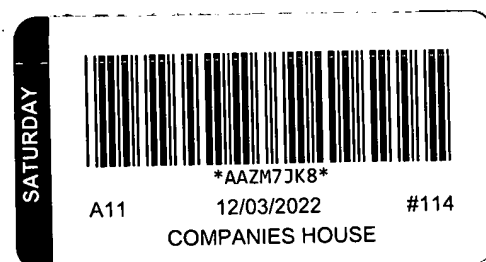


Perspectum Ltd

Annual report and consolidated financial statements

Registered number 08219473

For the year ended 31 December 2020



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Company Information

Directors

Rajarshi Banerjee
John Michael Brady
Elizabeth Fagan
Chun Hou Tan
Thomas Hawes
Garheng Kong
Kevin Jong Lin Lim
Annalisa Jenkins

Registered number

08219473

Registered office

Gemini One, John Smith Drive,
Oxford Business Park South,
Oxford, OX4 2LL,
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place, 23 Forbury Road,
Reading, RG1 3JH,
United Kingdom

Strategic Report

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 December 2020.

Principal activities

The principal activities of the Group are the research and development of non-invasive medical devices and commercialisation of these through a solutions sales and operations team.

Business review and future developments

Perspectum Ltd is a leading commercial-stage precision health company focused on democratizing high-quality care globally through the use of our proprietary digital technologies that enable healthcare providers to provide better care for patients. Our software products combine expertise in image formation, magnetic resonance (MR) image analysis and artificial intelligence (AI) to better support healthcare provider diagnosis, treatment decision-making and monitoring of the progression of chronic metabolic diseases, multi-organ pathologies and cancer, and determine whether the patient is responding to therapy. Our products have the potential to transform clinical management for millions of adult and pediatric patients worldwide by enabling more cost-effective clinical care pathways that support early detection, diagnosis and prognosis, while minimizing the need for expensive, high-risk invasive diagnostic procedures and supporting the targeted use of therapeutics.

Our product portfolio comprises cloud-based AI-driven software that utilizes medical images to provide better decision support for the diagnosis, stratification and monitoring of patients with chronic metabolic diseases – especially liver diseases, multi-organ pathologies and cancer.

- Our flagship AI-driven product, *LiverMultiScan*, has been cleared by the Food and Drug Administration, the FDA, (approved since 2015) for non-invasive diagnosis and monitoring of liver disorders, which may include nonalcoholic fatty liver disease (NAFLD) and non-alcoholic steatohepatitis (NASH), a severe form of fatty liver disease.
- Magnetic resonance cholangiopancreatography + (MRCP+) is our AI-driven FDA-cleared (approved January 2019) product for digitalized, enhanced visualization and quantitative analysis of the biliary system driven by advanced image analysis and machine learning, and, to our knowledge, is the only clinically available tool of its kind.
- Hepatica is our AI-driven FDA-cleared (approved January 2021) product for clinical use to process Magnetic Resonance image (MRI) data sets to provide simultaneous evaluation of liver health (fibroinflammation and fat) and volumetry with AI-driven delineation of the liver and individual (Couinaud) segments in a single report of quantitative metrics.
- CoverScan MD is our AI-driven product that has received Exceptional Use Authorization by the Medicines and Healthcare products Regulatory Agency (MHRA) in January 2021 and addresses multi-organ pathologies, of relevance in “Long-COVID,” a disease associated with increased likelihood of developing diabetes and heart disease. We believe that CoverScan MD’s multi-organ approach to chronic disease evaluation and diagnosis has utility in aiding the management of pulmonary, cardiac, pancreatic, renal and splenic diseases at the individual organ level, as well as enabling the metabolic profiling of patients with type 2 diabetes and metabolic syndrome at a multi-organ, multi-system level.

Our cloud-based products are data-driven and report comprehensive quantitative metrics to healthcare providers, equipping them with actionable information for improved patient management in significantly less time than conventional diagnostic pathways. Our products have the potential to address the significant unmet medical need for accurate, cost-effective and non-invasive diagnostic procedures, and enhance patient comprehension of test results. Through our proprietary interface, the Perspectum Portal, we are able to deliver our software-as-a-service (SaaS) platform products to customers worldwide through the existing global installed base of imaging equipment, including MR systems. Our SaaS platform products are enabled at approximately 350 locations across the world. The Perspectum Portal also obviates the need for deployment of software on site and provides an additional layer of intellectual property protection to our proprietary image analyses in global markets.

Strategic Report (continued)

Business review and future developments (continued)

We have achieved four unique Category III Current Procedural Terminology (CPT) codes for quantitative MR analysis using Liver*MultiScan* and CoverScan MD, effective 1 July 2021 and 1 January 2022. Additionally, we have demonstrated successful commercial payor engagement, and are currently in discussions with several of the largest national payors in the United States, as well as numerous regional payors and radiology benefit managers. During 2021, the Group initiated an Initial Public Offering filing on the National Association of Securities Dealers Automated Quotations (NASDAQ) but ultimately decided not to conclude on this course of action and the Group will continue to explore different financing opportunities through 2022 and beyond.

Guided by the pace of progress we make in our market access activities including securing Centers for Medicare and Medicaid Services (CMS) reimbursement and third-party payor contracts and ensuring the adoption of our Category III (CPT) codes, we intend to make significant investments in our sales and marketing organization by expanding an efficient team of business managers, clinical specialists and medical educators. We plan to supplement our direct sales force with original equipment manufacturer (OEM) partnerships, such as the agreement we have established with GE Healthcare in 2021. We intend to expand our sales and marketing programs outside the United States primarily through partnerships, such as the agreement we established in March 2021 with Clairvo Technologies Inc. (Clairvo), a subsidiary of the Marubeni Corporation in Japan, and the partnership with Pharmaceutical Research Associates (PRA) signed in January 2021 which has led to a 4 year \$8.5m NASH trial contract with Inventiva, based in France, signed in April 2021.

Financial risk management

The Group finance department has procedures which are reviewed as operations change in size and nature to manage price, credit, foreign exchange and liquidity risks and in circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The Group has little exposure to price risk on commodities and services used in its operations and the costs of managing exposure to such price risks exceed any potential benefits.

Credit risk

The Group's material receivables are from pharmaceutical companies. Appropriate due diligence is performed on these organisations before agreements are entered.

Liquidity risk

The Group's cash position is continually monitored to assess how cash balances should be distributed across Group activities and to provide an appropriate lead time for raising further funding.

Foreign exchange risk

The Group makes purchases and pays staff in foreign currencies. In order to mitigate the exposure to foreign currencies, the Group holds cash balances in the appropriate currencies to meet obligations as they fall due.

Strategic Report (continued)

Results and performance

The consolidated Perspectum Ltd results for the year, as set out on page 12, show revenues increasing from £6.2m to £6.7m with two cleared products in the market, increased headcount and payroll costs and additional office costs leading to a loss before tax of £9.9m (2019: £10.3m). Total equity has increased to £21.8m (2019: £1.6m) following the Series B fund raise during the financial year.

The performance and growth of Perspectum Ltd during 2020 has been extremely encouraging, given the impact of COVID-19 on the wider external environment in the year, as we saw our Full Time Equivalent employee numbers increase from 167 to 185. During the year, we moved into larger premises in Oxford to accommodate all UK employees in February 2020.

Perspectum Ltd has developed and operates a number of additional KPIs to monitor, control and steer its business, including:

- Contracted revenue backlog – The Group contracted revenue backlog as at the end of 2020 was £15.3m, up from £12.3m as at the end of 2019.
- Operating cashflow – The 2020 year end cash balance was £2.4m above budget which was revised during the year for the impact of COVID-19.
- Performance against corporate, team and individual milestones are monitored quarterly against objectives.

Risks and uncertainties

The directors have identified the following risks and uncertainties in the environment in which Perspectum Ltd operates:

Socio-political following coronavirus:

- The spread of COVID-19 has impacted the Group operations for the year ended 31 December 2020, including the interruption of its research and development activities, led to a decrease in revenues as enrolment in clinical trials slowed during the shutdowns, however total revenues increased from new contract wins, and operational business disruptions as a result of the outbreak.
- The Group is still assessing its business plans and monitoring the impacts of the COVID-19 pandemic on the global economy. However, it cannot predict the impact it may have on its ability to advance the testing and development of its non-invasive diagnostics tools and cannot currently estimate the scope and severity of any potential business shutdowns or disruptions, but if it or any of the third parties on whom it relies or with whom it conducts business, were to experience shutdowns or other business disruptions, its ability to conduct its business in the manner and on the timelines presently planned could be materially and adversely impacted.

Strategic Report (continued)

Market:

- The current NASH market is large, and there is potentially competition in the pharma industry. If growth falls our CRO (contract research organisation) business could be exposed. However, more broadly as we continue to diversify, metabolic and GI (Gastrointestinal) disease are stable growth areas with many patients and drug development which will protect against NASH fluctuations.
- For clinical services using software as a service we have IP that differentiates us and gives us competitive advantage to gain and keep market share in the imaging CRO sector. In the clinical services space, there is huge interest and a trend towards digital health and smart software applications in healthcare. This has been accelerated by COVID-19. A key focus for the Group is proving that diagnosing liver disease with smart software is commercially viable and likely to be highly scalable and profitable across many territories. Use of our services clinically also drives CRO revenues, as companies are more likely to use us for drug development if we have a higher clinical profile.

Financial:

- Our financial position has enabled us to grow the group organically, and with licensed relevant IP, that has allowed us to develop new regulatory cleared product offerings, including MRCP+, a quantitative AI tool for biliary disease. The Group will continue to rely on investor funding to maintain ongoing operations.

Going Concern

The Group reported net current assets of £21.0m (2019: £1.2m) and was holding combined cash of £19.8m (2019: £10.1m) as at 31 December 2020. Since the balance sheet date, the Group has completed a convertible loan note agreement with investors on 30 September 2021 for an investment of \$20.0m / £14.8m and a variation to the convertible loan note agreement on 11 January 2022 for a further investment of \$5.0m / £3.7m.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate a cash runway beyond December 2022. The Directors have determined that the Group will continue to be able to cover its obligations as they fall due over the future period considered under the going concern review.

Consequently, the Directors believe that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

On behalf of the Board



Rajarshi Banerjee
Director

Date: 09/03/2022

Directors' Report

The directors present their audited consolidated financial statements for year ended 31 December 2020.

Directors

The directors of the group who were in office during the year and up to the date of signing the financial statements were as follows:

Rajarshi Banerjee
Matthew Robson (resigned 17 March 2020)
John Michael Brady
Elizabeth Fagan
Adam Whittaker (resigned 17 March 2020)
Chun Hou Tan
Chin Lam See (resigned 17 March 2020)
James Wilkinson (resigned 17 March 2020)
Gillian Bonthron (appointed 17 March 2020 and resigned on 31 October 2021)
George Embiricos (appointed 17 March 2020 and resigned on 19 March 2021)
Thomas Hawes (appointed 17 March 2020)
Garheng Kong (appointed on 1 April 2020)
Kevin Jong Lin Lim (appointed on 22 April 2020)
Annalisa Jenkins (appointed on 27 April 2021)

Future developments

Refer to the Strategic report for further details of the Group Business review and future developments.

Financial Risk Management

Refer to the Strategic report for further details of the Group Financial risk management.

Research and development

The Group continues to incur expenditure on research and development to develop new products and enhance existing products.

Proposed dividend

The directors do not recommend the payment of a dividend (2019: *£nil*).

Political contributions

The Group made no political donations or incurred any political expenditure during the current or prior year.

Events after the balance sheet date

On 30 April 2021, the Group completed a capital reduction exercise to reduce its share premium account by £48.4 million and generate distributable reserves.

On 11 May 2021, the Group bought back 10,508,538 ordinary shares at a share price of £0.12 per share from a founder share holder for consideration of £1.2 million. Those shares will be recorded as a reduction in called up share capital and capital redemption reserve.

On 16 June 2021, the Group completed a share for share exchange with Perspectum Group Plc, the ultimate parent company, which resulted in an acceleration of the vesting conditions of all outstanding share options as at that date resulting in an additional share-based payment cost of £3.0 million.

On 30 September 2021, the Group completed a convertible loan note agreement with investors for an investment of \$20.0m / £14.8m with a long stop date, meaning that the loan note agreement no longer remains valid and funds to be returned, of 31 December 2022. The loans are unsecured and no interest shall be payable to lenders.

On 11 January 2022, the Group completed a variation to the convertible loan note agreement with investors for a further investment of \$5.0m / £3.7m with a long stop date of 31 December 2022. The loans are unsecured and no interest shall be payable to lenders.

Independent Auditors

During the year KPMG LLP resigned as auditors of the company.

PricewaterhouseCoopers LLP were appointed in accordance with Section 485 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the board



Rajarshi Banerjee
Director

Date: 09/03/2022

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements 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 safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors' report to the members of Perspectum Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Perspectum Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated balance sheet and company balance sheet as at 31 December 2020; the consolidated profit and loss account and other comprehensive income, the consolidated statement of changes in equity, the company statement of changes in equity and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Perspectum Ltd (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and the 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Independent auditors' report to the members of Perspectum Ltd (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to patent protection, data privacy and regulatory compliance, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misappropriation of cash, fraud in revenue recognition, overstatement of the research and development tax credit claim, and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and obtaining legal confirmations from external legal counsel.
- Review of minutes of meetings with the Board of Directors.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations either debiting or crediting revenue or crediting cash.
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to the research and development tax credit receivable, share-based compensation expense and revenue recognition.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



David Farmer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
.9.. March 2022

**Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2020**

	<i>Note(s)</i>	2020 £	As restated 2019 £
Turnover	3	6,661,658	6,186,452
Cost of sales		<u>(2,242,455)</u>	<u>(2,414,486)</u>
Gross profit		4,419,203	3,771,966
Administrative expenses	4, 5, 6	<u>(15,837,471)</u>	<u>(14,577,735)</u>
Operating loss		(11,418,268)	(10,805,769)
Other income	7	1,393,455	561,352
Interest receivable and similar income	8	164,112	50,746
Interest payable and similar expenses	9	<u>-</u>	<u>(127,935)</u>
Loss before taxation		(9,860,701)	(10,321,606)
Tax on loss	10	<u>1,547,530</u>	<u>1,924,719</u>
Loss for the financial year		(8,313,171)	(8,396,887)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		<u>179,797</u>	<u>109,609</u>
Total comprehensive loss for the year		(8,133,374)	(8,287,278)

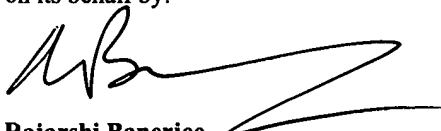
Please refer to note 2 for further detail on the restatements to the 2019 comparative figures in these financial statements.

**Consolidated Balance Sheet
at 31 December 2020**

	<i>Note</i>	2020 £	As restated 2019 £
Fixed assets			
Intangible assets	<i>11</i>	71,119	65,351
Tangible assets	<i>12</i>	1,308,793	885,831
		<u>1,379,912</u>	<u>951,182</u>
Current assets			
Debtors	<i>14</i>	5,063,879	4,530,082
Cash at bank and in hand		19,790,863	10,085,569
		<u>24,854,742</u>	<u>14,615,651</u>
Creditors: amounts falling due within one year	<i>15</i>	(3,866,553)	(13,404,857)
Net current assets		<u>20,988,189</u>	<u>1,210,794</u>
Total assets less current liabilities		<u>22,368,101</u>	<u>2,161,976</u>
Creditors: amounts falling due after more than one year	<i>16</i>	(585,566)	(585,566)
Net assets		<u>21,782,535</u>	<u>1,576,410</u>
Capital and reserves			
Called up share capital	<i>18</i>	80,247	55,353
Share premium account		47,927,288	19,768,400
Profit and loss account - deficit		(28,321,113)	(20,187,739)
Convertible loan note reserve		-	392,406
Share based payment reserve		2,096,113	1,547,990
Total equity		<u>21,782,535</u>	<u>1,576,410</u>

Please refer to note 2 for further detail on the restatements to the 2019 comparative figures in these financial statements.

The financial statements on pages 12 to 36 were approved by the Board of Directors on ...⁹ March 2022 and signed on its behalf by:


Rajarshi Banerjee
Director

The notes on pages 18 to 36 form part of these financial statements.

**Company Balance Sheet
at 31 December 2020**

	Note	2020 £	As restated 2019 £
Fixed assets			
Intangible assets	11	71,119	65,351
Tangible assets	12	1,203,726	728,793
Investments	13	64	64
		1,274,909	794,208
Current assets			
Debtors	14	5,220,079	4,488,788
Cash at bank and in hand		19,427,564	9,947,959
			14,436,747
		24,647,643	
Creditors: amounts falling due within one year	15	(3,786,237)	(13,207,984)
Net current assets		20,861,406	1,228,763
Total assets less current liabilities		22,136,315	2,022,971
Creditors: amounts falling due after more than one year	16	(585,566)	(585,566)
Net assets		21,550,749	1,437,405
Capital and reserves			
Called up share capital	18	80,247	55,353
Share premium account		47,927,288	19,768,400
Profit and loss account - deficit		(20,326,744)	(11,984,508)
Current year loss		(8,226,155)	(8,342,236)
Convertible loan note reserve		-	392,406
Share based payment reserve		2,096,113	1,547,990
Total equity		21,550,749	1,437,405

Please refer to note 2 for further detail on the restatements to the 2019 comparative figures in these financial statements.

The financial statements on pages 12 to 36 were approved by the Board of Directors on 9 March 2022 and signed on its behalf by:



Rajarshi Banerjee
Director

The notes on pages 18 to 36 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up share capital £	Share Premium account £	Profit and loss account - deficit £	Convertible loan note reserve (as restated) £	Share based payment reserve £	Total equity £
At 1 January 2019 (as previously reported)	54,488	19,671,933	(11,900,912)	-	1,369,058	9,194,567
Prior year adjustment	-	-	451	-	(463,633)	(463,182)
At 1 January 2019 (as restated)	54,488	19,671,933	(11,900,461)	-	905,425	8,731,385
Loss for the year (as restated)	-	-	(8,396,887)	-	-	(8,396,887)
Other comprehensive income – foreign exchange on consolidation	-	-	109,609	-	-	109,609
Credit relating to equity settled share based payments	-	-	-	-	642,565	642,565
Equity element recognised on convertible loan notes	-	-	-	392,406	-	392,406
Issue of shares	865	96,467	-	-	-	97,332
At 31 December 2019 (as restated)	55,353	19,768,400	(20,187,739)	392,406	1,547,990	1,576,410
	Called up share capital £	Share premium account £	Profit and loss account - deficit £	Convertible loan note reserve (as restated) £	Share based payment reserve £	Total Equity £
At 1 January 2020 (as restated)	55,353	19,768,400	(20,187,739)	392,406	1,547,990	1,576,410
Loss for the year	-	-	(8,313,171)	-	-	(8,313,171)
Other comprehensive income – foreign exchange on consolidation	-	-	179,797	-	-	179,797
Credit relating to equity settled share based payments	-	-	-	-	548,123	548,123
Equity element derecognised on convertible loan notes	-	-	-	(392,406)	-	(392,406)
Issue of shares	24,894	28,158,888	-	-	-	28,183,782
At 31 December 2020	80,247	47,927,288	(28,321,113)	-	2,096,113	21,782,535

Please refer to note 2 for further detail on the restatements to the 2019 comparative figures in these financial statements.

The notes on pages 18 to 36 form part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital £	Share premium account £	Profit and loss account - deficit £	Convertible loan note reserve (as restated) £	Share based payment reserve £	Total equity £
At 1 January 2019 (as previously reported)	54,488	19,671,933	(12,004,076)	-	1,369,058	9,091,403
Prior year adjustment	-	-	19,568	-	(463,633)	(444,065)
At 1 January 2019 (as restated)	54,488	19,671,933	(11,984,508)	-	905,425	8,647,338
Loss for the year (as restated)	-	-	(8,342,236)	-	-	(8,342,236)
Credit relating to equity settled share based payments	-	-	-	-	580,346	580,346
Intercompany recharge related to share based payments	-	-	-	-	62,219	62,219
Equity element recognised on convertible loan notes	-	-	-	392,406	-	392,406
Issue of shares	865	96,467	-	-	-	97,332
At 31 December 2019 (as restated)	55,353	19,768,400	(20,326,744)	392,406	1,547,990	1,437,405
	Called up share capital £	Share Premium account £	Profit and loss account - deficit £	Convertible loan note reserve (as restated) £	Share based payment reserve £	Total Equity £
At 1 January 2020 (as restated)	55,353	19,768,400	(20,326,744)	392,406	1,547,990	1,437,405
Loss for the year	-	-	(8,226,155)	-	-	(8,226,155)
Credit relating to equity settled share based payments	-	-	-	-	532,175	532,175
Intercompany recharge related to share based payments	-	-	-	-	15,948	15,948
Equity element derecognised on convertible loan notes	-	-	-	(392,406)	-	(392,406)
Issue of shares	24,894	28,158,888	-	-	-	28,183,782
At 31 December 2020	80,247	47,927,288	(28,552,899)	-	2,096,113	21,550,749

Please refer to note 2 for further detail on the restatements to the 2019 comparative figures in these financial statements.

The notes on pages 18 to 36 form part of these financial statements.

**Consolidated Cash Flow Statement
for year ended 31 December 2020**

	2020 £	As restated 2019 £
Cash flows from operating activities		
Loss before taxation	(9,860,701)	(10,321,606)
Adjustments for:		
Depreciation and amortisation	453,433	320,513
Interest payable	-	127,935
Equity settled share-based payment expenses	548,123	642,565
Increase in trade and other debtors, prepayments and accrued income	(555,957)	(1,441,521)
(Decrease) / Increase in trade and other creditors, accruals and deferred income, convertible loan notes	(770,748)	229,482
Movement on provisions	-	471,202
R&D tax credit refund	1,627,337	2,160,687
Tax paid	(38,897)	(46,683)
Net cash used in operating activities	(8,597,410)	(7,857,426)
Cash flows from investing activities		
Acquisition of intangible fixed assets	(76,360)	(158,691)
Acquisition of tangible fixed assets	(817,588)	(744,803)
Net cash used in investing activities	(893,948)	(903,494)
Cash flows from financing activities		
Proceeds from the issue of share capital	19,132,324	97,332
Proceeds from issuance of convertible loan notes	-	9,051,458
Net cash provided by financing activities	19,132,324	9,148,790
Net increase in cash and cash equivalents	9,640,966	387,870
Effect of exchange rate fluctuations on cash held	64,328	(263,192)
Movement in cash during the year	9,705,294	124,678
Cash and restricted cash at 1 January	10,085,569	9,960,891
Cash and restricted cash at 31 December	19,790,863	10,085,569
	2020 £	2019 £
Cash	19,526,950	10,085,569
Short-term restricted cash	263,913	-
Total cash and restricted cash	19,790,863	10,085,569

Please refer to note 2 for further detail on the restatements to the 2019 comparative figures in these financial statements.

The notes on pages 18 to 36 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

Perspectum Ltd (the "Company") is a private company limited by shares and incorporated and domiciled in the UK. The registered office is Gemini One John Smith Drive, Oxford Business Park South, Oxford, OX4 2LL.

These Group and parent company financial statements have been prepared in accordance with the Companies Act 2006 and the Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentational and functional currency of these financial statements is pounds sterling.

The parent company is included in the consolidated financial statements and is considered a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period;
- No separate parent company Profit & Loss account and Cash Flow Statement with related notes is included under s408 of Companies Act 2006;
- Certain disclosures required by FRS 102 section 26.18(b), 26.19 to 26.21 and 26.23 Share Based Payments;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1. The requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- The requirements of section 33 Related Party Disclosures paragraph 33.7

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the historical cost basis.

Going concern

The Group reported net current assets of £21.0m (2019: £1.2m) and was holding unrestricted cash of £19.5m (2019: £10.1m) as at 31 December 2020. Since the balance sheet date, the Group has completed a convertible loan note agreement with investors on 30 September 2021 for an investment of \$20.0m / £14.8m and a variation to the convertible loan note agreement on 11 January 2022 for a further investment of \$5.0m / £3.7m.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate a cash runway beyond December 2022. The Directors have determined that the Group will continue to be able to cover its obligations as they fall due over the future period considered under the going concern review.

Consequently, the Directors believe that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiary undertakings made up to 31 December 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Group has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Foreign currency

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in administrative expenses in the profit and loss account.

Revenue recognition

The Group's revenues are primarily generated from providing services to its customers (pharmaceutical companies and clinicians) including image diagnostics for the identification and monitoring of multiple diseases through the use of its cloud-based decision support tool and proprietary biomarkers. The Group also generates revenues by providing pharmaceutical companies with pharmaceutical development services which are typically bundled with image diagnostic services for those customers. The existence of these image diagnostic services and pharmaceutical development services constitute two distinct promises within an agreement signed with a customer.

The Group contracts with pharmaceutical companies who use its platform in the conduct of clinical trials for the development of therapeutics. The services to be provided to the customer and payment terms are explicitly stated within a Services Agreement or Statement of Work, with standard payment terms of 30 days from the customer's receipt of an invoice.

Prior to recognising revenue, management make estimates of the transaction price from the signed agreement with the customer, and the allocation of this transaction price to the distinct promises included in the contract, including an assessment of variable consideration. The transaction price is the amount of consideration that the Group expects to collect in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). Amounts of variable consideration are recognised as the associated service is performed.

Revenue is recognised when the Group has transferred the significant risks and rewards of ownership of the promised services to the customer, in an amount that reflects the consideration that management expect the Group to be entitled to in exchange for those services. For pharmaceutical development services, revenue is recognised ratably over the term of the signed agreement with the customer on a straight line basis. For image diagnostic services, revenue is recognised once the customer is in receipt of the patient's diagnostic report.

Invoices raised in advance of revenue being recognised are recorded as deferred income within "Creditors: amounts falling due within one year". Conversely, revenue recognised in advance of invoices being raised is recorded as accrued income within debtors.

For the year ended 31 December 2020, the Group had no bad-debt expense (2019: £nil).

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Share based compensation

The Group accounts for all share-based payment awards granted to employees and non-employees as share-based compensation expense at fair value. The Group grants equity awards under its share-based compensation programs, which include share options. The measurement date for employee and non-employee awards is the date of grant, and share-based compensation costs are recognized as expense over the requisite service period, which is the vesting period, on a straight-line basis. Share-based compensation expense is classified in Administrative expenses in the consolidated statement of profit and loss account and comprehensive income. The Group recognizes share-based compensation expense for the portion of awards that have vested. Forfeitures are recorded as they occur.

As there is no public market for our ordinary shares to date, the estimated fair value of our ordinary shares has been determined by the board of directors as of the date of each grant, with input from management, considering the most recently available third-party valuations of ordinary shares, and the board of directors' assessment of additional relevant objective and subjective factors and which may have changed from the date of the most recent valuation through the date of the grant. In addition, because the Group does not have a trading history of ordinary shares, the expected volatility was derived from the average historical stock volatilities of several public companies within the same industry that were considered to be comparable to the Group over a period equivalent to the expected term of the share-based awards.

There have been no performance conditions attached to the share options granted by the Group to date. The fair value of each share option grant is estimated on the date of grant using the Black-Scholes option pricing model. Assumptions used in the option pricing model include the following:

- a. **Expected volatility.** As a private group, the Group lacks group-specific historical and implied volatility information for its ordinary shares. Therefore, it estimates its expected share 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.
- b. **Expected term.** The expected term of the Group share options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The Group uses the simplified method to calculate the expected term as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term for options granted to employees and non-employees.
- c. **Risk-free interest rate.** 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 that are approximately equal to the expected term of the award.
- d. **Expected dividend.** Expected dividend yield of zero is based on the fact that the Group has never paid cash dividends on ordinary shares and does not expect to pay any cash dividends in the foreseeable future.
- e. **Fair value of ordinary shares.** The grant date fair value of share options was calculated based on the grant date fair value of the underlying ordinary shares. The Group valuations of ordinary shares were prepared using a market approach, based on precedent transactions in the shares, to estimate the Group total equity value using an option-pricing method, or OPM. The OPM derives an equity value such that the value indicated for ordinary shares is consistent with the investment price, and it provides an allocation of this equity value to each of the Group securities. The OPM treats the ordinary shares as call options on the total equity value of a group, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the ordinary shares have value only if the funds available for distribution to shareholders exceeded the value of the share liquidation preferences of ordinary shares with senior preferences at the time of the liquidity event. Key inputs into the OPM calculation included the risk-free rate, expected time to liquidity and volatility. A reasonable discount for lack of marketability was applied to the total equity value to arrive at an estimate of the total fair value of equity on a non-marketable basis.

Notes (continued)

1 Accounting policies (continued)

Research and development tax benefit

The Group incurs significant costs that are eligible for tax relief under the HMRC SME and RDEC tax relief programs. Qualifying expenditures largely comprise of employment costs for research staff, consumables, certain other internal costs directly related to research projects, and research activities subcontracted to third parties. The Group meets the criteria to claim under the HMRC SME scheme, and primarily claims under this scheme. Where qualifying expenditures are partially funded under other agreements, the Group claims for these costs under the RDEC scheme.

The Group estimates the tax credit receivable for the period based on qualifying expenditure incurred in that period. The tax credit is recognised in the Consolidated Profit and Loss account in the period in which the corresponding expenditures were incurred, with the credit due under the SME scheme recognised in "Tax on loss", and the credit due under the RDEC scheme recognised as an offset to Administrative expenses. Amounts not yet received are recognised within Debtors in the Balance Sheet.

Intangible Fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Software 3 years

Amortisation is included in 'administrative expenses' in the profit and loss account. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Notes (continued)

1 Accounting policies (continued)

Tangible Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The group assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Leasehold property improvements 10 years
- Furniture and office equipment 3 – 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the group expects to consume an asset's future economic benefits.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

Notes (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and restricted cash balances. Restricted cash represents monies held in escrow awaiting completion of a secondary share transaction. The Group held no restricted cash as at 31 December 2019.

Employee benefits

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Leases

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred.

Interest receivable and similar income

Interest receivable and similar income is recognised in the profit or loss account as it is accrued, using the effective interest method.

Other interest receivable and similar income includes interest receivable on funds invested.

Interest payable and similar expenses

Interest payable and similar expenses is recognised in the profit or loss account as it is accrued, using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the 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 end of the reporting period, taking into account the risk and uncertainties surrounding the obligation.

The group recognises a provision for dilapidations which represents the best estimate of future reparation costs in relation to leases occupied by the Group.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

Government grants

Government and quasi-government body grants are included within accrued income and accruals and deferred income in the balance sheet and are recognised in the profit and loss account over the same periods in which the Group recognises the related costs for which the grants are intended to compensate. Government and quasi-government grants income is recognised in Other income in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Critical accounting judgement and key sources of estimation uncertainty

Critical accounting judgments

i. Identification of promises within an agreement with a customer

Agreements signed with customers typically contain two distinct promises – the promise to provide image diagnostics services, as well as the promise to provide pharmaceutical development services. The existence of these two distinct promises constitutes a critical accounting judgment for management when evaluating the appropriate revenue recognition at the inception of each contract.

Key sources of estimation uncertainty

i. Revenue recognition

Once management have determined the existence of distinct promises within a signed agreement with a customer, they are required to estimate the allocation of the total transaction price to each distinct promise based on the fair value of each distinct promise in services provided to the customer. Once this estimate is made, management are then required to estimate the contract term over which the pharmaceutical development services revenue is recognised ratably on a straight line basis, as this contract term can change depending on a number of factors. Any changes to the contract term and associated revenue recognition are accounted for prospectively.

ii. Share based compensation

Options issued in the Group are valued using the Black Scholes option pricing model. For each relevant option grant, individual valuation assumptions are assessed based upon conditions at the date of grant. Due to the level of estimation uncertainty involved in valuations of an unquoted company, the estimates and assumptions around the fair value of our ordinary shares and expected volatility regarding the amounts recognised have a greater risk of causing material adjustment to the carrying amounts of assets and liabilities, and therefore these represent critical accounting estimates. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period.

iii. Research and development tax benefit

The Group incurs significant costs that are eligible for tax relief under the HMRC SME and RDEC tax relief programs. Qualifying expenditures largely comprise of employment costs for research staff, consumables, certain other internal costs directly related to research projects, and research activities subcontracted to third parties.

The primary input to the tax credit claim that gives rise to estimation uncertainty relates to the proportion of staff costs that are directly attributable to research activities, and are therefore eligible to be included within the tax credit claim. At each year end, management make their best estimate of qualifying staff costs for inclusion in the claim based on the time spent on qualifying research activities. Each year, management evaluates which tax relief programs the Group is expected to be eligible for and calculates a tax credit based on the amount of relevant expenditure that it expects to qualify under the programs, that it plans to submit a claim for, and it has reasonable assurance that the amount will ultimately be realised. Based on criteria established by HM Revenue and Customs ("HMRC"), management expects a proportion of expenditures incurred in relation to its research and development activities to be eligible for the research and development tax relief programs.

Notes (continued)

2 Restatement of comparative figures

Prior year balances have been restated to recognise the following which has resulted in an increase in the comprehensive loss for the year from £7,370,550 to £8,287,278 with the impact on the Consolidated Statement of Changes in Equity detailed below:

	Profit and loss account	Convertible loan note reserve	Share based payment reserve	Total
	£	£	£	£
At 1 January 2020	(19,271,462)	-	2,407,881	(16,863,581)
Prior year restatements:				
Revenue	(1,453,456)			(1,453,456)
Share option expense	859,891		(859,891)	-
Convertible loan note	(115,146)	392,406		277,260
Dilapidations provision	(585,566)			(585,566)
Capitalised software	65,351			65,351
Other	312,649			312,649
Restated at 1 January 2020	(20,187,739)	392,406	1,547,990	(18,247,343)

Revenue

Prior year balances have been restated for a change in accounting policy to recognise revenue in line with the delivery of the Group's distinct performance obligations. This has resulted in a decrease in revenue of £567,752 and £885,704 for the years ended 31 December 2018 and 2019 respectively with corresponding increases in the loss for each year. The Consolidated profit and loss account brought forward, as at 1 January 2019, has been reduced by £567,752 as a result of the restatement of revenue recognised for the prior year while the balance brought forward as at 1 January 2020 has been reduced by £1,453,456 being the cumulative impact of the prior year restatements. This adjustment has been recognised in the Balance Sheet within Deferred revenue in Creditors amounts falling due within 1 year.

Share option expense

Prior year balances have been restated for a change in accounting policy to recognise share option expense from a graded vesting approach to a straight line basis until vesting conditions are met. This has resulted in a decrease in share option expense of £396,258 for the year ended 31 December 2019 with a corresponding decrease in the loss for that year. The profit and loss account brought forward and the Share based payment reserve brought forward, as at 1 January 2019, has been restated by £463,633 to reduce the share option expense for all years prior to 1 January 2019, while the balance brought forward as at 1 January 2020 has been restated by £859,891 being the cumulative impact of the prior year restatements in reducing administrative expenses.

Convertible loan note

Prior year balances have been restated to correctly recognise the equity split of the compound financial instrument and increased accrued interest charge based on a comparable market rate. This has resulted in a reduction of the Creditors amount falling due within 1 year on the Balance Sheet of £392,406 following a reclassification to the convertible loan note reserve in Equity and an increase in interest payable of £115,146 for the year ended 31 December 2019. The profit and loss account brought forward as at 1 January 2020 has been restated by £115,146 to reflect the increased interest payable expense for the prior year.

Provision for dilapidations

Prior year balances have been restated to recognise a provision for dilapidations in relation to leasehold properties in the United Kingdom. This has resulted in an increase in administrative expense of £471,202 for the year ended 31 December 2019 with a corresponding increase in the loss for that year. The profit and loss account brought forward, as at 1 January 2019, has been restated by £114,364 to record the dilapidations provision expense for the prior year, while the balance brought forward as at 1 January 2020 has been restated by £585,566 being the cumulative increase in administrative expenses of the prior year restatements.

Capitalised software

Prior year balances have been restated to recognise capitalised software costs in relation to software development on products that have been approved for commercialisation by appropriate regulatory bodies. This has resulted in a net increase in administrative expense of £47,220 for the year ended 31 December 2019 consisting of capitalised software amortisation of £130,815 offset by capitalisation of software costs of £83,595. The profit and loss account brought forward, as at 1 January 2019, has been restated by £112,571 to record a reduction to the software expense while the balance brought forward as at 1 January 2020 has been restated by £65,351 being the cumulative net decrease in administrative expenses as a result of the prior year restatements.

Notes (continued)

2 Restatement of comparative figures (continued)

Other restatements

Other restatements have been identified relating to misstatements in the year ended 31 December 2019 consisting of:

- Gross up of revenues and cost by £252,360 to reflect the substance of passthrough transactions in arrangements where the Group acts as the principal. There is £nil impact on the profit and loss for the year.
- Reclassification of costs from administrative expenses to cost of sales of £2,140,636 to reflect costs attributable to revenues. There is £nil impact on the profit and loss for the year.
- Timing variances and misclassifications totalling £312,649 have contributed to a decrease to the profit and loss account brought forward at 1 January 2020 being the cumulative net decrease in administrative expenses as a result of the prior year restatements.
- Operating lease commitments disclosure as at 31 December 2019 has been restated by £1,316,525 to accurately reflect the Group's operating lease commitments. There is £nil impact on the profit and loss for the year.

3 Turnover

	2020 £	As restated 2019 £
<i>Split by geographical market:</i>		
United Kingdom	174,572	39,431
Continental Europe	575,343	310,638
Rest of the world	5,911,743	5,836,383
	6,661,658	6,186,452

Disaggregation of Revenue

	2020 £	As restated 2019 £
<i>The following table presents the Group revenues disaggregated by nature:</i>		
Diagnostic services	1,872,288	2,589,967
Pharmaceutical development services	4,789,370	3,596,485
	6,661,658	6,186,452

Notes (continued)

4 Operating loss

Operating loss is stated after charging/(crediting):

	2020 £	As restated 2019 £
Depreciation – owned assets	382,840	227,173
Amortisation – owned assets	70,593	93,340
Operating lease rentals	1,822,722	1,395,154
Foreign exchange (gain) / loss	(143,623)	115,783
Research and development costs expensed as incurred	6,183,269	5,722,248
<i>Auditors' remuneration:</i>		
Audit of these financial statements	74,000	42,000
Amounts receivable by the group auditors and its associates in respect of:		
Taxation compliance services	-	24,108
Other tax advisory services	-	17,500

5 Staff numbers and costs

The monthly average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2020	2019
Research & Development and Other Technical	99	93
Sales & Marketing	45	18
Management & Administration	52	56
	196	167

The monthly average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2020	2019
Research & Development and Other Technical	99	83
Sales & Marketing	9	12
Management & Administration	52	45
	160	140

The aggregate payroll costs of these persons were as follows:

	2020 £	As restated 2019 £
Wages and salaries	9,689,346	9,186,569
Social security costs	975,638	894,465
Other pension costs	408,708	294,294
	11,073,692	10,375,328

Notes (continued)

6 Directors' remuneration

	2020	2019
	£	£
Directors emoluments	482,788	472,537
Pension costs	14,386	22,889
Amounts paid to third parties in respect of director services	15,331	16,800
	<u>512,505</u>	<u>512,226</u>
Total Directors' remuneration	512,505	512,226

The highest paid director's emoluments were £202,289 (2019: £150,798) with pension contributions of £8,611 (2019: £nil). During the year, the highest paid director exercised share options under a long-term incentive scheme. The number of directors in the share incentive scheme is 4 (2019: 5) and 3 directors exercised share options in the year (2019: 3). The number of directors receiving defined contribution scheme pension contributions is 4 (2019: 3).

7 Other income

	2020	As restated 2019
	£	£
Grant income	1,393,455	561,352
	<u>1,393,455</u>	<u>561,352</u>
Total interest receivable and similar income	1,393,455	561,352

8 Interest receivable and similar income

	2020	As restated 2019
	£	£
Interest receivable	164,112	50,746
	<u>164,112</u>	<u>50,746</u>
Total interest receivable and similar income	164,112	50,746

9 Interest payable and similar expenses

	2020	As restated 2019
	£	£
Interest payable on convertible loan notes		(115,146)
Fair value change of convertible loan notes	-	(12,789)
	<u>-</u>	<u>(127,935)</u>
Total interest payable and similar expenses	-	(127,935)

Notes (continued)

10 Tax on loss

	2020 £	2019 £
Total tax credit recognised in the profit and loss account:		
Current tax		
Overseas tax	38,897	46,683
R&D Tax claim	(1,586,427)	(1,971,402)
Total tax credit	(1,547,530)	(1,924,719)

Tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%).

Reconciliation of tax credit

	2020 £	As restated 2019 £
Loss before taxation	(9,860,701)	(10,321,606)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(1,873,533)	(1,961,105)
Effect of tax rates in foreign jurisdictions	38,897	46,683
Non-deductible expenses	36,980	90,851
R&D tax credit	(481,757)	(629,770)
Losses carried forward	766,863	617,853
Other	(34,980)	(89,231)
Total tax credit included in profit and loss	(1,547,530)	(1,924,719)

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

The group has tax losses arising in the UK of approximately £16.9m (2019: £8.5m) that are available indefinitely for offset against future taxable profits or which can be offset against claims for research and development tax credits. Deferred tax assets have not been recognised in respect of these losses as there is no certainty that they may not be used to offset against future taxable profits for some time.

Notes (continued)

11 Intangible assets

Group and Company	Software £	Total £
Cost		
At 1 January 2020 as restated	422,508	422,508
Additions	76,361	76,361
At 31 December 2020	498,869	498,869
Accumulated amortisation		
At 1 January 2020 as restated	357,157	357,157
Amortisation charge	70,593	70,593
At 31 December 2020	427,750	427,750
Net book value		
At 31 December 2020	71,119	71,119
At 31 December 2019 as restated	65,351	65,351

12 Tangible assets

Group	Leasehold Property improvements £	Furniture & office equipment £	Total £
Cost			
At 1 January 2020	428,456	869,425	1,297,881
Additions	560,830	244,972	805,802
At 31 December 2020	989,286	1,114,397	2,103,683
Accumulated depreciation			
At 1 January 2020	31,606	380,444	412,050
Depreciation charge	102,933	279,907	382,840
At 31 December 2020	134,539	660,351	794,890
Net book value			
At 31 December 2020	854,747	454,046	1,308,793
At 31 December 2019	396,850	488,981	885,831

Notes (continued)

12 Tangible assets (continued)

Company	Leasehold Property improvements £	Furniture & office equipment £	Total £
Cost			
At 1 January 2020	348,563	730,400	1,078,963
Additions	560,987	236,487	797,474
At 31 December 2020	909,550	966,887	1,876,437
Accumulated depreciation			
At 1 January 2020	9,818	340,352	350,170
Depreciation charge	89,905	232,636	322,541
At 31 December 2020	99,723	572,988	672,711
Net book value			
At 31 December 2020	809,827	393,899	1,203,726
At 31 December 2019	338,745	390,048	728,793

13 Investments

	Company Shares in group undertakings £
Cost and Net Book Value at beginning and end of the year	64

The undertakings in which the Group and Company's interest at the year-end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Business activity	Equity Holding
Perspectum Inc, 400 Oyster Point Blvd, Suite 125 South San Francisco CA 94080	United States of America	Business development, marketing and customer service	100%
Perspectum Asia Pte Ltd, 1 Wallich Street -14-01 Guoco Tower, Singapore 078881	Singapore	Business development, marketing and customer service	100%

All of the above subsidiary undertakings are included in the consolidation.

Notes (continued)

14 Debtors

	Group 2020 £	As restated Group 2019 £	Company 2020 £	As restated Company 2019 £
Trade debtors	1,262,716	1,049,180	1,262,716	1,049,180
Amounts owed by group undertakings	-	-	375,070	123,489
Other debtors	12,807	298,298	7,489	290,017
R&D tax recoverable	1,605,067	1,627,226	1,605,067	1,627,226
Prepayments and accrued income	2,183,289	1,555,378	1,969,737	1,398,876
	<u>5,063,879</u>	<u>4,530,082</u>	<u>5,220,079</u>	<u>4,488,788</u>

Trade debtors are stated after provisions for impairment of £nil (2019: £nil).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15 Creditors: amounts falling due within one year

	Group 2020 £	As restated Group 2019 £	Company 2020 £	As restated Company 2019 £
Convertible loan notes	-	8,767,557	-	8,767,557
Trade creditors	516,060	947,209	531,741	951,072
Other tax and social security	251,182	227,745	251,182	227,745
Other creditors	313,170	19,649	265,359	10,133
Deferred income	1,267,240	1,593,109	1,267,240	1,593,109
Accruals	1,518,901	1,849,588	1,470,715	1,658,368
	<u>3,866,553</u>	<u>13,404,857</u>	<u>3,786,237</u>	<u>13,207,984</u>

Convertible loan notes with a principal value of £9,112,550 related to a funding round that commenced in September 2019 were converted on 31 March 2020 when the round closed. The interest rate on the loan notes is variable based on overnight Sterling Overnight Interbank Average Rate (SONIA) rates plus 2%. The nature of the convertible loan notes and accrued interest has resulted in an debt and equity split of £8,767,557 and £392,406 respectively as at 31 December 2019.

Notes (continued)

16 Creditors: amounts falling due in more than one year

	Group 2020 £	As restated Group 2019 £	Company 2020 £	As restated Company 2019 £
Dilapidations provision	585,566	585,566	585,566	585,566
	<u>585,566</u>	<u>585,566</u>	<u>585,566</u>	<u>585,566</u>

The dilapidations provision relates to the best estimate of future reparation costs in relation to leases occupied by the Group. The provision is expected to be utilised in line with the cessation of each of the leases.

17 Employee Benefits

All employees are granted share options in the Group as part of the EMI Employee Share Option Plan. The options are granted with a fixed exercise price and vest over a service period, which is generally four years from a specified vesting start date. The vesting start date may precede the grant date of the award. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the group until exercise, otherwise the awards lapse. On exercise of the options by the employees, the Group issues new ordinary shares.

The terms and conditions of the grants issued by the parent company during the prior year are as follows:

Grant date / employees entitled	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
January 2019	Equity	13,712,402	Equally over 4 years	10 years from grant
March 2019	Equity	4,360,000	Equally over 4 years	10 years from grant
September 2019	Equity	666,666	Equally over 8 quarters	10 years from grant
October 2019	Equity	9,624,428	Equally over 4 years	10 years from grant

The employee share option grants for the Parent Company are the same as the Group. No options were granted in 2020.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2020 £	Number of options 2020	Weighted average exercise price 2019 £	Number of options 2019
Outstanding at the beginning of the year	0.0328	60,282,354	0.0222	46,767,945
Forfeited during the year	0.0439	(10,819,222)	0.0400	(6,200,001)
Exercised during the year	0.0182	(7,085,889)	0.0172	(8,649,086)
Granted during the year	-	-	0.0268	28,363,496
Outstanding at the end of the year	<u>0.0324</u>	<u>42,377,243</u>	<u>0.0328</u>	<u>60,282,354</u>
Exercisable at the end of the year	<u>0.0250</u>	<u>25,996,345</u>	<u>0.0191</u>	<u>13,188,116</u>

Notes (continued)

17 Employee Benefits (continued)

The fair value of employee share options is measured using the Black Scholes model as a widely accepted valuation method where no dividends are paid in the year. No options were granted in 2020. The weighted average fair value of the options granted in 2019 £0.03.

The total charge for the year relating to shared based payment plans was £548,123 (2019: £642,565) all of which related to equity-settled share-based payment transactions.

18 Called up share capital and other reserves – Group and company

	2020 £	2019 £
<i>Allotted, called up and fully paid</i>		
560,612,736 (2019: 553,526,848) A Ordinary shares of £0.0001 each	56,061	55,353
241,863,862 (2019: nil) B Preferred shares of £0.0001 each	24,186	-

During the year, 7,085,888 A Ordinary shares of £0.0001 each were issued for £135,297 and 241,863,862 B Preferred shares of £0.0001 each were issued for cash payment of £28,422,851, less transaction costs of £239,069.

Convertible loan note reserve

The convertible loan note reserve was created in September 2019 as recognition of the equity split following the issue of convertible loan notes as part of a funding round.

Share based payment reserve

The share based payment reserve relates to the recognition of the share based payment charges for unvested share options granted.

19 Related Parties – Group and company

During the year, E Fagan was granted nil share options as payment for non-executive director fees valued at £nil (2019: £20,000). The director invested £16,000 in convertible loan notes that were subsequently converted into 159,302 B Preferred shares in March 2020.

Director, R Banerjee exercised nil share options in the year for £nil (2019: £17,210) and purchased £4,960 of convertible loan notes in 2019 that were subsequently converted into 49,383 B Preferred shares in March 2020.

Royalties on sale of licensed products was paid to Oxford University Innovation of £16,854 (2019: £23,677) with £5,758 (2019: £6,437) outstanding at the end of 2020 financial year.

Service agreement fees for the supply of certain scanning and technical development services from University of Oxford were incurred of £15,910 (2019: £46,112) with £nil outstanding at the end of 2020 financial year.

In the prior year, the spouse of a director purchased £43,237 of shares and invested £50,000 in convertible loan notes that were subsequently converted into 495,598 B Preferred shares in March 2020.

Notes (continued)

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group	As restated Group	Company	As restated Company
	2020	2019	2020	2019
	£	£	£	£
Less than one year	1,492,005	1,520,293	1,037,327	1,037,327
Between one and five years	4,759,376	6,062,059	3,667,217	4,515,222
Over five years	94,661	283,984	94,661	283,984
	<u>6,346,042</u>	<u>7,866,336</u>	<u>4,799,205</u>	<u>5,836,533</u>

During the year £1,822,722 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £1,395,154). Not included in the above commitments is income of £942,124 (2019: £1,155,475) due from a sub-lease on the US North Carolina office for the period 2020 to 2024 that is offset against the corresponding rent expense.

21 Post balance sheet events

On 30 April 2021, the Group completed a capital reduction exercise to reduce its share premium account by £48.4 million and generate distributable reserves.

On 11 May 2021, the Group bought back 10,508,538 ordinary shares at a share price of £0.12 per share from a founder share holder for consideration of £1.2 million. Those shares will be recorded as a reduction in called up share capital and capital redemption reserve.

On 10 June 2021, Perspectum Group Plc was incorporated and following a share for share exchange became the parent company to the Group.

On 16 June 2021, the Group completed a share for share exchange with Perspectum Group Plc, the parent company, which resulted in an acceleration of the vesting conditions of all outstanding share options as at that date resulting in an additional share-based payment cost of £3.0 million.

On 30 September 2021, the Group completed a convertible loan note agreement with investors for an investment of \$20.0m with a long stop date of 31 December 2022. The loans are unsecured and no interest shall be payable to lenders.

On 11 January 2022, the Group completed a variation to the convertible loan note agreement with investors for a further investment of \$5.0m / £3.7m with a long stop date of 31 December 2022. The loans are unsecured and no interest shall be payable to lenders.

22 Ultimate controlling party

The immediate and ultimate parent undertaking is Perspectum Group Plc and, in the opinion of the Directors, there is no ultimate controlling party of the group.