Lincoln INTERNATIONAL

LINCOLN INTERNATIONAL LLP
RISK WARNINGS

1. Introduction

1.1 Please read and consider carefully this "Risk Warnings" notice if you have appointed Lincoln International LLP ("we" or "us") to provide you with corporate finance services.

1.2 Some of the services we will provide to you (the "Services") may be subject to the rules and regulations for the time being in force of the Financial Conduct Authority (the "FCA"), including the Financial Conduct Authority Handbook of Rules and Guidance (the "FCA Rules").

1.3 Amongst other things, FCA Rules require us to provide you with a general description of:
(a) the risks associated with the regulated Services we are appointed to provide to you; and
(b) the nature of and risks associated with the investments in respect of which we provide those Services.

1.4 We provide this information to you in this "Risk Warnings" notice. This notice assumes that we have categorised you as a professional client within the meaning of the FCA Rules, and contemplates that you will have a greater knowledge and understanding of the relevant risks than retail clients.

1.5 The risks described in this notice differ depending on whether the transaction in respect of which we are appointed to provide the Services (the "Transaction") is:
(a) the sale of assets or shares in a target to, or a merger or other similar transaction with, an acquirer (a "Sell-side Transaction"); or
(b) an acquisition of assets or shares in, or a merger or other similar transaction with, a target (a "Buy-side Transaction").

1.6 This notice cannot describe every possible risk that may arise out of the Services, and you should therefore seek legal, tax and other advice as you see fit.

2. Risks associated with the Services

2.1 There is no guarantee that the Transaction will be consummated on terms that are acceptable to you, if at all.

2.2 The duration of the Transaction may be affected by a number of factors, including those that are outside your and our reasonable control (such as financial, economic and regulatory considerations). The timing of completion may therefore be uncertain.

2.3 Consummation of the Transaction, or failure to consummate the Transaction, could have an adverse effect on the price of your business and/or securities and/or may limit your ability to undertake other transactions or fundraisings in the future.

2.4 You may incur significant costs in connection with the Transaction. These cannot be estimated with certainty and may also be affected by factors outside our or your reasonable control.

2.5 If we are appointed to provide the Services in relation to a Sell-side Transaction:
(a) the level of costs you incur in connection with the Transaction may exceed the proceeds you receive in consequence of it; and
(b) there is no guarantee that you will receive any payments in connection with the Transaction in a timely manner, if at all.

2.6 There is no guarantee that, if you enter into a definitive agreement in relation to a Transaction, that any shareholder or regulatory approvals that may be required will be obtained.

2.7 Any valuations we prepare in connection with the Transaction will be based upon a number of factors, and other valuations of the same asset may differ significantly to ours. There is a risk that any sources of information we use could be inaccurate or incomplete. The asset valued could also be exposed to the direct and indirect consequences of reasonably unforeseeable changes, such as legal, taxation or regulatory changes or economic factors including inflation rates, interest rates and market or investment sentiment. There is therefore a risk that our valuation of the asset could be inaccurate.

3. Sell-side Transactions - Risks associated with investments

3.1 The nature of the Transaction is that it is unlikely to result in you acquiring investments. Accordingly, we do not consider many of the risks associated with investment activity to be relevant to you in relation to the Transaction.

3.2 The key area in which you may face investment risk is if some or all of the consideration for the Transaction were in the form of investments (typically shares).

3.3 Shares are a part ownership interest in a company. They may carry a fixed, variable or no entitlement to dividend.

3.4 Normally a shareholder has no right to require the company to return capital to it and, as a result, the shareholder's only way to realise his investment is to sell the shares. The value of the shares may be affected by a number of factors, some of which may be unrelated to the performance of the company which issued them (such as supply and demand or market sentiment).

3.5 Shares are generally a fairly volatile asset class. You should therefore expect that their price or value may go down as well as up. You are not certain to make a profit and you may make a loss.

3.6 Some shares can be very illiquid. Where shares are unlisted it may be more difficult to deal in them or to obtain reliable information about their value (and it may therefore be difficult to establish a proper market in them for the purposes of making a subsequent sale).

3.7 There is an extra risk of losing money when shares are bought in some smaller companies including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately you may get back much less than you paid for them. The price may change quickly (down as well as up).

3.8 If a company goes into liquidation, its shareholders rank behind the company's creditors (including its subordinated creditors) in relation to the realisation and distribution of the company's assets – with the result that a shareholder will normally only receive any money from the liquidator if there are any remaining proceeds of the liquidation once all of the creditors of the company have been paid in full.

4. Buy-side Transactions – Risks associated with investments

4.1 Shares

(a) Shares are a part ownership interest in a company. They may carry a fixed, variable or no entitlement to dividend.

(b) Normally a shareholder has no right to require the company to return capital to it and, as a result, the shareholder's only way to realise his investment is to sell the shares. The value of the shares may be affected by a number of factors, some of which may be unrelated to the performance of the company which issued them (such as supply and demand or market sentiment).
(c) Shares are generally a fairly volatile asset class. You should therefore expect that their price or value may go down as well as up. You are not certain to make a profit and you may make a loss.
(d) Some shares can be very illiquid. Where shares are unlisted it may be more difficult to deal in them or to obtain reliable information about their value (and it may therefore be difficult to establish a proper market in them for the purposes of making a subsequent sale).
(e) There is an extra risk of losing money when shares are bought in some smaller companies including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately you may get back much less than you paid for them. The price may change quickly (down as well as up).
(f) If a company goes into liquidation, its shareholders rank behind the company's creditors (including its subordinated creditors) in relation to the realisation and distribution of the company's assets – with the result that a shareholder will normally only receive any money from the liquidator if there are any remaining proceeds of the liquidation once all of the creditors of the company have been paid in full.

4.2 Bonds

(a) A bond is a loan to a company. When you buy or subscribe for bonds, you become a creditor of the issuer of the bonds. Generally, interest is paid to you as lender and the amount of the loan is repaid at the end of the term.
(b) Some bonds generate a return that is linked to the performance of a real or notional pool of underlying assets. In such circumstances, the return you receive will depend upon the performance of the underlying pool.
(c) Bonds have a nominal value, which would be returned to you when the bond matures at the end of its term. However, because bonds are traded on the bond market, the price you pay for a bond may be more or less than the nominal value.
(d) If you invest in bonds there is a risk that you will lose some, or all of the money invested. The value of your investment may be diminished by a number of factors, including increasing interest rates, inflation and default on the part of the bond issuer.
(e) Bonds can be bought and sold in the market (like shares) and their price can vary from day to day. A rise or fall in the market price of a bond does not affect what you will receive if you hold the bond until it matures. You would only receive the nominal value of the bond (plus any coupon payment to which you have been entitled during your ownership of the bond), irrespective of what you paid for it.
(f) For some bonds there may be a restricted market and it may be more difficult to deal in them or obtain reliable information about their value (and it may therefore be difficult to establish a proper market in them for the purposes of making a subsequent sale).

4.3 Convertible bonds

(a) Some bonds are convertible or exchangeable into a specific number of another form of security (usually the issuer's ordinary shares) at a specified price or ratio. A company may issue a convertible security that is subject to redemption after a specified date, and usually under certain circumstances. A holder of a convertible bond that is called for redemption would be required to tender it for redemption to the issuer, convert it to the underlying shares or sell it to a third party.
(b) Convertible bonds typically pay a lower interest rate than nonconvertible bonds of the same quality and maturity, because of the convertible feature. This structure allows the holder of the convertible bond to participate in share price movements in the issuer's shares. The actual return on a convertible bond may exceed its stated yield if the issuer's shares appreciate in value and the option to convert to shares becomes more valuable.
(c) Convertible bonds typically trade at prices above their conversion value, which is the current market value of the shares received upon conversion, because of their higher yield potential than the underlying shares. The difference between the conversion value and the price of a convertible bond will vary depending on the value of the underlying shares and interest rates. When the underlying value of the shares decline, the price of the issuer's convertible bonds will tend not to fall as much because the convertible bond's income potential will act as a price support. The value of convertible bonds also is affected by changes in interest rates. For example, when interest rates fall, the value of convertible bonds may rise because of their fixed income component.
(d) Investments in convertible bonds are subject to all the same risks as normal bonds.

4.4 Depositary receipts

(a) Depositary receipts are receipts representing ownership of shares of a foreign-based issuer held in trust by a bank or similar financial institution. These securities are designed for U.S. and European securities markets as alternatives to purchasing underlying securities in their corresponding national markets and currencies.
(b) The risks of investing in depositary receipts generally reflect the risks of the securities which they represent.
(c) Depositary receipts may trade in the secondary market at prices lower than the aggregate value of the corresponding underlying securities. In such cases, some depositary receipts enable the holders to realize the underlying value of the securities by cancelling the receipt and receiving a corresponding amount of underlying securities, which requires the payment of fees and expenses.

4.5 Warrants

(a) A warrant is a time-limited right to subscribe for shares or bonds at a particular price. The issuer of the warrants might be either the original issuer of the underlying securities or a third party issuer that has set aside a pool of the underlying securities to cover its obligations under the warrants (these are called covered warrants).
(b) Generally, the success of investing in warrants depends primarily on how the underlying asset performs during the life of the warrant. The price of the warrants will therefore be affected by the risk factors that can affect the price of the underlying securities to which the warrant relates. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The price of warrants can therefore be volatile.
(c) The right to subscribe for underlying securities conferred by a warrant is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined time-scale then the investment becomes worthless. The price of a warrant may reflect the value attributed to the life of the warrant.
(d) As with shares, there is the risk of total loss of the money invested in warrants.

(e) Transactions in off-exchange warrants may involve greater risk than dealing in exchange-traded warrants because there is no exchange market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

(f) Each warrant is a contract between the warrant issuer and the holder. Warrant-holders are therefore exposed to the risk that the issuer will not perform its obligations under the warrant.

(g) Issuers of warrants sometimes reserve the right to nominate an extraordinary event which may result in the early expiry of a warrant series. The types of events which may be nominated as an extraordinary event are set out in the terms of issue of a warrant series. Examples of extraordinary events include suspension in trading of the underlying security, the de-listing of the underlying company and a takeover of the underlying company. As a consequence of an extraordinary event the warrant's expiry date may be brought forward, or the warrant may lapse with an intrinsic payment provided to the holder.