. A poll on any other matter shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not more than thirty (30) days from the date of the meeting or adjourned meeting, as the chairman shall direct. The chairman may appoint scrutineers who need not be members. It is not necessary to give notice of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting. In any other case, at least seven clear days' notice shall be given specifying the time, date and place at which the poll shall be taken. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was due to be conducted.

68.2 Votes may be given in person or by proxy. A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

68.3 No notice need be given of a poll not taken during the meeting if the time and place at which it is to be taken are announced at the meeting. In any other case, at least seven clear days' notice must be given specifying the time and place at which the poll is to be taken.

69. Votes of members

69.1 Subject to Article 69.2, to the Companies Acts and to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights under these Articles, at any general meeting:

- (a) every shareholder present in person or by duly appointed proxy or corporate representative has one vote for every Share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made; and
- (b) a member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

69.2 If two or more persons are joint holders of a share, then in voting on any question the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders stand in the Register.

69.3 Where in England or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Board may in its absolute discretion, upon or subject to production of such evidence of the appointment as the Board may require, permit such receiver or other person on behalf of such

member to vote in person by proxy on behalf of such member at any general meeting or to exercise any other right conferred by membership in relation to meetings of the Company. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and, in default, the right to vote shall not be exercisable.

69.4 In the case of equality of votes the chairman of the meeting shall not be entitled to a casting vote.

69.5 In order that the Company may determine the members entitled to vote at any meeting of members or any adjournment thereof, and how many votes such person may cast, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed the record date for determining members entitled to vote at a meeting of members shall, unless otherwise required by law, be at the close of business on the business day preceding the day on which notice is given.

70. No right to vote where sums overdue on shares

No member may vote at a general meeting (or any separate meeting of the holders of any class of shares), either in person or by proxy, or to exercise any other right or privilege as a member in respect of a share held by him unless:

- (a) all calls or other sums presently due and payable by him in respect of that share whether alone or jointly with any other person together with interest and expenses (if any) have been paid to the Company; or
- (b) the Board determines otherwise.

71. Voting by Proxy

71.1 Subject to Article 71.2, an instrument appointing a proxy shall be in writing in any usual form (or in another form approved by the Board) executed under the hand of the appointor or his duly constituted attorney or, if the appointor is a corporation, under its seal or signed by a duly authorised officer or attorney or other person authorised to sign.

71.2 Subject to the Companies Acts, the Board may accept the appointment of a proxy received by electronic means on such terms and subject to such conditions as it considers fit. The appointment of a proxy received by electronic means shall not be subject to the requirements of Article 71.1.

71.3 For the purposes of Articles 71.1 and 71.2, the Board may require such reasonable evidence it considers necessary to determine:

- (a) the identity of the member and the proxy; and

(b) where the proxy is appointed by a person acting on behalf of the member, the authority of that person to make the appointment.

71.4 A member may appoint another person as his proxy to exercise all or any of his rights to attend and to speak and to vote on a resolution or amendment of a resolution, or on other business arising, at a meeting or meetings of the Company. Unless the contrary is stated in it, the appointment of a proxy shall be deemed to confer authority to exercise all such rights, as the proxy thinks fit.

71.5 A proxy need not be a member.

71.6 A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to different shares held by the member. When two or more valid but differing appointments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.

71.7 Delivery or receipt of an appointment of proxy does not prevent a member attending and voting in person at the meeting or an adjournment of the meeting.

71.8 The appointment of a proxy shall (unless the contrary is stated in it) be valid for an adjournment of the meeting as well as for the meeting or meetings to which it relates. The appointment of a proxy shall be valid for 12 months from the date of execution or, in the case of an appointment of proxy delivered by electronic means, for 12 months from the date of delivery unless otherwise specified by the Board.

71.9 Subject to the Companies Acts, the Company may send a form of appointment of proxy to all or none of the persons entitled to receive notice of and to vote at a meeting. If sent, the form shall provide for three-way voting on all resolutions (other than procedural resolutions) set out in the notice of meeting.

71.10 The Company shall not be bound to enquire whether any proxy or corporate representative votes in accordance with the instructions given to him by the member he represents and if a proxy or corporate representative does not vote in accordance with the instructions of the member he represents the vote or votes cast shall nevertheless be valid for all purposes.

72. Receipt of proxy

72.1 An instrument appointing a proxy and any reasonable evidence required by the Board in accordance with Article 71.3 shall:

- (a) subject to Articles 72.1(c) and (d), in the case of an instrument of proxy in hard copy form, delivered to the office, or another place in the United Kingdom specified in the notice convening the meeting or in the form of appointment of proxy or other accompanying document sent by the Company in relation to the meeting (a "**proxy notification address**") not less than forty-eight (48) hours before the time for holding

the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote;

- (b) subject to Articles 72.1(c) and (d), in the case of an appointment of a proxy sent by electronic means, where the Company has given an electronic address (a "**proxy notification electronic address**"):
- (i) in the notice calling the meeting;
 - (ii) in an instrument of proxy sent out by the Company in relation to the meeting;
 - (iii) in an invitation to appoint a proxy issued by the Company in relation to the meeting; or
 - (iv) on a website maintained by or on behalf of the Company on which any information relating to the meeting is required by the Act to be kept,

it shall be received at such proxy notification electronic address not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote.

- (c) in the case of a poll taken more than forty-eight (48) hours after it is demanded, delivered or received at a proxy notification address or a proxy notification electronic address and not less than twenty-four (24) hours before the time appointed for the holding of the adjourned meeting; or
- (d) in the case of a poll which is not taken at the meeting but is taken forty-eight (48) hours or less thereafter, or in the case of an adjourned meeting to be held forty-eight (48) hours or less after the time fixed for holding the original meeting, received:
- (i) at a proxy notification address or a proxy notification electronic address in accordance with Articles 72.1(a) or (b);
 - (ii) by the chairman of the meeting or the secretary or any Director at the meeting, as the case may be, at the original meeting; or
 - (iii) at a proxy notification address or a proxy notification electronic address by such time as the chairman of the meeting may direct at the meeting.

In calculating the periods in this Article, no account shall be taken of any part of a day that is not a working day.

72.2 The Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under Article 71.3 has not been received in accordance with the requirements of this Article.

72.3 Subject to Article 72.2, if the proxy appointment and any of the information required under Article 71.3 is not received in the manner set out in Article 72.1, the appointee shall not be entitled to vote in respect of the shares in question.

72.4 Without limiting the foregoing, in relation to any uncertificated shares, the Board may from time to time:

- (a) permit appointments of a proxy by means of a communication sent in electronic form in the form of an uncertificated proxy instruction; and
- (b) permit supplements to, or amendments or revocations of, any such uncertificated proxy instruction by the same means.

The Board may in addition prescribe the method of determining the time at which any such uncertificated proxy instruction is to be treated as received by the Company or a participant acting on its behalf. The Board may treat any such uncertificated proxy instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

73. Revocation of proxy

A vote given shall be valid in the event of the death or mental disorder of the principal or the revocation of the instrument of proxy, or of the authority under which the instrument of proxy was executed, or the transfer of the share for which the instrument of proxy is given, unless notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office, or at such other place as has been appointed for the deposit of instruments of proxy, no later than the last time at which an appointment of a proxy should have been received in order for it to be valid for use at the meeting at which the vote was given.

74. Availability of appointments of proxy

The Directors may at the expense of the Company send or make available appointments of proxy or invitations to appoint a proxy to the members by post or by electronic means or otherwise (with or without provision for their return prepaid) for use at any general meeting or at any separate class meeting, either in blank or nominating in the alternative any one or more of the Directors or any other person. If for the purpose of any meeting, appointments of proxy or invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote at it. The accidental omission, or the failure due to circumstances beyond the Company's control, to send or make available such an appointment of proxy or give such an invitation to, or the non-receipt thereof by, any member entitled to attend and vote at a meeting shall not invalidate the proceedings at that meeting.

75. Corporate representatives

75.1 A corporation (whether or not a company within the meaning of the Act) which is a member may, by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative (or, as the case may be, representatives) at any meeting of the Company or at any separate meeting of the holders of any class of shares.

75.2 Any person so authorised shall be entitled to exercise the same powers on behalf of the corporation (in respect of that part of the corporation's holdings to which the authority relates) as the corporation could exercise if it were an individual member.

75.3 The corporation shall for the purposes of these Articles be deemed to be present in person and at any such meeting if a person so authorised is present at it, and all references to attendance and voting in person shall be construed accordingly.

75.4 A Director, the Secretary or some person authorised for the purpose by the Secretary may require the representative to produce a certified copy of the resolution so authorising him or such other evidence of his authority reasonably satisfactory to them before permitting him to exercise his powers.

75.5 A vote given by a corporate representative shall be valid notwithstanding that he is no longer authorised to represent the member unless notice of the revocation of appointment was delivered in writing to the Company at such place or address and by such time as is specified in Article 74 for the revocation of the appointment of a proxy.

76. Failure to disclose interests in shares

76.1 If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice under section 793 of the Act (**section 793 notice**) and has failed in relation to any shares (**default shares**, which expression includes any shares issued after the date of such notice in right of those shares) to give the Company the information required by the section 793 notice within the prescribed period from the service of the notice, the following sanctions shall apply unless the Board determines otherwise:

- (a) the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or to exercise any other right conferred by membership in relation to any such meeting; and
- (b) where the default shares represent at least 0.25% in nominal value of the issued shares of their class (calculated exclusive of any shares held as treasury shares):
 - (i) any dividend or other money payable for such shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the member shall not be entitled to elect, pursuant to Article 135, to receive shares instead of that dividend; and
 - (ii) no transfer, other than an excepted transfer, of any shares held by the member shall be registered unless the member himself is not in default of supplying the required information and the member proves to the satisfaction of the Board that no person in default of supplying such information is interested in any of the shares that are the subject of the transfer.
- (c) For the purposes of ensuring Article 76.1(b)(ii) can apply to all shares held by the member, the Company may in accordance with the uncertificated securities rules, issue

a written notification to the Operator requiring conversion into certificated form of any share held by the member in uncertificated form.

76.2 Where the sanctions under Article 76.1 apply in relation to any shares, they shall cease to have effect (and any dividends withheld under Article 76.1(b) shall become payable):

- (a) if the shares are transferred by means of an excepted transfer but only in respect of the shares transferred; or
- (b) at the end of the period of seven days (or such shorter period as the Board may determine) following receipt by the Company of the information required by the section 793 notice and the Board being fully satisfied that such information is full and complete.

76.3 Where, on the basis of information obtained from a member in respect of any share held by him, the Company issues a section 793 notice to any other person, it shall at the same time send a copy of the notice to the member, but the accidental omission to do so, or the non-receipt by the member of the copy, shall not invalidate or otherwise affect the application of Article 76.1.

76.4 For the purposes of this Article:

- (a) a person, other than the member holding a share, shall be treated as appearing to be interested in that share if the member has informed the Company that the person is, or may be, so interested, or if the Company (after taking account of any information obtained from the member or, pursuant to a section 793 notice, from anyone else) knows or has reasonable cause to believe that the person is, or may be, so interested;
- (b) **interested** shall be construed as it is for the purpose of section 793 of the Act;
- (c) reference to a person having failed to give the Company the information required by a notice, or being in default as regards supplying such information, includes reference:
 - (i) to his having failed or refused to give all of any part of it; and
 - (ii) to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular;
- (d) prescribed period means fourteen (14) days;
- (e) **excepted transfer** means, in relation to any shares held by a member:
 - (i) a transfer by way of or pursuant to acceptance of a takeover offer for the Company (within the meaning of section 974 of the Act); or
 - (ii) a transfer in consequence of a sale made through any other stock exchange or securities trading platform on which the Company's shares are normally traded; or

- (iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

76.5 Nothing contained in this Article shall be taken to limit the powers of the Company under section 794 of the Act.

77. Power of sale of shares of untraced members

77.1 The Company shall be entitled to sell at the best price reasonably obtainable any share of a member, or any share to which a person is entitled by transmission, if and provided that:

- (a) during the period of twelve (12) years before the date of sending of the notice referred to in Article 77.1(b) no cheque, order or warrant in respect of such share sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled by transmission to the share, at his address on the Register or other last known address given by the member or person to which cheques, orders or warrants in respect of such share are to be sent has been cashed and the Company has received no communications in respect of such share from such member or person entitled, provided that during such period of twelve (12) years the Company has paid at least three cash dividends (whether interim or final) and no such dividend has been claimed by the person entitled to it;
- (b) on or after expiry of the said period of twelve (12) years, the Company has given notice of its intention to sell such share by sending a notice to the member or person entitled by transmission to the share at his address on the Register or other last known address given by the member or person entitled by transmission to the share and before sending such a notice to the member or other person entitled by transmission, the Company must have used reasonable efforts to trace the member or other person entitled, engaging, if considered appropriate, a professional asset reunification company or other tracing agent and/or giving notice of its intention to sell the share by advertisement in a national newspaper and in a newspaper circulating in the area of the address of the member or person entitled by transmission to the share shown in the Register; and
- (c) during the further period of three months following the date of such notice and prior to the exercise of the power of sale the Company has not received any communication in respect of such share from the member or person entitled by transmission.

77.2 To give effect to any sale of shares under this Article:

- (a) in the case of a share in certificated form, the Board may authorise any person to execute an instrument of transfer of the share to the purchaser or a person nominated by the purchaser and take such other steps (including the giving of directions to or on behalf of the holder, who shall be bound by them) as it thinks fit to effect the transfer. The Board may authorise some person to transfer the shares in question and may enter the name of the transferee in respect of the transferred shares in the Register even if

no share certificate has been lodged for such shares and may issue a new certificate to the transferee. An instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the shares.

(b) in the case of a share in uncertificated form, the Directors may:

- (i) to enable the Company to deal with the share in accordance with the provisions of this Article, require or procure any relevant person or the Operator (as applicable) to convert the share into certificated form; and
- (ii) after such conversion authorise any person to execute an instrument of transfer of the shares to the purchase or person nominated by the purchaser and take such other steps (including the giving of directions to or on behalf of the holder, who shall be bound by them) as it thinks fit to effect the transfer.

77.3 The buyer shall not be bound to see to the application of the purchase monies, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale. If the shares are in uncertificated form, in accordance with the uncertificated securities rules, the Board may issue a written notification to the Operator requiring the conversion of the share to certificated form.

77.4 If during the period of twelve (12) years referred to in Article 77.1, or during any period ending on the date when all the requirements of Articles 77.1(a) to 77.1(d) have been satisfied, any additional shares have been issued in respect of those held at the beginning of, or previously so issued during, any such period and all the requirements of Articles 77.1(b) to 77.1(d) have been satisfied in regard to such additional shares, the Company shall also be entitled to sell the additional shares.

78. Application of proceeds of sale of shares of untraced members

The Company shall account to the member or other person entitled to the share for the net proceeds of a sale under Article 77 by carrying all monies relating to such sale to a separate account. The Company shall be deemed to be a debtor to, and not a trustee for, such member or other person in respect of such monies. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments as the Board may think fit. No interest shall be payable to such member or other person in respect of such monies and the Company does not have to account for any money earned on them.

79. Number of Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall be at least two and not more than fifteen (15).

80. Power of Company to appoint Directors

Subject to these Articles and the Companies Acts, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition

to the existing Board but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles.

81. Power of Board to appoint Directors

Subject to these Articles, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles.

82. Eligibility of new Directors

82.1 No person, other than a retiring Director (by rotation or otherwise), shall be appointed or re-appointed a Director at any general meeting unless:

- (a) he is recommended by the Board; or
- (b) at least seven but not more than forty-two (42) clear days before the date appointed for the meeting the Company has received notice from a member (other than the person proposed) entitled to vote at the meeting of his intention to propose a resolution for the appointment or re-appointment of that person, stating the particulars which would, if he were so appointed or re-appointed, be required to be included in the Company's register of Directors and a notice executed by that person of his willingness to be appointed or re-appointed, is lodged at the Office.

82.2 A Director need not be a member of the Company.

83. Classes and retirement of Directors

83.1 At every annual general meeting of the Company, any Director who has been appointed by the Board since the last annual general meeting, or who held office at the time of the two preceding annual general meetings and who did not retire at either of them, or who has held office with the Company (other than as a Director holding an executive position) for a continuous period of nine years or more at the date of such annual general meeting, shall retire from office and may offer himself for re-appointment by the members. A Director who retires at an annual general meeting may, if willing to act, be re-appointed at it.

83.2 Notwithstanding the foregoing provision, each Director shall serve until the earlier of their death, resignation or removal.

84. Deemed re-appointment

84.1 A Director who retires at an annual general meeting shall (unless he is removed from office or his office is vacated in accordance with these Articles) retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to elect another person in his place or the resolution to re-appoint him is put to the meeting and lost.

84.2 If the Company, at any meeting at which a Director retires in accordance with these Articles does not fill the office vacated by such Director, the retiring Director, if willing to act, shall be deemed to be re-appointed unless at that meeting a resolution is passed not to fill the vacancy or elect another person in his place or unless the resolution to re-appoint him is put to the meeting and lost.

85. Procedure if insufficient Directors appointed

85.1 If:

- (a) at the annual general meeting in any year any resolution or resolutions for the appointment or re-appointment of the persons eligible for appointment or re-appointment as Directors are put to the meeting and lost; and
- (b) at the end of that meeting the number of Directors is fewer than any minimum number of Directors required under Article 79.

All retiring Directors who stood for re-appointment at that meeting (**Retiring Directors**) shall be deemed to have been re-appointed as Directors and shall remain in office but the Retiring Directors may only act for the purpose of filling vacancies, convening general meetings of the Company and performing such duties as are essential to maintain the Company as a going concern, and not for any other purpose.

85.2 The Retiring Directors shall convene a general meeting as soon as reasonably practicable following the meeting referred to in Article 85.1 and they shall retire from office at that meeting. If at the end of any meeting convened under this Article the number of Directors is fewer than any minimum number of Directors required under Article 79, the provisions of this Article shall also apply to that meeting.

86. Removal of Directors

In addition to any power of removal conferred by the Companies Acts, the Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with section 312 of the Act, remove a Director before the expiry of his period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may (subject to these Articles) by ordinary resolution appoint another person who is willing to act to be a Director in his place.

87. Vacation of office by Director

87.1 Without prejudice to the provisions for retirement (by rotation or otherwise) contained in these Articles, the office of a Director shall be vacated if:

- (a) he resigns by notice in writing delivered to the Secretary at the Office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting;

- (b) he offers to resign by notice in writing delivered to the Secretary at the Office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting and the Board resolves to accept such offer;
- (c) he is requested to resign by all of the other Directors by notice in writing addressed to him at his address as shown in the register of Directors (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company);
- (d) he ceases to be a Director by virtue of any provision of the Companies Acts, is removed from office pursuant to these Articles or the Act or becomes prohibited by law or the rules of any stock exchange from being a Director;
- (e) he becomes bankrupt or makes an arrangement or composition with his creditors generally;
- (f) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months, or he is or has been suffering from mental or physical ill health and the Board resolves that his office be vacated; or
- (g) he is absent (whether or not his alternate Director appointed by him attends), without the permission of the Board, from Board meetings for six consecutive months and a notice is served on him personally, or at his residential address provided to the Company under section 165 of the Act signed by all the other Directors stating that he shall cease to be a Director with immediate effect (and such notice may consist of several copies each signed by one or more Directors).

87.2 If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.

88. Resolution as to vacancy conclusive

A resolution of the Board declaring a Director to have vacated office under the terms of Article 88 shall be conclusive as to the fact and ground of vacation stated in the resolution.

89. Appointment of alternate Directors

89.1 Each Director may appoint any person (including another Director) to be his alternate and may at his discretion remove an alternate Director so appointed. Any appointment or removal of an alternate Director must be by written notice delivered to the Office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting or in any other manner approved by the Board. The appointment requires the approval of the Board unless it has been previously approved or the appointee is another Director.

89.2 An alternate Director must provide the particulars, and sign any form for public filing required by the Companies Acts relating to his appointment.

90. Alternate Directors' participation in Board meetings

90.1 Every alternate Director is (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him (and, if applicable, an address in relation to which electronic communications may be received by him)) entitled to receive notice of all meetings of the Board and all committees of the Board of which his appointor is a member and, in his appointor's absence, to attend and vote at such meetings and to exercise all the powers, rights, duties and authorities of his appointor. Each person acting as an alternate Director shall have a separate vote at Board meetings for each Director for whom he acts as alternate Director in addition to his own vote if he is also a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

90.2 Signature by an alternate Director of any resolution in writing of the Board or a committee of the Board will, unless the notice of his appointment provides otherwise, be as effective as signature by his appointor.

91. Alternate Director responsible for own acts

Each person acting as an alternate Director will be an officer of the Company, will alone be responsible to the Company for his own acts and defaults and will not be deemed to be the agent of the Director appointing him.

92. Interests of alternate Director

An alternate Director is entitled to contract and be interested in and benefit from contracts or arrangements with the Company, to be repaid expenses and to be indemnified to the same extent as if he were a Director. However, he is not entitled to receive from the Company any fees for his services as alternate, except such part (if any) of the fee payable to his appointor as such appointor may by written notice to the Company direct.

93. Revocation of alternate Director

An alternate Director will cease to be an alternate Director:

- (a) if his appointor revokes his appointment; or
- (b) if he resigns his office by notice in writing to the Company; or
- (c) if his appointor ceases for any reason to be a Director, provided that if any Director retires but is re-appointed or deemed to be re-appointed at the same meeting, any valid appointment of an alternate Director which was in force immediately before his retirement shall remain in force; or
- (d) if any event happens in relation to him which, if he were a Director otherwise appointed, would cause him to vacate his office.

94. Directors' fees

Each of the Directors may be paid a fee at such rate as may from time to time be determined by the Board. However, the aggregate of all fees payable to the Directors (other than amounts payable under any other provision of these Articles) must not exceed £2,000,000 a year or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any fees payable under this Article shall be distinct from any salary, remuneration or other amounts payable to a Director under any other provisions of these Articles and shall accrue from day to day.

95. Expenses

Each Director may be paid his reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company. Subject to the Act, the Directors shall have the power to make arrangements to provide a Director with funds to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties as an officer of the Company or to enable him to avoid incurring any such expenditure.

96. Additional remuneration

If by arrangement with the Board any Director shall perform or render any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

97. Remuneration of executive Directors

The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with these Articles may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board, and may be in addition to or instead of any fee payable to him for his services as Director under these Articles.

98. Pensions and other benefits

98.1 The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or has at any time been a Director or employee of:

- (a) the Company;
- (b) any company which is or was a holding company or a subsidiary undertaking of the Company;

(c) any company which is or was allied to or associated with the Company or a subsidiary undertaking or holding company of the Company; or

(d) a predecessor in business of the Company or of any holding company or subsidiary undertaking of the Company.

and, in each case, for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him.

98.2 The Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the Companies Acts, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any of the matters set out in Article 99.1. The Board may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any Director or former Director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under this Article and shall not have to account for it to the Company. The receipt of any such benefit will not disqualify any person from being or becoming a Director of the Company.

99. Powers of the Board

99.1 Subject to the Companies Acts, these Articles and to any directions given by special resolution of the Company, the business of the Company will be managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business or not.

99.2 No alteration of these Articles and no such direction given by the Company shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. Provisions contained elsewhere in these Articles as to any specific power of the Board shall not be deemed to limit the general powers given by this Article.

100. Powers of Directors if less than minimum number

If the number of Directors is less than the minimum prescribed in Article 79 or decided by the Company by ordinary resolution, the remaining Director or Directors may act only for the purposes of appointing an additional Director or Directors to make up that minimum or convening a general meeting of the Company for the purpose of making such appointment. If no Director or Directors is or are able or willing to act, two members may convene a general meeting for the purpose of appointing Directors. An additional Director appointed in this way holds office (subject to these Articles) only until the dissolution of the next annual general meeting after his appointment unless he is reappointed during the annual general meeting.

101. Powers of executive Directors

The Board or any committee authorised by the Board may:

(a) delegate or entrust to and confer on any Director holding executive office (including a Chief Executive or Managing Director) such of its powers, authorities and discretions

(with power to sub-delegate) for such time, on such terms and subject to such conditions as it thinks fit; and

(b) revoke, withdraw, alter or vary all or any of such powers.

102. Delegation to committees

102.1 The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons provided that:

(a) a majority of the members of a committee shall be Directors; and

(b) no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors.

102.2 The Board may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Board in that respect and may revoke, withdraw, alter or vary any such powers and discharge any such committee in whole or in part. Insofar as any power, authority or discretion is so delegated, any reference in these Articles to the exercise by the Board of such power, authority or discretion shall be construed as if it were a reference to the exercise of such power, authority or discretion by such committee.

103. Local management

103.1 The Board may establish any local or divisional boards or agencies for managing any of the affairs of the Company in any specified locality, either in the United Kingdom or elsewhere, and appoint any persons to be members of such local or divisional board, or any managers or agents, and may fix their remuneration.

103.2 The Board may delegate to any local or divisional board, manager or agent so appointed any of its powers, authorities and discretions (with power to sub-delegate) and may authorise the members of any such local or divisional board, or any of them, to fill any vacancies and to act notwithstanding vacancies. Any such appointment or delegation under this Article may be made, on such terms and conditions as the Board may think fit. The Board may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Board, and the Board may remove any person so appointed and may annul or vary all or any of such powers, but no person dealing in good faith and without notice of any such annulment or variation shall be affected by it.

103.3 Subject to any terms and conditions expressly imposed by the Board, the proceedings of any local or divisional board or agency with two or more members shall be governed by such of these Articles as regulate the proceedings of the Board, so far as they are capable of applying.

104. Power of attorney

The Board may, by power of attorney or otherwise, appoint any person or persons to be the agent or attorney of the Company and may delegate to any such person or persons any of its

powers, authorities and discretions (with power to sub-delegate), in each case for such purposes and for such time, on such terms (including as to remuneration) and conditions as it thinks fit. The Board may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Board in that respect and may revoke, withdraw, alter or vary any of such powers.

105. Exercise of voting power

The Board may exercise or cause to be exercised the voting power conferred by the shares in any other company held or owned by the Company, or any power of appointment to be exercised by the Company, in such manner as it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of any Director as a Director or other officer or employee of such company or in favour of the payment of remuneration to the Directors, officers or employees of such company).

106. Provision for employees on cessation of business

The Board may, by resolution, sanction the exercise of the power to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiary undertakings, in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary undertaking, but any such resolution shall not be sufficient for payments to or for the benefit of Directors, former Directors or shadow Directors.

107. Overseas registers

Subject to the Companies Acts, the Company may keep an overseas, local or other register and the Board may make and vary such regulations as it thinks fit respecting the keeping of any such register.

108. Borrowing powers

108.1 Subject to these Articles and the Companies Acts, the Board may exercise all the powers of the Company to:

- (a) borrow money;
- (b) indemnify and guarantee;
- (c) mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company;
- (d) create and issue debentures and other securities; and
- (e) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

108.2 The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if

any) so as to secure (as regards the subsidiary undertakings, so far as by such exercise they can secure) that the aggregate of the amounts borrowed by the Group and remaining outstanding at any time (excluding intra-Group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to £100,000,000. The limit in this Article may be varied, increased, reduced or relaxed (temporarily or permanently) or the same replaced with a fixed monetary cap at any time and from time to time with the sanction of an ordinary resolution of Shareholders.

108.3 For the purpose of this Article:

- (a) **Group** means the Company and its subsidiary undertakings for the time being;
- (b) **relevant balance sheet** means the most recent audited consolidated balance sheet of the Group at the relevant time;
- (c) **minority proportion** means a proportion equal to the proportion of the issued share capital of a partly-owned subsidiary undertaking which is not attributable to a member of the Group.

108.4 Borrowings shall be deemed to include the following except in so far as otherwise taken into account:

- (a) the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking of the Company owned otherwise than by a member of the Group;
- (b) the nominal amount of any other issued and paid up share capital and the principal amount of any debentures or borrowed moneys which is not at the relevant time beneficially owned by a member of the Group, the redemption or repayment of which is the subject of a guarantee or indemnity by a member of the Group or which any member of the Group may be required to buy;
- (c) the principal amount of any debenture (whether secured or unsecured) of a member of the Group beneficially owned otherwise than by a member of the Group;
- (d) the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened by or on behalf of any member of the Group;
- (e) the minority proportion of moneys borrowed by a member of the Group and owing to a partly-owned subsidiary undertaking.

108.5 Borrowings shall not include and shall be deemed not to include:

- (a) borrowings incurred by any member of the Group for the purpose of repaying within six months of the borrowing the whole or any part (with or without premium) of any borrowings of that or other member of the Group then outstanding, pending their application for such purpose within such period;

- (b) the minority proportion of moneys borrowed by a partly owned subsidiary undertaking and not owing to another member of the Group.
- 108.6 When the aggregate principal amount of borrowings required to be taken into account on any particular date is being ascertained, any particular borrowing then outstanding which is denominated or repayable in a currency other than sterling shall be notionally converted into sterling at the rate of exchange prevailing in London on the last business day before that date or, if it would result in a lower figure, at the rate of exchange prevailing in London on the last business day six months before that date. For these purposes the rate of exchange shall be taken to be the spot rate in London recommended by a London clearing bank, selected by the Board, as being the most appropriate rate for the purchase by the company of the currency in question for sterling on the day in question.
- 108.7 A certificate or report by the auditors of the Company as to the amount of any borrowings or to the effect that the limit imposed by this Article has not been or will not be exceeded at any particular time or times, shall be conclusive evidence of such amount or fact for the purposes of this Article. Nevertheless the Board may at any time rely on a bona fide estimate of the aggregate of the borrowings. If, in consequence, the limit on borrowings set out in this Article is inadvertently exceeded, the amount of borrowings equal to the excess may be disregarded for ninety (90) days after the date on which by reason of a determination of the auditors of the Company or otherwise the Board becomes aware that such a situation has or may have arisen.
- 108.8 No person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or enquire whether the said limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or recipient of the security had, at the time the debt was incurred or security given, express notice that the said limit had been or would be exceeded.
- 109. Board meetings**
- 109.1 The Board can decide when and where to have meetings and how they will be conducted. They may also adjourn meetings.
- 109.2 A Board meeting can be called by any Director. The Secretary must call a Board meeting if asked to do so by a Director.
- 110. Notice of Board meetings**
- 110.1 Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or given in writing or by electronic means to him at his last known address or any other address given by him to the Company for that purpose.
- 110.2 A Director may waive the requirement that notice be given to him of any Board meeting, either prospectively or retrospectively and any retrospective waiver shall not affect the validity of the meeting or of any business conducted at the meeting.

111. Quorum

- 111.1 The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined shall be two persons, each being a Director or an alternate Director. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions for the time being vested in or exercisable by the Board.
- 111.2 If a Director ceases to be a Director at a Board meeting, he can continue to be present and to act as a Director and be counted in the quorum until the end of the meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

112. Chairman

- 112.1 The Board may appoint one or more of its body as chairman or joint chairman and one or more of its body as deputy chairman of its meetings and may determine the period for which he is or they are to hold office and may at any time remove him or them from office.
- 112.2 If no such chairman or deputy chairman is elected, or if at any meeting neither a chairman nor a deputy chairman is present within ten (10) minutes of the time appointed for holding the same, the Directors present shall choose one of their number to be chairman of such meeting. In the event two or more joint chairmen or, in the absence of a chairman, two or more deputy chairman being present, the joint chairman or deputy chairman to act as chairman of the meeting shall be decided by those Directors present.

113. Voting

Questions arising at any Board meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of that meeting shall have a second or casting vote (unless he is not entitled to vote on the resolution in question).

114. Participation by telephone or other form of communication

- 114.1 Any Director or his alternate may validly participate in a meeting of the Board or a committee of the Board through the medium of conference telephone or any other form of communications equipment (whether in use when these Articles are adopted or developed subsequently), provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting.
- 114.2 A person so participating by telephone or other communication shall be deemed to be present in person at the meeting and shall be counted in a quorum and entitled to vote. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group which is larger than any other group, where the chairman of the meeting then is.
- 114.3 A resolution passed at any meeting held in the above manner, and signed by the chairman of the meeting, shall be as valid and effectual as if it had been passed at a meeting of the Board (or committee, as the case may be) duly convened and held.

115. Resolution in writing

- 115.1 A resolution in writing signed or confirmed electronically by all the Directors for the time being entitled to receive notice of a Board meeting and to vote on the resolution and not being less than a quorum (or by all the members of a committee of the Board for the time being entitled to receive notice of such committee meeting and to vote on the resolution and not being less than a quorum of that committee), shall be as valid and effective for all purposes as a resolution duly passed at a meeting of the Board (or committee, as the case may be).
- 115.2 Such a resolution may consist of several documents or electronic communications in the same form each signed or authenticated by one or more of the Directors or members of the relevant committee.

116. Proceedings of committees

All committees of the Board shall, in the exercise of the powers delegated to them and in the transaction of business, conform with any mode of proceedings and regulations which the Board may prescribe and subject to this shall be governed by such of these Articles as regulate the proceedings of the Board as are capable of applying.

117. Minutes of proceedings

- 117.1 The Board shall keep minutes of all shareholder meetings, all Board meetings and meetings of committees of the Board. The minutes must include the names of the Directors present.
- 117.2 Any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next meeting or the Secretary, shall be evidence of the matters stated in such minutes without any further proof.

118. Validity of proceedings

All acts done by a meeting of the Board, or of a committee of the Board, or by any person acting as a Director, alternate Director or member of a committee shall be valid even if it is discovered afterwards that there was some defect in the appointment of any person or persons acting, or that they or any of them were or was disqualified from holding office or not entitled to vote, or had in any way vacated their or his office.

119. Transactions or other arrangements with the company

- 119.1 Subject to the Companies Acts and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company may:
- (a) be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

- (b) act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (c) be or become a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (d) hold any office or place of profit with the Company (except as auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration as the Board may decide.

119.2 A Director shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

120. Authorisation of Directors' conflicts of interest

120.1 The Board may, in accordance with the requirements set out in this Article, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching his duty under the Act to avoid conflicts of interest.

120.2 A Director seeking authorisation in respect of a conflict of interest shall declare to the Board the nature and extent of his interest in a conflict of interest as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the conflict of interest together with such additional information as may be requested by the Board.

120.3 Any authorisation under this Article will be effective only if:

- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director and any other interested Director; and
- (c) the matter is agreed to without the Interested Director voting or would be agreed to if the Interested Director's and any other interested Director's vote is not counted.

120.4 Any authorisation of a conflict of interest under this Article must be recorded in writing (but the authority shall be effective whether or not the terms are so recorded) and may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the conflict of interest;
 - (c) impose upon the Interested Director such other terms for the purposes of dealing with the conflict of interest as the Directors think fit;
 - (d) provide that, where the Interested Director obtains, or has obtained (through his involvement in the conflict of interest and otherwise than through his position as a Director) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
 - (e) permit the Interested Director to absent himself from the discussion of matters relating to the conflict of interest at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.
- 120.5 Where the Directors authorise a conflict of interest, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the conflict of interest.
- 120.6 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 120.7 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a conflict of interest which has been authorised by the Directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 120.8 If he has disclosed to the Board the nature and extent of his interest to the extent required by the Companies Acts, a Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration or other benefit which he derives from or in connection with:
- (a) being a party to, or otherwise interested in, any transaction or arrangement with:
 - (i) the Company or in which the Company is interested; or
 - (ii) a body corporate in which the Company is interested;
 - (b) acting (otherwise than as auditor) alone or through his organisation in a professional capacity for the Company (and he or that organisation is entitled to remuneration for professional services as if he were not a Director); or
 - (c) being a director or other officer of, or employed by, or otherwise interested in any other body corporate in which the Company is interested.

120.9 A Director's receipt of any remuneration or other benefit referred to in Article 120.7 or 120.8 does not constitute an infringement of his duty under the Companies Acts.

120.10 A transaction or arrangement referred to in Article 120.7 or 120.8 is not liable to be avoided on the ground of any remuneration, benefit or interest referred to in that Article.

121. Directors' permitted interests

121.1 A Director cannot vote or be counted in the quorum on any resolution relating to any transaction or arrangement with the Company in which he has an interest and which may reasonably be regarded as likely to give rise to a conflict of interest but can vote (and be counted in the quorum) on the following:

- (a) giving him any security, guarantee or indemnity for any money or any liability which he, or any other person, has lent or obligations he or any other person has undertaken at the request, or for the benefit, of the Company or any of its subsidiary undertakings;
- (b) giving any security, guarantee or indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings, to that other person if the Director has taken responsibility for some or all of that debt or obligation. The Director can take this responsibility by giving a guarantee, indemnity or security;
- (c) a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings, if the Director takes part because he is a holder of shares, debentures or other securities, or if he takes part in the underwriting or sub-underwriting of the offer;
- (d) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which only gives him benefits which are also generally given to employees to whom the arrangement relates;
- (e) any arrangement involving any other company if the Director (together with any person connected with the Director) has an interest of any kind in that company (including an interest by holding any position in that company or by being a shareholder of that company). This does not apply if he knows that he has a Relevant Interest.
- (f) a contract relating to insurance which the Company can buy or renew for the benefit of the Directors or a group of people which includes Directors; and
- (g) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the Director benefits which are also generally given to the employees to whom the scheme relates.

121.2 A Director cannot vote or be counted in the quorum on a resolution relating to his own appointment or the settlement or variation of the terms of his appointment to an office or place of profit with the Company or any other company in which the Company has an interest.

121.3 Where the Directors are considering proposals about the appointment, or the settlement or variation of the terms or the termination of the appointment of two or more Directors to other

offices or places of profit with the Company or any company in which the Company has an interest, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment or the settlement or variation of the terms or the termination of his own appointment or the appointment of another Director to an office or place of profit with a company in which the Company has an interest and the Director seeking to vote or be counted in the quorum has a Relevant Interest in it.

- 121.4 A company shall be deemed to be one in which the Director has a **Relevant Interest** if and so long as (but only if and so long as) he is to his knowledge (either directly or indirectly) the holder of or beneficially interested in one per cent or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights available to members of that company. In relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise. Where a company in which a Director has Relevant Interest is interested in a contract, he also shall be deemed interested in that contract.
- 121.5 If a question arises at a Board meeting about whether a Director (other than the chairman of the meeting) has an interest which is likely to give rise to a conflict of interest, or whether he can vote or be counted in the quorum, and the Director does not agree to abstain from voting on the issue or not to be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling about the relevant Director is final and conclusive, unless the nature and extent of the Director's interests have not been fairly disclosed to the Directors. If the question arises about the chairman of the meeting, the question must be directed to the Directors. The chairman cannot vote on the question but can be counted in the quorum. The Directors' resolution about the chairman is final and conclusive, unless the nature and extent of the chairman's interests have not been fairly disclosed to the Directors.

122. General

For the purposes of Articles 118 to 121 inclusive (which shall apply equally to alternate Directors):

- 122.1 An interest of a person who is connected (which word shall have the meaning given to it by section 252 of the Act) with a Director shall be treated as an interest of the Director.
- 122.2 A contract includes references to any proposed contract and to any transaction or arrangement or proposed transaction or arrangement whether or not consulting a contract.
- 122.3 A conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 122.4 Subject to the Companies Acts, the Company may by ordinary resolution suspend or relax the provisions of Articles 118 to 121 to any extent or ratify any contract not properly authorised by reason of a contravention of any of the provisions of Articles 118 to 121.

123. Power to authenticate documents

Any Director, the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies or extracts as true copies or extracts. Where any books, records, documents or accounts are not at the Office, the local manager or other officer of the Company who has their custody shall be deemed to be a person appointed by the Board for this purpose. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

124. Use of seals

- 124.1 The Board shall provide for the safe custody of the Seal. A Seal shall not be used without the authority of the Board or of a committee of the Board so authorised.
- 124.2 Subject as otherwise provided in these Articles, every document which is sealed using the Seal must be signed by at least one authorised person in the presence of a witness who attests the signature. An authorised person for this purpose is any Director, the Secretary or any other person authorised by the Directors for the purpose of signing documents to which the Seal is applied.
- 124.3 The Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Any such securities or documents sealed with the Seal shall not require to be signed unless the Board decides otherwise or the law otherwise requires.
- 124.4 The Board may decide who will sign an instrument to which a Seal is affixed (or in the case of a share certificate, on which the Seal may be printed) either generally or in relation to a particular instrument or type of instrument and may also determine either generally or in a particular case that a signature may be dispensed with or affixed by mechanical means.

125. Declaration of dividends

Subject to the Act and these Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

126. Interim dividends

- 126.1 Subject to the Act, the Board may declare and pay such interim dividends (including any dividend at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If the Board acts in good faith, it shall not incur any liability to the

holders of shares for any loss that they may suffer by the lawful payment of any interim dividend on any other class of shares ranking with or after those shares.

126.2 If the share capital is divided into different classes, the Board may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

126.3 The Board may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. If the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of a dividend on any shares having deferred or non-preferred rights.

127. Calculation and currency of dividends

Except as provided otherwise by the rights attached to shares, all dividends:

- (a) shall be declared and paid accordingly to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid;
- (b) shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly; and
- (c) may be declared or paid in any currency. The Board may decide the rate of exchange for any currency conversions that may be required and how any costs involved are to be met.

128. Amounts due on shares can be deducted from dividends

The Board may deduct from any dividend or other money payable to any person on or in respect of a share all such sums as may be due from him to the Company on account of calls or otherwise in relation to the shares of the Company. Sums so deducted can be used to pay amounts owing to the Company in respect of the shares.

129. Dividends not in cash

The Board may, by ordinary resolution of the Company direct, or in the case of an interim dividend may without the authority of an ordinary resolution direct, that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises regarding such distribution, the Board may settle it as it thinks fit. In particular, the Board may:

- (a) issue fractional certificates (or ignore fractions);

- (b) fix the value for distribution of such assets or any part of them and determine that cash payments may be made to any members on the footing of the values so fixed, in order to adjust the rights of members; and
- (c) vest any such assets in trustees on trust for the person entitled to the dividend.

130. No interest on dividends

Unless otherwise provided by the rights attached to the share, no dividend or other monies payable by the Company or in respect of a share shall bear interest as against the Company.

131. Method of payment

- 131.1 The Company may pay any dividend, interest or other sum payable in respect of a share wholly or partly in cash or by direct debit, bank transfer, cheque, dividend warrant, or money order or by any other method, including by electronic means, as the Board may consider appropriate. For uncertificated shares, any payment may be made by means of the relevant system (subject always to the facilities and requirements of the relevant system) and such payment may be made by the Company or any person on its behalf by sending an instruction to the operator of the relevant system to credit the cash memorandum account of the holder or joint holders of such shares or, if permitted by the Company, of such person as the holder or joint holders may in writing direct.
- 131.2 The Company may send such payment by post or other delivery service (or by such means offered by the Company as the member or person entitled to it may agree in writing) to the registered address of the member or person entitled to it (or, if two or more persons are holders of the share or are jointly entitled to it because of the death or bankruptcy of the member or otherwise by operation of law, to the registered address of such of those persons as is first named in the Register) or to such person and such address as such member or person may direct in writing.
- 131.3 Every cheque, warrant, order or other form of payment is sent at the risk of the person entitled to the money represented by it, shall be made payable to the person or persons entitled, or to such other person as the person or persons entitled may direct in writing. Payment of the cheque, warrant, order or other form of payment (including transmission of funds through a bank transfer or other funds transfer system or by such other electronic means as permitted by these Articles or in accordance with the facilities and requirements of the relevant system concerned) shall be good discharge to the Company. If any such cheque, warrant, order or other form of payment has or shall be alleged to have been lost, stolen or destroyed the Company shall not be responsible.
- 131.4 Any joint holder or other person jointly entitled to a share may give an effective receipt for any dividend or other monies payable in respect of such share.
- 131.5 The Board may, at its discretion, make provisions to enable any member as the Board shall determine to receive duly declared dividends in a currency or currencies other than sterling. For the purposes of the calculation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a

dividend shall be such rate or rates and the payment shall be on such terms and conditions as the Board may in its absolute discretion determine

- 131.6 In respect of the payment of any dividend or other sum which is a distribution, the Board may decide, and notify recipients, that:
- (a) one or more of the means described in this Article will be used for payment and a recipient may elect to receive the payment by one of the means so notified in the manner prescribed by the Directors;
 - (b) one or more of such means will be used for the payment unless a recipient elects otherwise in the manner prescribed by the Directors; or
 - (c) one or more of such means will be used for the payment and that recipients will not be able to elect otherwise,

the Board may for this purpose decide that different methods of payment may apply to different recipients or groups of recipients.

- 131.7 All cheques, warrants and similar financial instruments are sent, and payment in any other way is made, at the risk of the person who is entitled to the money and the Company will not be responsible for a payment which is lost, rejected or delayed. The Company can rely on a receipt for a dividend or other money paid in relation to a share from any one of the joint recipients on behalf of all of them. The Company is treated as having paid a dividend if the cheque, warrant or similar financial instrument is cleared or if a payment is made using a relevant system or inter-bank transfer or other electronic means.

- 131.8 Subject to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be declared or paid in such currency or currencies and using such exchange rate or such date for determining the value or currency conversions as the Directors may determine.

132. **Uncashed dividends**

If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the Company to the person entitled to them are returned to the Company or left uncashed on two consecutive occasions or, following one occasion, reasonable enquires have failed to establish any new address to be used for the purpose, the Company does not have to send any dividends or other monies payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose. If any such cheque, warrant or order has or is alleged to have been lost, stolen or destroyed, the Directors may, on request of the person entitled to it, issue a replacement cheque, warrant or order subject to compliance with such conditions as to evidence and indemnity and the payment of out of pocket expenses of the Company in connection with the request as the Directors may think fit.

133. **Unclaimed dividends**

All dividends, interest or other sums payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company

until claimed. The Company shall not be a trustee in respect of such unclaimed dividends and will not be liable to pay interest on it. All dividends that remain unclaimed for twelve (12) years after they were first declared or became due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

134. Scrip dividends

134.1 Subject to the Act, the Board may, by ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to any holders of shares (excluding any member holding shares as treasury shares) the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution. The following provisions shall apply:

- (a) the said resolution may specify a particular dividend, or may specify all or any dividends declared within a specified period or periods but such period may not end later than the fifth anniversary of the date of the meeting at which the ordinary resolution is passed;
- (b) the entitlement of each holder of shares to new shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder would have received by way of dividend. For this purpose **relevant value** shall be calculated by reference to the average of the middle market quotations for the shares on any stock exchange on which the shares are traded or any other publication of a recognised investment exchange showing quotations for the Company's shares), for the day on which the shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such other manner as the Board may determine on such basis as it considers to be fair and reasonable. A certificate or report by the Company's auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount;
- (c) no fractions of a share shall be allotted. The Board may make such provisions as it thinks fit for any fractional entitlements including provisions where, in whole or in part, the benefit accrues to the Company and/or under which fractional entitlements are accrued and/or retained and in each case accumulated on behalf of any member and such accruals or retentions are applied to the allotment by way of bonus to or cash subscription on behalf of any member of fully paid shares and/or provisions where cash payments may be made to members in respect of their fractional entitlements;
- (d) the Board shall, after determining the basis of allotment, notify the holders of shares in writing of the right of election offered to them, and specify the procedure to be followed and place at which, and the latest time by which, elections must be lodged in order to be effective. No such notice need to be given to holders of shares who have previously given election mandates in accordance with this Article and whose mandates have not been revoked. The accidental omission to give notice of any right of election to, or the non-receipt (even if the Company becomes aware of such non-receipt) of any such notice by, any holder of shares entitled to the same shall neither invalidate any offer of an election nor give rise to any claim, suit or action;

- (e) The Board may on any occasion decide that rights of election shall only be made available subject to such exclusions, restrictions or other arrangements as they shall in their absolute discretion deem necessary or desirable in order to comply with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or stock exchange in, any territory;
- (f) the Board shall not proceed with any election unless the company has sufficient reserves or funds that may be capitalised, and the Board has authority to allot sufficient shares, to give effect to it after the basis of the allotment is determined;
- (g) the Board may exclude from any offer or make other arrangements in relation to any holders of shares where the Board considers that the making of the offer to them or in respect of such shares would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them or in respect of such shares;
- (h) Unless the Board decides otherwise or the rules of a relevant system require otherwise, any new shares which a holder has elected to receive instead of cash in respect of some or all of his dividend will be:
 - (i) shares in uncertificated form if the corresponding elected shares were uncertificated shares on the record date for that dividend; and
 - (ii) shares in certificated form if the corresponding elected shares were shares in certificated form on the record date for that dividend;
- (i) the Board may establish or vary a procedure for election mandates in respect of future rights of election and may determine that every duly effected election in respect of any shares shall be binding on every successor in title to the holder;
- (j) the dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on shares in respect of which an election has been duly made (**elected shares**) and instead additional shares shall be allotted to the holders of the elected shares on the basis of allotment determined as stated above. For such purpose the Board may capitalise, out of any amount for the time being standing to the credit of any reserve or fund (including any share premium account or capital redemption reserve) or of any of the profits which could otherwise have been applied in paying dividends in cash as the Board may determine, a sum equal to the aggregate nominal amount of the additional shares to be allotted on such basis and apply it in paying up in full the appropriate number of unissued shares for allotment and distribution to the holders of the elected shares on such basis. The Board may do all acts and things considered necessary or expedient to give effect to any such capitalisation;
- (k) the Board may decide how any costs relating to the new shares available in place of a cash dividend will be met, including to deduct an amount from the entitlement of a holder of shares under this Article;

- (l) the additional shares so allotted shall rank pari passu in all respects with each other and with the fully paid shares in issue on the record date for the dividend in respect of which the right of election has been offered, except that they will not rank for any dividend or other distribution or other entitlement which has been declared, paid or made by reference to such record date;
- (m) the Board may terminate, suspend, or amend any offer of the right to elect to receive shares in lieu of any cash dividend at any time and generally may implement any scrip dividend scheme on such terms and conditions as the Board may determine and take such other action as the Board may deem necessary or desirable in respect of any such scheme; and
- (n) The Board may do all acts and things which they consider necessary or expedient to give effect to any such capitalisation, and may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for such capitalisation and incidental matters and any agreement so made shall be binding on all concerned.

135. Capitalisation of reserves

135.1 The Board may, with the authority of an ordinary resolution of the Company:

- (a) subject as provided in this Article, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of the share premium account of capital redemption reserve or other undistributable reserve;
- (b) appropriate the sum resolved to be capitalised to the members in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members or as they may direct, in those proportions, or partly in one way and partly in the other, provided that:
 - (i) the share premium account, the capital redemption reserve, any other undistributable reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up in full shares to be allotted to members credited as fully paid;
 - (ii) the Company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of members to the distribution will be calculated accordingly; and

(iii) in a case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the Company, the amount of the net assets of the Company at that time in not less than the aggregate of the called up share capital of the Company and its undistributable reserves as shown in the latest audited accounts of the Company or such other accounts as may be relevant and would not be reduced below that aggregate by the payment of it;

(c) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividends;

(d) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit of it to the Company rather than to the members concerned) or by payment in cash or otherwise as it thinks fit in the case of shares or debentures becoming distributable in fractions;

(e) authorise any person to enter on behalf of such members concerned into an agreement with the Company providing for either:

(i) the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they may be entitled on such capitalisation; or

(ii) the payment up by the Company on behalf of such members by the application of their respective proportions of the reserves or profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, (any agreement made under such authority being effective and binding on all such members); and

(f) generally do all acts and things required to give effect to such resolution.

135.2 Where, pursuant to an employees' share scheme (within the meaning of section 1166 of the Act) or any similar scheme under which participation is extended to non-executive Directors or consultants providing services to the Company or any of its subsidiaries:

(a) the Company has granted options to subscribe for shares on terms which provide (inter alia) for adjustments to the subscription price payable on the exercise of such options or to the number of shares to be allotted upon such exercise in the event of any increase or reduction in or other reorganisation of the Company's issued share capital and an otherwise appropriate adjustment would result in the subscription price for any share being less than its nominal value, then the Board may, on the exercise of any of the options concerned and payment of the subscription price which would have applied had such adjustment been made, capitalise any such profits or other sum as is mentioned in Article 135.1(a) to the extent necessary to pay up the unpaid balance of the nominal value of the shares which fall to be allotted on the exercise of such options and apply such amount in paying up such balance and allot shares fully paid accordingly;

- (b) the Company has granted (or assumed liability to satisfy) rights to subscribe for shares (whether in the form of stock options, stock units, restricted stock, stock appreciation rights, performance shares and units, dividend equivalent rights or otherwise) then the Board may, in connection with the issue of shares, capitalise any such profits or other sum as is mentioned in Article 135.1 to the extent necessary to pay up the unpaid balance of the nominal value of the shares which fall to be issued in connection with such rights to subscribe and apply such amount in paying up such balance and allot shares fully paid accordingly; and
- (c) the provisions of Article 135.1(a) to (f) shall apply with the necessary alterations to this Article.

136. Record dates

- 136.1 Notwithstanding any other provision of these Articles but without prejudice to the rights attached to any shares and subject always to the Act, the Company or the Board may by resolution specify any date (**record date**) as the date at the close of business (or such other time as the Board may determine) on which persons registered as the holders of shares or other securities shall be entitled to receipt of any dividend, distribution, interest, allotment, issue, notice, information, document or circular. Such record date may be before, on or after the date on which the dividend, distribution, interest, allotment, issue, notice, information, document or circular is declared, made, paid, given, or served.
- 136.2 In the absence of a record date being fixed, entitlement to any dividend, distribution, interest, allotment, issue, notice, information, document or circular shall be determined by reference to the date on which the dividend is declared, the distribution allotment or issue is made or the notice, information, document or circular made, given or served.

137. Inspection of records

No member (other than a Director) shall have any right to inspect any accounting record or other document of the Company unless he is authorised to do so by law, by order of a court of competent jurisdiction, by the Board or by ordinary resolution of the Company.

138. Account to be sent to members

- 138.1 In respect of each financial year, a copy of the Company's annual accounts, the strategic report, the Directors' report, the Directors' remuneration report, the auditor's report on those accounts and on the auditable part of the Directors' remuneration report shall be sent or supplied to:
 - (a) Every member (whether or not entitled to receive notices of general meetings);
 - (b) Every holder of debentures (whether or not entitled to receive notice of general meetings); and
 - (c) Every other person who is entitled to receive notice of general meetings,

not less than twenty-one (21) clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the Act.

- 138.2 This Article does not require copies of the documents to which it applies to be sent or supplied to:
- (a) A member or holder of debentures of whose address the Company is unaware; or
 - (b) More than one of the joint holders of shares or debentures.
- 138.3 The Board may determine that persons entitled to receive a copy of the Company's annual accounts, the strategic report, the Directors' report, the Directors' remuneration report, the auditor's report on those accounts and on the auditable part of the Directors' remuneration report are those persons entered on the Register at the close of business on a day determined by the Board, provided that the day determined by the Board may not be more than twenty-one (21) days before the day that the relevant copies are being sent.
- 138.4 Where permitted by the Act, a strategic report with supplementary material in the form and containing the information prescribed by the Act may be sent or supplied to a person so electing in place of the documents required to be sent or supplied by Article 138.

139. Service of Notices

- 139.1 The Company can send, deliver or serve any notice or other document, including a share certificate, to or on a member:
- (a) personally;
 - (b) by sending it through the postal system addressed to the member at his registered address or by leaving it at that address addressed to the member;
 - (c) through a relevant system, where the notice or document relates to uncertificated shares;
 - (d) where appropriate, by sending or supplying it in electronic form to an address notified by the member to the Company for that purpose;
 - (e) where appropriate, by making it available on a website and notifying the member of its availability in accordance with this Article; or
 - (f) by any other means authorised in writing by the member.
- 139.2 In the case of joint holders of a share:
- (a) service, sending or supply of any notice, document or other information on or to one of the joint holders shall for all purposes be deemed a sufficient service on, sending or supplying to all the joint holders; and
 - (b) anything to be agreed or specified in relation to any notice, document or other information to be served on, sent or supplied to them may be agreed or specified by any one of the joint holders and the agreement or specification of the first named in the Register shall be accepted to the exclusion of that of the other joint holders.

- 139.3 Where a member (or, in the case of a joint holders, the person first named in the Register) has a registered address outside the United Kingdom but has notified the Company of an address within the United Kingdom at which notices, documents or other information may be given to him or has given to the Company an address for the purposes of communications by electronic means at which notices, documents or other information may be served, sent or supplied to him, he shall be entitled to have notices served, sent or supplied to him at such address or, where applicable, the Company may make them available on a website and notify the holder of that address. Otherwise no such member shall be entitled to receive any notice, document or other information from the Company.
- 139.4 If on three consecutive occasions any notice, document or other information has been sent to any member at his registered address or his address for the service of notices (by electronic means or otherwise) but has been returned undelivered, such member shall not be entitled to receive notices, documents or other information from the Company until he shall have communicated with the Company and supplied in writing a new registered address or address within the United Kingdom for the service of notices or has informed the Company of an address for the service of notices and the sending or supply of documents and other information in electronic form. For these purposes, any notice, document or other information served, sent or supplied by post shall be treated as returned undelivered if the notice, document or other information is served, sent or supplied back to the Company (or its agents) and a notice, document or other information served, sent or supplied in electronic form shall be treated as returned undelivered if the Company (or its agents) receives notification that the notice, document or other information was not delivered to the address to which it was served, sent or supplied.
- 139.5 The Company may at any time and in its sole discretion choose to serve, send or supply notices, documents or other information in hard copy form alone to some or all of the members.

140. **Hard copy form**

- 140.1 Any document, information or notice is validly sent or supplied by the Company in hard copy form if it is handed to the intended recipient or sent or supplied by hand or through the post in a prepaid envelope:
- (a) to an address specified for the purpose by the intended recipient;
 - (b) if the intended recipient is a company, to its registered office;
 - (c) to the address shown in the Company's Register;
 - (d) to any address to which any provision of the Companies Acts authorises it to be sent or supplied; or
 - (e) if the Company is unable to obtain an address falling within paragraphs (a) to (d), to the last address known to the Company of the intended recipient.

141. **Electronic form**

141.1 Any document, information or notice is validly sent or supplied by the Company in electronic form:

- (a) to a person if that person has agreed (generally or specifically) that the document, information or notice may be sent or supplied in that form and has not revoked that agreement; or
- (b) to a company that is deemed to have so agreed by the Companies Acts.

142. **Electronic means**

142.1 Any document, information or notice is validly sent or supplied by the Company by electronic means if it is sent or supplied:

- (a) to an address specified for the purpose by the intended recipient (generally or specifically); or
- (b) where the intended recipient is a company, to an address deemed by the Companies Acts to have been so specified.

143. **Website**

143.1 Any document, information or notice is validly sent or supplied by the Company to a person by being made available on a website if:

- (a) the person has agreed (generally or specifically) that the document, information or notice may be sent or supplied to him in that manner, or he is taken to have so agreed under Schedule 5 of the Act, and in either case he has not revoked that agreement;
- (b) the Company has notified the intended recipient of:
 - (i) the presence of the document, information or notice on the website;
 - (ii) the address of the website;
 - (iii) the place on the website where it may be accessed;
 - (iv) how to access the document, information or notice; and
 - (v) any other information prescribed by the Companies Acts or any other provisions of law including, when the document, information or notice is a notice of meeting, that fact, the place, date and time of the meeting and whether the meeting is an annual general meeting; and
- (c) the document, information or notice is available on the website throughout the period specified by any applicable provision of the Companies Acts or, if no such period is specified, the period of twenty-eight (28) days starting on the date on which the notification referred to in paragraph (b) above is sent to the relevant person.

144. Sending or supplying any Document, information or notice by any other means

Any document, information or notice that is sent or supplied otherwise than in hard copy form or electronic form or by means of a website is validly sent or supplied if it is sent or supplied in a form or manner that has been agreed by the intended recipient.

145. Presence at meeting evidence in itself of receipt of notice

A member present either in person or by proxy, or in the case of a corporate member by a duly authorised representative, at any meeting of the Company or of the holders of any class of Shares shall be deemed to have received notice of the meeting and, where required, of the purposes for which it was called.

146. Notice on person entitled by transmission

The Company may give notice to the person entitled to a share because of the death or bankruptcy of a member or otherwise by operation of law, by sending or delivering it in any manner authorised by these Articles for the giving of notice to a member, addressed to that person by name, or by the title of representative of the deceased or trustee of the bankrupt or representative by operation of law or by any like description, at the address (if any) within the United Kingdom supplied for the purpose by the person claimed to be so entitled or to which notices may be sent in electronic form. Until such an address has been so supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy or operation of law had not occurred. This shall apply whether or not the Company has notice of the death or bankruptcy or other event.

147. Record date for service

Any notice, document or other information may be served, sent or supplied by the Company by reference to the register as it stands at any time not more than fifteen (15) days before the date of service, sending or supplying. No change in the register after that time shall invalidate that service, sending or supply. Where any notice, document or other information is served on, sent or supplied to any person in respect of a share in accordance with these Articles, no person deriving any title or interest in that share shall be entitled to any further service, sending or supplying of that notice, document or other information.

148. Evidence of service

- 148.1 Any notice, document or other information, addressed to a member at his registered address or address for service in the United Kingdom shall, if served, sent or supplied by first class post, be deemed to have been served or delivered on the day after the day when it was put in the post (or, where second class post is employed, on the second day after the day when it was put in the post). Proof that an envelope containing the notice, document or other information was properly addressed and put into the post as a prepaid letter shall be conclusive evidence that the notice was given.
- 148.2 Any notice, document or other information not served, sent or supplied by post but delivered or left at a registered address or address for service in the United Kingdom (other than an address

for the purposes of communications by electronic means) shall be deemed to have been served or delivered on the day on which it was so delivered or left.

- 148.3 Any notice, document or other information, if served, sent or supplied by electronic means shall be deemed to have been received on the day on which the electronic communication was sent by or on behalf of the Company notwithstanding that the Company subsequently sends such notice, document or other information in hard copy form by post. Any notice, document or other information made available on a website shall be deemed to have been received on the day on which the notice, document or other information was first made available on the website or, if later, when a notice of availability is received or deemed to have been received pursuant to this Article. Proof that the notice, document or other information was properly addressed shall be conclusive evidence that the notice by electronic means was given.
- 148.4 Any notice, document or other information served, sent or supplied by the Company by means of a relevant system shall be deemed to have been received when the Company or any sponsoring system-participant acting on its behalf sends the issuer-instruction relating to the notice, document or other information.
- 148.5 Any notice, document or other information served, sent or supplied by the Company by any other means authorised in writing by the member concerned shall be deemed to have been received when the Company has carried out the action it has been authorised to take for that purpose.

149. Notice when post not available

If at any time by reason of the suspension, interruption or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, the Company need only give notice of a general meeting to those members with whom the Company can communicate by electronic means and who have provided the Company with an address for this purpose. The Company shall also advertise the notice in at least one national newspaper published in the United Kingdom and make it available on its website from the date of such advertisement until the conclusion of the meeting or any adjournment of it. In any such case the Company shall send confirmatory copies of the notice by post to those members to whom notice cannot be given by electronic means if, at least seven days prior to the meeting, the posting of notices to addresses throughout the United Kingdom again becomes practicable.

150. Validation of documents in electronic form

- 150.1 Where a document is required under these Articles to be signed by a member or any other person, if the document is in electronic form, then in order to be valid the document must:
- (a) incorporate the electronic signature, or personal identification details (which may be details previously allocated by the Company), of that member or other person, in such form as the Board may approve; or
 - (b) be accompanied by such other evidence as the Board may require in order to be satisfied that the document is genuine.

150.2 The Company may designate mechanisms for validating any such document and a document not validated by the use of any such mechanisms shall be deemed as having not been received by the Company. In the case of any document or information relating to a meeting, an instrument of proxy or invitation to appoint a proxy, any validation requirements shall be specified in the relevant notice of meeting in accordance with Articles 49 and 72.

151. Winding Up

If the Company is wound up and subject to the rights and restrictions attached to any share or classes of shares, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability.

152. Indemnity and insurance

152.1 In this Article:

- (a) companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;
- (b) a **relevant officer** means any Director or other officer or former Director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a Director or other officer), to the extent he acts in his capacity as auditor); and
- (c) **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company.

152.2 Subject to Article 152.3, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the Company's assets against all relevant loss and in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act), including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty

or breach of trust in relation to the Company's (or any associated company's) affairs; and

(b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 152.2(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

152.3 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

152.4 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

152.5 Where a relevant officer is indemnified against a liability in accordance with this Article, the indemnity extends to each cost, charge, loss, expense and liability incurred by him in relation to that liability.

153. Exclusive jurisdiction

153.1 Unless the Company consents in writing to the selection of an alternative forum in the United States of America, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the U.S. Securities Act of 1933, as amended (the **Securities Act**).

153.2 Save in respect of any cause of action arising under the Securities Act, by subscribing for or acquiring shares, the member submits all disputes between him or herself and the Company or the Directors to the exclusive jurisdiction of the English courts.

CERTIFICATIONS

I, James McCullough, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Renalytix plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2024

/s/ James McCullough
(Principal Executive Officer)

CERTIFICATIONS

I, O. James Sterling, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Renalytix plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2024

/s/ O. James Sterling
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), James McCullough, Chief Executive Officer of Renalytix plc (the “Company”), and O. James Sterling, Chief Financial Officer of the Company, each hereby certify that, to the best of his or her knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended December 31, 2023, to which this Certification is attached as Exhibit 32.1 (the “Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2024

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 13th day of February, 2024.

/s/ James McCullough
James McCullough
Principal Executive Officer

/s/ O. James Sterling
O. James Sterling
Principal Financial Officer

“This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Renalytix plc under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.”

