

Company registration number 07652459 (England and Wales)

**SYNTHACE LIMITED AND ITS SUBSIDIARY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## COMPANY INFORMATION

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<b>Directors</b>	Dr S P Shiff Mr P H Zhang Dr M C Gershater Dr T Burt Dr G Levy-Yurista	(Appointed 12 November 2021) (Appointed 24 May 2021)
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<b>Company number</b>	07652459
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<b>Registered office</b>	West Works 195 Wood Lane London W12 7FQ
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<b>Auditor</b>	Ensors Accountants LLP Warwick House Ermine Business Park Spitfire Close Huntingdon PE29 6XY
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# SYNTHACE LIMITED AND ITS SUBSIDIARY

## CONTENTS

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	<b>Page</b>
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Company statement of cash flows	15
Notes to the financial statements	16 - 30

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# SYNTHACE LIMITED AND ITS SUBSIDIARY

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 JANUARY 2022**

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The directors present the strategic report for the year ended 31 January 2022.

### **Fair review of the business**

The Group's principal activity is as a software business developing a platform cloud technology for the management of life sciences research and development.

The Group has a Software as a Service (SaaS) licensing model and sells its products to customers performing biological research and development, with a principal focus on bioprocess development and assay development within the pharmaceutical, foodtech and agritech industries.

The Group aims to increase its Annual Recurring Revenue (ARR) by signing up new customers and expanding sales into existing customers, and to continue to broaden its offering by investing in the development of new product features and laboratory equipment integrations.

During the year, the Group continued to invest in the development of its technology and launched its life sciences R&D platform technology expanding from optimised biological protocols to full experimental life cycle management. To aid its product development and commercial activities the business developed relationships with tool providers in the liquid handling automation ecosystem.

Covid-19 continued to impact the business in several notable ways. The majority of the Group's employees were working from home with an actual increase in productivity. The laboratory team remained on-site to support both product development and to produce high quality scientific content for marketing. The limitations on travel shifted the majority of the business's lead generation efforts to online methods with only a few physical events and conferences taking place. In parallel customers began returning to their offices and sales picked up throughout the year.

During the second fiscal quarter the Group announced the appointment of a new CEO, who had a SaaS background. This was followed by the further strengthening of the Group's management team.

### **Principal risks and uncertainties**

There are many factors which may materially and adversely affect the Group's ability to achieve objectives and to successfully continue in operation, including the Group's ability to obtain additional funding if necessary.

The Group has adopted appropriate controls and has management with skills and experience to manage these risks and enable execution of its business model.

COVID-19, while diminishing in impact, is being actively managed in response to the impact on our customers, partners, and business. The Group continues to follow Public Health England (PHE) and government guidance in implementing mitigating procedures to safeguard the wellbeing of customers, partners, and employees.

Brexit impacted the Group in multiple ways, including its ability to source materials such as laboratory supplies and also its ability to retain and attract talent. The Executive Management Team is actively managing these risks and has and is continuing to take appropriate action.

### **Financial risks**

The Group's principal financial instruments comprise of cash and cash equivalents, other financial assets and liabilities that arise from operating activities.

### **Currency risk**

The Group has cash holdings in US\$. Management regularly monitors the Group's currency position and exchange rate movements and makes currency decisions as appropriate.

### **Key performance indicators**

The directors utilise various KPI's in order to measure the performance of the business. Lead generation and conversion to sales, ARR and renewal churn are closely monitored. These KPI's allow the Board to assess the growth of the business in this early stage of the product life cycle. The Board also closely monitors costs and cash flow. The directors are satisfied with the performance in respect of these KPI's.

**SYNTHACE LIMITED AND ITS SUBSIDIARY**

**STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JANUARY 2022***

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On behalf of the board

Dr G Levy-Yurista  
**Director**

18 May 2022

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JANUARY 2022

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The directors present their annual report and financial statements for the year ended 31 January 2022.

#### Principal activities

The principal activity of the company and group is as a software business developing a platform cloud technology for the management of life sciences research and development.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr T S Fell	(Resigned 24 May 2021)
Mr R P Wiederhold	(Resigned 17 February 2022)
Dr S P Shiff	
Mr P H Zhang	
Dr M C Gershater	
Mr W F W Liao	(Resigned 12 January 2022)
Dr J Bobanovic	(Resigned 12 January 2022)
Dr T Burt	(Appointed 12 November 2021)
Dr G Levy-Yurista	(Appointed 24 May 2021)

#### Auditor

In accordance with the company's articles, a resolution proposing that Ensors Accountants LLP be reappointed as auditor of the group will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Dr G Levy-Yurista  
Director

18 May 2022

## **SYNTHACE LIMITED AND ITS SUBSIDIARY**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JANUARY 2022***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SYNTHACE LIMITED AND ITS SUBSIDIARY

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#### Opinion

We have audited the financial statements of Synthace Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SYNTHACE LIMITED AND ITS SUBSIDIARY

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **SYNTHACE LIMITED AND ITS SUBSIDIARY**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF SYNTHACE LIMITED AND ITS SUBSIDIARY**

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##### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**James Francis (Senior Statutory Auditor)**  
**For and on behalf of Ensors Accountants LLP**

18 May 2022

**Chartered Accountants**  
**Statutory Auditor**

Warwick House  
Ermine Business Park  
Spitfire Close  
Huntingdon  
PE29 6XY

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2022

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	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	1,343,119	648,766
Cost of sales		(942,079)	(953,761)
		<hr/>	<hr/>
<b>Gross profit/(loss)</b>		401,040	(304,995)
Administrative expenses		(10,579,459)	(10,821,634)
Other operating income		-	33,899
		<hr/>	<hr/>
<b>Operating loss</b>	<b>4</b>	(10,178,419)	(11,092,730)
Interest receivable and similar income	<b>8</b>	243	2,333
Interest payable and similar expenses	<b>9</b>	(243,507)	-
		<hr/>	<hr/>
<b>Loss before taxation</b>		(10,421,683)	(11,090,397)
Tax on loss	<b>10</b>	1,554,713	1,589,019
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<u>(8,866,970)</u>	<u>(9,501,378)</u>

Loss for the financial year is all attributable to the owners of the parent company.

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2022

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	2022 £	2021 £
Loss for the year	(8,866,970)	(9,501,378)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>(8,866,970)</u>	<u>(9,501,378)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## GROUP BALANCE SHEET

AS AT 31 JANUARY 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		717,206		1,072,210
<b>Current assets</b>					
Debtors	14	2,585,056		2,104,611	
Cash at bank and in hand		19,211,175		3,373,645	
		<u>21,796,231</u>		<u>5,478,256</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,733,488)</u>		<u>(1,576,132)</u>	
<b>Net current assets</b>			<u>20,062,743</u>		<u>3,902,124</u>
<b>Total assets less current liabilities</b>			<u>20,779,949</u>		<u>4,974,334</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(173,315)		(220,430)
<b>Provisions for liabilities</b>	17		(152,722)		(152,722)
<b>Net assets</b>			<u>20,453,912</u>		<u>4,601,182</u>
<b>Capital and reserves</b>					
Called up share capital	20		79,373		54,578
Share premium account			58,660,433		33,863,540
Equity reserve			371,329		473,317
Profit and loss reserves			<u>(38,657,223)</u>		<u>(29,790,253)</u>
<b>Total equity</b>			<u>20,453,912</u>		<u>4,601,182</u>

The financial statements were approved by the board of directors and authorised for issue on 18 May 2022 and are signed on its behalf by:

Dr G Levy-Yurista  
Director

Company Registration No. 07652459

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## COMPANY BALANCE SHEET

AS AT 31 JANUARY 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		706,053		1,064,437
Investments	12		60		60
			<u>706,113</u>		<u>1,064,497</u>
<b>Current assets</b>					
Debtors	14	2,570,840		2,100,734	
Cash at bank and in hand		19,202,813		3,303,566	
		<u>21,773,653</u>		<u>5,404,300</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,830,257)</u>		<u>(1,585,541)</u>	
<b>Net current assets</b>			<u>19,943,396</u>		<u>3,818,759</u>
<b>Total assets less current liabilities</b>			<u>20,649,509</u>		<u>4,883,256</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(173,315)		(220,430)
<b>Provisions for liabilities</b>	17		(152,722)		(152,722)
<b>Net assets</b>			<u>20,323,472</u>		<u>4,510,104</u>
<b>Capital and reserves</b>					
Called up share capital	20		79,373		54,578
Share premium account			58,660,433		33,863,540
Equity reserve			371,329		473,317
Profit and loss reserves			<u>(38,787,663)</u>		<u>(29,881,331)</u>
<b>Total equity</b>			<u>20,323,472</u>		<u>4,510,104</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £8,906,333 (2021 - £9,569,306 loss).

The financial statements were approved by the board of directors and authorised for issue on 18 May 2022 and are signed on its behalf by:

Dr G Levy-Yurista  
Director

Company Registration No. 07652459

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2022

	Notes	Share capital £	Share premium account £	Equity reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 February 2020</b>		50,750	33,805,272	392,441	(20,288,875)	13,959,588
<b>Period ended 31 January 2021:</b>						
Loss and total comprehensive income for the period		-	-	-	(9,501,378)	(9,501,378)
Issue of share capital	20	3,828	58,268	-	-	62,096
Other movements	18	-	-	80,876	-	80,876
<b>Balance at 31 January 2021</b>		54,578	33,863,540	473,317	(29,790,253)	4,601,182
<b>Year ended 31 January 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(8,866,970)	(8,866,970)
Issue of share capital	20	24,795	24,796,893	-	-	24,821,688
Other movements	18	-	-	(101,988)	-	(101,988)
<b>Balance at 31 January 2022</b>		79,373	58,660,433	371,329	(38,657,223)	20,453,912

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2022

	Notes	Share capital £	Share premium account £	Equity reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 February 2020</b>		50,750	33,805,272	392,441	(20,312,025)	13,936,438
<b>Period ended 31 January 2021:</b>						
Loss and total comprehensive income for the period		-	-	-	(9,569,306)	(9,569,306)
Issue of share capital	20	3,828	58,268	-	-	62,096
Other movements	18	-	-	80,876	-	80,876
<b>Balance at 31 January 2021</b>		54,578	33,863,540	473,317	(29,881,331)	4,510,104
<b>Year ended 31 January 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(8,906,332)	(8,906,332)
Issue of share capital	20	24,795	24,796,893	-	-	24,821,688
Other movements	18	-	-	(101,988)	-	(101,988)
<b>Balance at 31 January 2022</b>		79,373	58,660,433	371,329	(38,787,663)	20,323,472

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2022

		2022		2021	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	23	(10,184,254)		(9,704,105)	
Interest paid		(243,507)		-	
Income taxes refunded		1,537,397		1,408,655	
		<u>                    </u>		<u>                    </u>	
<b>Net cash outflow from operating activities</b>		(8,890,364)		(8,295,450)	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(100,006)		(110,711)	
Proceeds on disposal of tangible fixed assets		5,969		-	
Interest received		243		2,333	
		<u>                    </u>		<u>                    </u>	
<b>Net cash used in investing activities</b>		(93,794)		(108,378)	
<b>Financing activities</b>					
Proceeds from issue of shares		24,821,688		62,096	
		<u>                    </u>		<u>                    </u>	
<b>Net cash generated from financing activities</b>		24,821,688		62,096	
		<u>                    </u>		<u>                    </u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		15,837,530		(8,341,732)	
Cash and cash equivalents at beginning of year		3,373,645		11,715,377	
		<u>                    </u>		<u>                    </u>	
<b>Cash and cash equivalents at end of year</b>		<u>19,211,175</u>		<u>3,373,645</u>	

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2022

		2022		2021	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	24	(10,190,790)		(9,741,398)	
Interest paid		(243,507)		-	
Income taxes refunded		1,597,317		1,419,636	
		<u>                    </u>		<u>                    </u>	
<b>Net cash outflow from operating activities</b>		(8,836,980)		(8,321,762)	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(91,673)		(110,711)	
Proceeds on disposal of tangible fixed assets		5,969		-	
Interest received		243		2,333	
		<u>                    </u>		<u>                    </u>	
<b>Net cash used in investing activities</b>		(85,461)		(108,378)	
<b>Financing activities</b>					
Proceeds from issue of shares		24,821,688		62,096	
		<u>                    </u>		<u>                    </u>	
<b>Net cash generated from financing activities</b>		24,821,688		62,096	
		<u>                    </u>		<u>                    </u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		15,899,247		(8,368,044)	
Cash and cash equivalents at beginning of year		3,303,566		11,671,610	
		<u>                    </u>		<u>                    </u>	
<b>Cash and cash equivalents at end of year</b>		<u>19,202,813</u>		<u>3,303,566</u>	

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

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### 1 Accounting policies

#### Company information

Synthace Limited is a private limited company domiciled and incorporated in England and Wales. The registered office is West Works, 195 Wood Lane, London W12 7FQ.

The group consists of Synthace Limited and its subsidiary; Synthace Inc, a 100% owned subsidiary domiciled and incorporated in United States of America.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Business combinations

The consolidated financial statements incorporate those of Synthace Limited and its subsidiary undertaking. Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 January 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

The group has considered the impact of COVID19 and the impact on its forecasts and working capital requirements for a period of 12 months from the date of these financial statements.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue is recognised once evidence of a contract has been obtained and services are delivered, fees are fixed and determinable and collection is reasonably assured. Software and service subscription revenue are recognised pro-rata over the term of the contract.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the life of the lease
Lab equipment	33% straight line
Fixtures and fittings	33% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition. The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme). Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period. Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

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# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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**1 Accounting policies** **(Continued)**

**1.16 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**1.17 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.18 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

<b>3</b>	<b>Turnover and other revenue</b>	<b>2022</b>	<b>2021</b>
		£	£
	<b>Other significant revenue</b>		
	Interest income	243	2,333
	Grants received	-	33,899
		<u>          </u>	<u>          </u>
		<b>2022</b>	<b>2021</b>
		£	£
	<b>Turnover analysed by geographical market</b>		
	United Kingdom	883,251	468,804
	Europe	66,209	8,667
	Rest of the world	393,659	171,295
		<u>          </u>	<u>          </u>
		<u>1,343,119</u>	<u>648,766</u>
<b>4</b>	<b>Operating loss</b>	<b>2022</b>	<b>2021</b>
		£	£
	Operating loss for the year is stated after charging/(crediting):		
	Exchange losses/(gains)	636	(64,764)
	Government grants	-	(33,899)
	Depreciation of owned tangible fixed assets	453,078	476,332
	(Profit)/loss on disposal of tangible fixed assets	(4,037)	1,951
	Share-based payments	(101,988)	80,876
	Operating lease charges	621,991	647,816
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Auditor's remuneration</b>	<b>2022</b>	<b>2021</b>
		£	£
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the group and company	16,000	15,500
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Employees</b>		
	The average monthly number of persons (including directors) employed by the group and company during the year was:		
		<b>Group</b>	<b>Company</b>
		<b>2022</b>	<b>2021</b>
		<b>Number</b>	<b>Number</b>
		68	71
		<u>          </u>	<u>          </u>
		76	62
		<u>          </u>	<u>          </u>

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Wages and salaries	5,796,483	6,132,660	5,049,627	5,580,623
Social security costs	750,731	779,057	653,893	699,748
Pension costs	500,465	527,677	486,806	527,677
	<u>7,047,679</u>	<u>7,439,394</u>	<u>6,190,326</u>	<u>6,808,048</u>

### 7 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	721,679	412,073
Company pension contributions to defined contribution schemes	19,410	26,427
Compensation for loss of office	157,500	-
	<u>898,589</u>	<u>438,500</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

During the year, the number of directors who exercised share options was 1 (2021:1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	119,917	152,292
Compensation for loss of office	157,500	-
Company pension contributions to defined contribution schemes	5,928	15,229
	<u>283,345</u>	<u>167,521</u>

The highest paid director has exercised share options during the year.

### 8 Interest receivable and similar income

	2022	2021
	£	£
<b>Interest income</b>		
Interest on bank deposits	243	2,333
	<u>243</u>	<u>2,333</u>

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

<b>8</b>	<b>Interest receivable and similar income</b>		<b>(Continued)</b>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	243	2,333
		<u>243</u>	<u>2,333</u>
<b>9</b>	<b>Interest payable and similar expenses</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on convertible loan notes	243,507	-
		<u>243,507</u>	<u>-</u>
<b>10</b>	<b>Taxation</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	(1,575,201)	(1,591,207)
	Adjustments in respect of prior periods	2,683	-
		<u>(1,572,518)</u>	<u>(1,591,207)</u>
	Total UK current tax	(1,572,518)	(1,591,207)
	Foreign current tax on profits for the current period	17,805	2,188
		<u>17,805</u>	<u>2,188</u>
	Total current tax	<u>(1,554,713)</u>	<u>(1,589,019)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(10,421,683)	(11,090,397)
	<u>(10,421,683)</u>	<u>(11,090,397)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(1,980,120)	(2,107,175)
Tax effect of expenses that are not deductible in determining taxable profit	-	4,718
Tax effect of utilisation of tax losses not previously recognised	-	(10,050)
Permanent capital allowances in excess of depreciation	8,523	(28,999)
Research and development tax credit	(1,617,316)	(1,600,609)
Other permanent differences	-	(58,837)
Effect of overseas tax rates	59,920	10,981
Under/(over) provided in prior years	(1,019)	(3,702)
Deferred tax adjustments in respect of prior years	1,975,299	2,204,654
	<u>1,975,299</u>	<u>2,204,654</u>
Taxation credit	<u>(1,554,713)</u>	<u>(1,589,019)</u>

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 11 Tangible fixed assets

Group	Leasehold improvements	Lab equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 February 2021	879,394	564,194	155,178	340,915	1,939,681
Additions	48,709	29,823	-	21,474	100,006
Disposals	-	-	-	(7,323)	(7,323)
At 31 January 2022	928,103	594,017	155,178	355,066	2,032,364
<b>Depreciation and impairment</b>					
At 1 February 2021	250,615	301,495	96,650	218,711	867,471
Depreciation charged in the year	134,961	184,166	46,563	87,388	453,078
Eliminated in respect of disposals	-	-	-	(5,391)	(5,391)
At 31 January 2022	385,576	485,661	143,213	300,708	1,315,158
<b>Carrying amount</b>					
At 31 January 2022	542,527	108,356	11,965	54,358	717,206
At 31 January 2021	628,779	262,699	58,528	122,204	1,072,210
<b>Company</b>					
	Leasehold improvements	Lab equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 February 2021	879,394	564,194	155,178	327,410	1,926,176
Additions	48,709	29,823	-	13,141	91,673
Disposals	-	-	-	(7,323)	(7,323)
At 31 January 2022	928,103	594,017	155,178	333,228	2,010,526
<b>Depreciation and impairment</b>					
At 1 February 2021	250,615	301,495	96,650	212,979	861,739
Depreciation charged in the year	134,961	184,166	46,563	82,435	448,125
Eliminated in respect of disposals	-	-	-	(5,391)	(5,391)
At 31 January 2022	385,576	485,661	143,213	290,023	1,304,473
<b>Carrying amount</b>					
At 31 January 2022	542,527	108,356	11,965	43,205	706,053
At 31 January 2021	628,779	262,699	58,528	114,431	1,064,437

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

#### 12 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	60	60

#### Movements in fixed asset investments Company

##### Cost or valuation

At 1 February 2021 and 31 January 2022

Shares in  
subsidiaries  
£

60

##### Carrying amount

At 31 January 2022

60

At 31 January 2021

60

#### 13 Subsidiaries

Details of the company's subsidiaries at 31 January 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Synthace Inc	Delaware, USA	Ordinary	100.00

#### 14 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Amounts falling due within one year:</b>				
Trade debtors	353,597	13,678	353,597	13,679
Corporation tax recoverable	1,617,316	1,600,000	1,617,316	1,600,000
Other debtors	134,691	127,014	125,378	123,817
Prepayments and accrued income	462,392	346,859	457,489	346,178
	<u>2,567,996</u>	<u>2,087,551</u>	<u>2,553,780</u>	<u>2,083,674</u>
<b>Amounts falling due after more than one year:</b>				
Corporation tax recoverable	<u>17,060</u>	<u>17,060</u>	<u>17,060</u>	<u>17,060</u>
<b>Total debtors</b>	<u>2,585,056</u>	<u>2,104,611</u>	<u>2,570,840</u>	<u>2,100,734</u>

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

#### 15 Creditors: amounts falling due within one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade creditors	229,726	181,571	224,848	181,571
Other taxation and social security	149,004	217,863	149,004	217,863
Other creditors	110,970	129,690	351,211	204,718
Accruals and deferred income	1,243,788	1,047,008	1,105,194	981,389
	<u>1,733,488</u>	<u>1,576,132</u>	<u>1,830,257</u>	<u>1,585,541</u>

#### 16 Creditors: amounts falling due after more than one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Other creditors	173,315	220,430	173,315	220,430
	<u>173,315</u>	<u>220,430</u>	<u>173,315</u>	<u>220,430</u>

#### 17 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
	152,722	152,722	152,722	152,722
	<u>152,722</u>	<u>152,722</u>	<u>152,722</u>	<u>152,722</u>

Movements on provisions:

<b>Group</b>	<b>£</b>
At 1 February 2021 and 31 January 2022	<u>152,722</u>
<b>Company</b>	<b>Dilapidations provision £</b>
At 1 February 2021 and 31 January 2022	<u>152,722</u>

#### 18 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>500,465</u>	<u>527,677</u>

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

#### 18 Retirement benefit schemes (Continued)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### 19 Share-based payment transactions

Group and company	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 February 2021	9,491,955	13,337,620	0.02	0.01
Granted	7,103,973	1,618,929	0.02	0.04
Forfeited	(1,723,562)	(1,866,189)	-	-
Exercised	(2,624,944)	(3,598,405)	-	-
Outstanding at 31 January 2022	<u>12,247,422</u>	<u>9,491,955</u>	<u>-</u>	<u>0.02</u>
Exercisable at 31 January 2022	<u>4,173,287</u>	<u>5,292,645</u>	<u>-</u>	<u>0.03</u>

The options outstanding at 31 January 2022 had an exercise price ranging from £0.001 to £0.25, and a remaining contractual life between 1-10 years.

	Group	2021	Company	2021
	2022	2021	2022	2021
	£	£	£	£
<b>Expenses recognised in the year</b>				
Arising from equity settled share based payment transactions	(101,988)	80,876	(101,988)	80,876
	<u>(101,988)</u>	<u>80,876</u>	<u>(101,988)</u>	<u>80,876</u>

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

#### 20 Share capital

	Group and company	
	2022	2021
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
15,978,628 (2021: 13,350,052) Ordinary shares of 0.1p each	15,980	13,351
	<u>          </u>	<u>          </u>
<b>Preference share capital</b>		
<b>Issued and fully paid</b>		
7,451,313 - 2013 and 2014 Convertible Preferred Shares of 0.1p each	7,451	7,451
16,012,316 - 2017 Convertible Preferred Shares of 0.1p each	16,012	16,012
17,764,073 - 2018 Series B Preferred Shares of 0.1p each	17,764	17,764
22,165,643 (2021: 0) - 2021 Series C Preferred Shares of 0.1p each	22,166	-
	<u>          </u>	<u>          </u>
	63,393	41,227
	<u>          </u>	<u>          </u>
Preference shares classified as equity	63,393	41,227
	<u>          </u>	<u>          </u>
<b>Total equity share capital</b>	<u>79,373</u>	<u>54,578</u>

In the year convertible loan notes were issued and subsequently converted into equity during the year, with the creation of 5,332,403 C1 Preferred Shares each at a price of £0.94704 for aggregate consideration of £5,050,000 (excluding issue costs) and accrued interest of £228,011 converted net of withholding tax into 173,343 series C2 Preferred Shares at a gross price of £1.1838 per share.

During the year 16,659,897 Series C2 Preferred Shares were issued each at a subscription price of £1.1838 for aggregate cash consideration of £19,721,986 (excluding issue costs).

During the year 2,628,576 Ordinary shares with a nominal value of 0.1p were issued at par.

The Ordinary shares have a nominal value of £0.001 but have been priced to reflect the value of the company at different issue dates. All shares carry equal rights which are:

- One vote per share;
- Ability to participate in dividends pro rata to the shareholding;
- Upon a Deemed Liquidation Event the shares will only participate in any distribution after a distribution to the holders of Preferred shares;

The Convertible shares have a nominal value of £0.001 but have been priced to reflect the value of the company at different issue dates. All shares carry similar rights which are:

- One vote per share;
- Ability to participate in dividends pro rata to the shareholding;
- Upon a Deemed Liquidation Event the holders of Convertible shares have preference over the Ordinary shares. The 2017 Convertible Preferred shares, Series B Preferred shares and Series C Preferred shares receive initial purchase price. The 2013 and 2014 Convertible Preference shares receive both initial purchase price plus six per cent per annum calculated without compound from the date of subscription to 4 December 2018 after a distribution to the holder of Convertible shares;
- Preference shares are not redeemable.

A Deemed Liquidation Event is defined as Liquidation, a Share Sale, or an Asset Sale.

# SYNTHACE LIMITED AND ITS SUBSIDIARY

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 21 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	663,672	844,370	663,672	844,370
Between two and five years	2,603,280	2,616,132	2,603,280	2,616,132
In over five years	-	542,377	-	542,377
	<u>3,266,952</u>	<u>4,002,879</u>	<u>3,266,952</u>	<u>4,002,879</u>

### 22 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management and the directors are the same.

### 23 Cash absorbed by group operations

	2022 £	2021 £
Loss for the year after tax	(8,866,970)	(9,501,378)
<b>Adjustments for:</b>		
Taxation credited	(1,554,713)	(1,589,019)
Finance costs	243,507	-
Investment income	(243)	(2,333)
(Gain)/loss on disposal of tangible fixed assets	(4,037)	1,951
Depreciation and impairment of tangible fixed assets	453,078	476,332
Equity settled share based payment expense	(101,988)	80,876
Increase in provisions	-	62,500
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(463,129)	509,086
Increase in creditors	110,241	257,880
<b>Cash absorbed by operations</b>	<u>(10,184,254)</u>	<u>(9,704,105)</u>

## SYNTHACE LIMITED AND ITS SUBSIDIARY

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

#### 24 Cash absorbed by operations - company

	2022 £	2021 £
Loss for the year after tax	(8,906,332)	(9,569,306)
<b>Adjustments for:</b>		
Taxation credited	(1,014,633)	(1,600,000)
Finance costs	243,507	-
Investment income	(243)	(2,333)
(Gain)/loss on disposal of tangible fixed assets	(4,037)	1,951
Depreciation and impairment of tangible fixed assets	448,125	471,718
Equity settled share based payment expense	(101,988)	80,876
Increase in provisions	-	62,500
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(452,790)	652,891
Increase in creditors	197,601	160,305
<b>Cash absorbed by operations</b>	<u>(10,190,790)</u>	<u>(9,741,398)</u>

#### 25 Analysis of changes in net funds - group

	1 February 2021 £	Cash flows £	31 January 2022 £
Cash at bank and in hand	3,373,645	15,837,530	19,211,175
	<u>3,373,645</u>	<u>15,837,530</u>	<u>19,211,175</u>

#### 26 Analysis of changes in net funds - company

	1 February 2021 £	Cash flows £	31 January 2022 £
Cash at bank and in hand	3,303,566	15,899,247	19,202,813
	<u>3,303,566</u>	<u>15,899,247</u>	<u>19,202,813</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.