

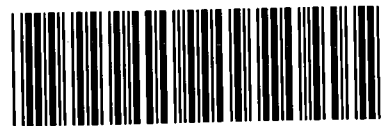
Perspectum Ltd

Annual report and consolidated financial statements

Registered number 08219473

For the year ended 31 December 2021

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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

Registered number

08219473

Registered office

Gemini One, John Smith Drive,
Oxford Business Park South,
Oxford, Oxfordshire, 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 2021.

Principal activities

The principal activities of the Group are the research and development and commercialisation of a platform technology that develops non-invasive medical devices and commercialisation of these through a solutions sales and operations team. The Group's focus has grown from a relatively narrow focus on the liver diseases (NAFLD - Non-Alcoholic Fatty Liver Disease and its advanced form NASH – Non-Alcoholic SteatoHepatitis) to other liver diseases (cirrhosis, liver cancer) and the metabolic syndrome, including the assessment of multi-organ conditions such as Covid, Type-2 Diabetes, and cancer.

Business review and future developments

Perspectum Ltd is a leading commercial-stage precision health company focused on democratizing high-quality care globally by way of our proprietary digital technologies that enable healthcare providers to provide better care for patients. Perspectum is a platform technology, which technically develops a range of software products for a range of pathologies, primarily aspects of the metabolic syndrome, and which commercially offers customers a range of complete solutions that can be adapted to their specific requirements.

Our software products combine expertise in: magnetic resonance (MRI) image formation; image analysis that spans MRI and digital pathology; big data analysis; biostatistics; biology; and genomics. Our software tools are a blend of the best of “traditional methods” afforded by artificial intelligence (AI), including Machine Learning (ML). Our products are designed 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. Most of our technology is delivered to users, in pharmaceutical trials and/or clinically, in the form of Software-as-a-Service (SaaS), based on Perspectum's proprietary cloud-based portal software infrastructure.

Our product portfolio 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 first, and 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. *LiverMultiScan* has received Current Procedural Terminology (CPT) coding with premier pricing. Current commercial activities are focused on the USA and aimed at imaging centres, imaging centre networks, and payors.
- 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. MRCP+ is the only clinically available tool of its kind. It too has received CPT coding with premier pricing. Current commercial activities are focused on the USA and aimed at imaging centres, imaging centre networks, and payors.
- *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.

Strategic Report (continued)

- 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 FDA clearance in May 2022. CoverScan addresses multi-organ pathologies, of relevance in “Long-COVID,” a disease associated with increased likelihood of developing diabetes and heart disease. It does so by providing an extensive set of measurements of the states of relevant organs: heart, liver, pancreas, spleen, kidneys, and aorta. 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.

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. We have achieved two unique Category III CPT codes for Quantitative Multiparametric MRI imaging by MRCP+ effective 1 July, 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. 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 are making significant investments in our sales and marketing organization by expanding an efficient team of business managers, clinical specialists and medical educators.

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.

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.

Strategic Report *(continued)*

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's intention is to hold cash balances in the appropriate currencies to meet obligations as they fall due.

Results and performance

The consolidated Perspectum Ltd results for the year, as set out on page 13, show revenues increasing from £6.7m to £8.5m with two cleared products in the market. A £6.1m increase in headcount and payroll costs, one off consultancy costs of £5.6m relating to a potential listing, and increased share-based payment compensation of £3.0m due to accelerated share option vesting, led to a loss before tax of £23.1m (2020: £9.9m). Total equity has decreased to £3.5m (2020: £21.8m) due primarily to the loss in the financial year. In addition, a capital reduction on 16 June 2021 allowed for a share-buy-back as part of a group reconstruction, whereby Perspectum Group Limited became the sole shareholder and ultimate controlling party of the Group.

The performance and growth of Perspectum Ltd during 2021 has been encouraging, given the impact of COVID-19 on the wider external environment in the year, as we saw our average employee numbers increase from 196 to 208 and revenue increase from £6.7 million to £8.5 million.

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

- Contracted revenue backlog – The Group contracted revenue backlog as at the end of 2021 was £19.5m, up from £15.3m as at the end of 2020.
- Operating cashflow – The 2021 year end cash balance was £14.7m.
- 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:

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.

Strategic Report *(continued)*

Going Concern

The Company is a subsidiary of Perspectum Group Ltd, which reported consolidated net current assets of £3.1m (2020: £21.0m) and was holding combined cash of £14.8m (2020: £19.8m) as at 31 December 2021. Since the balance sheet date, the parent company has raised \$36m through the issuance of 199,808,019 C preferred shares.

The Directors have prepared Group cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. The Directors confirm that we believe the Group and Company have sufficient cash reserves to enable them to continue as a going concern for a period of at least 12 months from the date of signing the financial statements.

Specifically, following the receipt of the Series C tranche 1 funds of \$36m in December 2022, we believe that the Group and Company have sufficient cash reserves to continue to operate as a going concern until at least June 2024, even under management's "severe but plausible downside" going concern modelling, which forecasts no new contract wins and a constant cost base. We confirm we will restrain cash burn to \$1.25m per month as currently forecast by management, with costs and cash burn only rising when there is a commensurate increase in cash inflows, such that the Group and Company can continue to operate as a going concern and meet their liabilities as they fall due for a period of at least 12 months from the date of signing the financial statements.

Consequently, the Directors have prepared the financial statements on a going concern basis.

On behalf of the Board

RBanerjee

R Banerjee Dec 22, 2022 IP:92.40.202.80

Rajarshi Banerjee
Director

Date: 22 December 2022

Directors' Report

The directors present their report and the audited consolidated financial statements for year ended 31 December 2021.

Directors

The directors of the Group who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Rajarshi Banerjee
John Michael Brady
Elizabeth Fagan
Chun Hou Tan
Gillian Bonthron (resigned on 31 October 2021)
George Embiricos (resigned on 19 March 2021)
Thomas Hawes
Annalisa Jenkins (appointed on 27 April 2021 and resigned on 23 September 2022)
Garheng Kong
Kevin Jong-Lin Lim

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. The expenditure on research and development in the year was £8.7 million (2020: £6.2 million).

Proposed dividend

The directors do not recommend the payment of a dividend (2020: *£nil*).

Political contributions

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

Third party indemnity provisions

The Group had no third party indemnity provisions.

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.

On behalf of the board

RBanerjee

R Banerjee Dec 22, 2022 IP:92.40.202.80

Rajarshi Banerjee

Director

Date: 22 December 2022

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 2021 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 and consolidated financial statements (the "Annual Report"), which comprise: the consolidated balance sheet and company balance sheet as at 31 December 2021; 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.

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.

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

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 2021 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, 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 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 and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel including considerations of known or suspected instances of non-compliance with laws and regulations and fraud
- 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.

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

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

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December 2022

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2021

	<i>Note(s)</i>	2021 £	2020 £
Turnover	2	8,486,216	6,661,658
Cost of sales		(2,425,107)	(2,242,455)
Gross profit		6,061,109	4,419,203
Administrative expenses	3, 4, 5	(29,699,461)	(15,837,471)
Operating loss		(23,638,352)	(11,418,268)
Other operating income	6	587,393	1,393,455
Interest receivable and similar income	7	2,687	164,112
Interest payable and similar expenses	8	(26,902)	-
Loss before taxation		(23,075,174)	(9,860,701)
Tax on loss	9	2,540,606	1,547,530
Loss for the financial year		(20,534,568)	(8,313,171)
Other comprehensive (expense) / income			
Foreign exchange differences on translation of foreign operations		(83,064)	179,797
Total comprehensive loss for the year		(20,617,632)	(8,133,374)

The notes on pages 19 to 36 form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	123,545	71,119
Tangible assets	11	1,591,608	1,308,793
		1,715,153	1,379,912
Current assets			
Debtors	13	7,972,640	5,063,879
Cash at bank and in hand		14,705,480	19,790,863
		22,678,120	24,854,742
Creditors: amounts falling due within one year	14	(20,319,635)	(3,866,553)
Net current assets		2,358,485	20,988,189
Total assets less current liabilities		4,073,638	22,368,101
Creditors: amounts falling due after more than one year	15	(585,566)	(585,566)
Net assets		3,488,072	21,782,535
Capital and reserves			
Called up share capital	17	79,530	80,247
Share premium account		69,202	47,927,288
Profit and loss account - deficit		(2,215,115)	(28,321,113)
Capital redemption reserve		1,051	-
Share based payment reserve		5,553,404	2,096,113
Total equity		3,488,072	21,782,535

The financial statements on pages 13 to 36 were approved by the Board of Directors on 22 December 2022 and signed on its behalf by:

RBanerjee

R Banerjee Dec 22, 2022 IP:92.40.202.80
Rajarshi Banerjee
Director

The notes on pages 19 to 36 form part of these financial statements.

**Company Balance Sheet
at 31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	123,545	71,119
Tangible assets	11	1,490,587	1,203,726
Investments	12	64	64
		1,614,196	1,274,909
Current assets			
Debtors	13	22,355,270	5,220,079
Cash at bank and in hand		1,045,759	19,427,564
		23,401,029	24,647,643
Creditors: amounts falling due within one year	14	(20,084,959)	(3,786,237)
Net current assets		3,316,070	20,861,406
Total assets less current liabilities		4,930,266	22,136,315
Creditors: amounts falling due after more than one year	15	(585,566)	(585,566)
Net assets		4,344,700	21,550,749
Capital and reserves			
Called up share capital	17	79,530	80,247
Share premium account		69,202	47,927,288
Profit and loss account		18,170,731	(20,326,744)
Current year loss		(19,529,218)	(8,226,155)
Capital redemption reserve		1,051	-
Share based payment reserve		5,553,404	2,096,113
Total equity		4,344,700	21,550,749

The financial statements on pages 13 to 36 were approved by the Board of Directors on 22 December 2022 and signed on its behalf by:

RBanerjee

R Banerjee Dec 22, 2022 IP:92.40.202.80

Rajarshi Banerjee

Director

The notes on pages 19 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 £	Convertible loan note reserve £	Capital Redemption reserve £	Share based payment reserve £	Total equity £
At 1 January 2020	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
Charge relating to equity settled share based payments	-	-	-	-	-	548,123	548,123
Equity element recognised 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
	Called up share capital £	Share premium account £	Profit and loss account £	Convertible loan note reserve £	Capital Redemption reserve £	Share based payment reserve £	Total Equity £
At 1 January 2021	80,247	47,927,288	(28,321,113)	-	-	2,096,113	21,782,535
Loss for the year	-	-	(20,534,568)	-	-	-	(20,534,568)
Other comprehensive loss – foreign exchange on consolidation	-	-	(83,064)	-	-	-	(83,064)
Charge relating to equity settled share based payments	-	-	-	-	-	3,457,291	3,457,291
Issue of shares	334	108,864	-	-	-	-	109,198
Capital Reduction	-	(47,966,950)	47,966,950	-	-	-	-
Share buyback	(1,051)	-	(1,243,320)	-	1,051	-	(1,243,320)
At 31 December 2021	79,530	69,202	(2,215,115)	-	1,051	5,553,404	3,488,072

The notes on pages 19 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 £	Convertible loan note reserve £	Capital Redemption reserve £	Share based payment reserve £	Total equity £
At 1 January 2020	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)
Charge relating to equity settled share based payments	-	-	-	-	-	532,175	532,175
Intercompany recharge related to share based payments	-	-	-	-	-	15,948	15,948
Equity element recognised 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
	Called up share capital £	Share Premium account £	Profit and loss account £	Convertible loan note reserve £	Capital Redemption reserve £	Share based payment reserve £	Total Equity £
At 1 January 2021	80,247	47,927,288	(28,552,899)	-	-	2,096,113	21,550,749
Loss for the year	-	-	(19,529,218)	-	-	-	(19,529,218)
Charge relating to equity settled share based payments	-	-	-	-	-	2,132,157	2,132,157
Intercompany recharge related to share based payments	-	-	-	-	-	1,325,134	1,325,134
Issue of shares	334	108,864	-	-	-	-	109,198
Capital Reduction	-	(47,966,950)	47,966,950	-	-	-	-
Share buyback	(1,051)	-	(1,243,320)	-	1,051	-	(1,243,320)
At 31 December 2021	79,530	69,202	(1,358,487)	-	1,051	5,553,404	4,344,700

The notes on pages 19 to 36 form part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 December 2021

	2021	2020
	£	£
Cash flows from operating activities		
Loss before taxation	(23,075,174)	(9,860,701)
<i>Adjustments for:</i>		
Depreciation and amortisation	453,010	453,433
Interest payable	26,902	-
Equity settled share-based payment expenses	3,457,291	548,123
Increase in trade and other debtors, prepayments and accrued income	(250,589)	(555,957)
Increase / (Decrease) in trade and other creditors, accruals and deferred income	16,347,993	(770,748)
R&D tax credit refund	-	1,627,337
Tax paid	(12,475)	(38,897)
Unrealised foreign currency gains and losses	(78,118)	-
Net cash used in operating activities	(3,131,160)	(8,597,410)
Cash flows from investing activities		
Acquisition of intangible fixed assets	(110,840)	(76,360)
Acquisition of tangible fixed assets	(677,410)	(817,588)
Net cash used in investing activities	(788,250)	(893,948)
Cash flows from financing activities		
Proceeds from the issue of share capital	109,198	19,132,324
Payment in relation to share buyback transaction	(1,243,320)	-
Net cash (used in) / provided by financing activities	(1,134,122)	19,132,324
Net (decrease) / increase in cash and cash equivalents	(5,053,532)	9,640,966
Effect of exchange rate fluctuations on cash held	(31,851)	64,328
Movement in cash during the year	(5,085,383)	9,705,294
Cash and restricted cash at 1 January	19,790,863	10,085,569
Cash and restricted cash at 31 December	14,705,480	19,790,863
	2021	2020
	£	£
Cash	14,705,480	19,526,950
Short-term restricted cash	-	263,913
Total cash and restricted cash	14,705,480	19,790,863

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the company statement of cash flows.

The notes on pages 19 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 England and Wales. The registered office is Gemini One John Smith Drive, Oxford Business Park South, Oxford, Oxfordshire 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 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 Company is a subsidiary of Perspectum Group Ltd, which reported consolidated net current assets of £3.1m (2020: £21.0m) and was holding combined cash of £14.8m (2020: £19.8m) as at 31 December 2021. Since the balance sheet date, the parent company has raised \$36 million through the issuance of 199,808,019 C preferred shares.

The Directors have prepared Group cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. The Directors confirm that we believe the Group and Company have sufficient cash reserves to enable them to continue as a going concern for a period of at least 12 months from the date of signing the financial statements.

Specifically, following the receipt of the Series C tranche 1 funds of \$36m in December 2022, we believe that the Group and Company have sufficient cash reserves to continue to operate as a going concern until at least June 2024, even under management's "severe but plausible downside" going concern modelling, which forecasts no new contract wins and a constant cost base. We confirm we will restrain cash burn to \$1.25m per month as currently forecast by management, with costs and cash burn only rising when there is a commensurate increase in cash inflows, such that the Group and Company can continue to operate as a going concern and meet their liabilities as they fall due for a period of at least 12 months from the date of signing the financial statements.

Consequently, the Directors 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 2021. 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 consolidated 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.

The Group also receives revenue from operating a Community Diagnostics Centre on behalf of Oxford University Hospital. Costs incurred for the provision diagnostic services are reimbursed in addition to a fixed mark-up. Revenue is recognized at the time that the services are provided.

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 2021, the Group had no bad-debt expense (2020: £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 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 to the financial statements (continued)

1 Accounting policies (continued)

Research and development tax benefit

The Group incurs significant costs that are eligible for tax relief under the HMRC small and medium enterprise (“SME”) tax credit and the research and development expenditure credit (“RDEC”) schemes. 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 consolidated 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 to the financial statements (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 consolidated 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 consolidated 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 to the financial statements (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and restricted cash balances. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months. The Group held no restricted cash as at 31 December 2021. In the prior year, the restricted cash represents monies held in escrow awaiting completion of a secondary share transaction.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment losses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital redemption reserve

The capital redemption reserve relates to the nominal value of shares repurchased by the Company from shareholders.

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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 cash and funds invested, as applicable.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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.

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 consolidated 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 consolidated 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 operating income' in the consolidated profit and loss account.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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. On 16 June 2021, all outstanding options under the share incentive scheme vested immediately as part of a group reorganisation, and consequently the outstanding fair value as at that date was recognised as a share option charge in full at that date.

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 to the financial statements (continued)

2 Turnover

	2021 £	2020 £
<i>Split by geographical market:</i>		
United Kingdom	659,287	174,572
Continental Europe	422,693	575,343
Rest of the world	7,404,236	5,911,743
	<u>8,486,216</u>	<u>6,661,658</u>

Disaggregation of Revenue

	2021 £	2020 £
<i>The following table presents the Group revenues disaggregated by nature:</i>		
Diagnostic services	3,717,538	1,872,288
Pharmaceutical development services	4,190,318	4,789,370
Community Diagnostic Centre	578,360	-
	<u>8,486,216</u>	<u>6,661,658</u>

3 Operating loss

Operating loss is stated after charging/(crediting):

	2021 £	2020 £
Depreciation – owned assets	394,595	382,840
Amortisation – owned assets	58,414	70,593
Operating lease rentals	1,564,809	1,822,722
Foreign exchange loss / (gain)	118,613	(143,623)
Research and development costs expensed as incurred	8,709,074	6,183,269
	<u>120,000</u>	<u>74,000</u>
<i>Auditors' remuneration:</i>		
Audit of these financial statements	120,000	74,000
Amounts receivable by the Group auditors and its associates in respect of: Audit-related services	1,693,494	-
	<u>1,693,494</u>	<u>-</u>

Notes to the financial statements (continued)

4 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	
	2021	2020
Research & Development and Other Technical	113	99
Sales & Marketing	39	45
Management & Administration	56	52
	<hr/> 208 <hr/>	<hr/> 196 <hr/>

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£	£
Wages and salaries	12,554,614	9,689,346
Social security costs	1,244,167	975,638
Other pension costs	489,754	408,708
Share-based compensation	3,457,291	548,123
	<hr/> 17,745,826 <hr/>	<hr/> 11,621,815 <hr/>

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

	Number of employees	
	2021	2020
Research & Development and Other Technical	112	99
Sales & Marketing	7	9
Management & Administration	55	52
	<hr/> 174 <hr/>	<hr/> 160 <hr/>

Notes to the financial statements (continued)

5 Directors' emoluments

	2021 £	2020 £
Directors emoluments	420,173	357,694
Share based payment	592,825	125,094
Pension costs	17,191	14,386
Amounts paid to third parties in respect of director services	13,977	15,331
	<u>1,044,166</u>	<u>512,505</u>

The highest paid director's emoluments, including share-based payment charge, were £490,292 (2020: £202,289) with pension contributions of £9,992 (2020: £8,611). During the prior year, the highest paid director exercised share options under a long-term incentive scheme. In 2021, all outstanding options under the share incentive scheme vested immediately and were transferred to the immediate and ultimate parent company, Perspectum Group Ltd, and therefore, no directors are in the share incentive scheme of Perspectum Ltd as at the end of 2021 (2020: 4). There was 1 director that exercised share options in the year (2020: 3) and 2 directors received defined contribution scheme pension contributions (2020: 4).

6 Other Operating Income

	2021 £	2020 £
Grant income	587,393	1,393,455
Total other operating income	<u>587,393</u>	<u>1,393,455</u>

7 Interest receivable and similar income

	2021 £	2020 £
Interest receivable	2,687	164,112
Total interest receivable and similar income	<u>2,687</u>	<u>164,112</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest payable	26,902	-
Total interest payable and similar expenses	<u>26,902</u>	<u>-</u>

Notes to the financial statements (continued)

9 Tax on loss

	2021 £	2020 £
<i>Total tax credit recognised in the consolidated profit and loss account:</i>		
<i>Current tax</i>		
Overseas tax	11,621	38,897
R&D Tax claim	(2,552,227)	(1,586,427)
	(2,540,606)	(1,547,530)
Total tax credit	(2,540,606)	(1,547,530)

The tax credit for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%).

Reconciliation of tax credit

	2021 £	2020 £
Loss before taxation	(23,075,174)	(9,860,701)
	(23,075,174)	(9,860,701)
Tax using the UK corporation tax rate of 19% (2020: 19%)	(4,384,283)	(1,873,533)
Effect of tax rates in foreign jurisdictions	215,824	38,897
Non-deductible expenses	1,495,438	36,980
Effect of additional deduction and change of rate for R&D tax credit	(1,068,976)	(481,757)
Losses carried forward	1,274,709	766,863
Other	(73,318)	(34,980)
	(2,540,606)	(1,547,530)
Total tax credit included in profit and loss	(2,540,606)	(1,547,530)

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 £19.0m (2020: £16.9m) 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 to the financial statements (continued)

10 Intangible assets

Group and Company	Software £	Total £
Cost		
At 1 January 2021	498,869	498,869
Additions	110,840	110,840
	<hr/>	<hr/>
At 31 December 2021	609,709	609,709
	<hr/> <hr/>	<hr/> <hr/>
Accumulated amortisation		
At 1 January 2021	427,750	427,750
Amortisation charge	58,414	58,414
	<hr/>	<hr/>
At 31 December 2021	486,164	486,164
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
At 31 December 2021	123,545	123,545
	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	71,119	71,119
	<hr/> <hr/>	<hr/> <hr/>

11 Tangible assets

Group	Leasehold Property improvements £	Furniture & office equipment £	Total £
Cost			
At 1 January 2021	989,286	1,114,397	2,103,683
Additions	354,346	323,064	677,410
Disposals	-	(56,805)	(56,805)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	1,343,632	1,380,656	2,724,288
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accumulated depreciation			
At 1 January 2021	134,539	660,351	794,890
Depreciation charge	108,231	286,364	394,595
Disposals	-	(56,805)	(56,805)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	242,770	889,910	1,132,680
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 31 December 2021	1,100,862	490,746	1,591,608
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	854,747	454,046	1,308,793
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

11 Tangible assets (continued)

Company	Leasehold Property improvements £	Furniture & office equipment £	Total £
Cost			
At 1 January 2021	909,550	966,887	1,876,437
Additions	363,902	259,655	623,557
Disposals	-	(56,805)	(56,805)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	1,273,452	1,169,737	2,443,189
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 January 2021	99,723	572,988	672,711
Depreciation charge	106,018	230,678	336,696
Disposals	-	(56,805)	(56,805)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	205,741	746,861	952,602
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2021	1,067,711	422,876	1,490,587
	<hr/>	<hr/>	<hr/>
At 31 December 2020	809,827	393,899	1,203,726
	<hr/>	<hr/>	<hr/>

12 Investments

	Company £
Cost and Net Book Value at beginning and end of the year	64
	<hr/>

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%
Perspectum Unipessoal LDA, Av Antonio Augusto De Aguiar, 19, 4 Dto, Lisboa, 1050-012	Portugal	Research and development, Business development, marketing and customer service	100%

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

Notes to the financial statements (continued)

13 Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	1,684,605	1,262,716	1,684,605	1,262,716
Amounts owed by Group undertakings	-	-	14,567,932	375,070
Other debtors	416,904	12,807	323,941	7,489
R&D tax recoverable	4,491,357	1,605,067	4,491,357	1,605,067
Prepayments and accrued income	1,379,774	2,183,289	1,287,435	1,969,737
	<u>7,972,640</u>	<u>5,063,879</u>	<u>22,355,270</u>	<u>5,220,079</u>

Trade debtors are stated after provisions for impairment of £nil (2020: £nil).

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

14 Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	1,552,753	516,060	1,497,582	531,741
Amounts owed to Group undertakings	14,881,390	-	14,881,390	-
Other tax and social security	297,241	251,182	297,241	251,182
Other creditors	174,151	313,170	122,722	265,359
Deferred income	1,742,697	1,267,240	1,742,697	1,267,240
Accruals	1,701,403	1,518,901	1,543,327	1,470,715
	<u>20,319,635</u>	<u>3,866,553</u>	<u>20,084,959</u>	<u>3,786,237</u>

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

15 Creditors: amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
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 (see note 19).

Notes to the financial statements (continued)

16 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 any unvested 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 year are as follows:

Grant date	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
January 2021	Equity	11,110,000	Equally over 4 years	10 years from grant
February 2021	Equity	11,268,333	Equally over 4 years	10 years from grant
March 2021	Equity	12,539,759	Equally over 4 years	10 years from grant
April 2021	Equity	75,000	Equally over 4 years	10 years from grant
June 2021	Equity	600,000	Equally over 4 years	10 years from grant
June 2021	Equity	26,720	Immediately	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 2021 £	Number of options 2021	Weighted average exercise price 2020 £	Number of options 2020
Outstanding at the beginning of the year	0.0324	42,377,243	0.0328	60,282,354
Forfeited during the year	0.0411	(3,775,000)	0.0439	(10,819,222)
Exercised during the year	0.0389	(3,339,209)	0.0182	(7,085,889)
Granted during the year	0.0865	35,619,812	-	-
Transferred to ultimate parent company	0.0593	(70,882,846)	-	-
	-----	-----	-----	-----
Outstanding at the end of the year	-	-	0.0324	42,377,243
	=====	=====	=====	=====
Exercisable at the end of the year	-	-	0.0250	25,996,345
	=====	=====	=====	=====

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 total charge for the year relating to shared based payment plans was £3,457,291 (2020: £548,123) all of which related to equity-settled share-based payment transactions.

During the year, all outstanding options under the share incentive scheme vested immediately as part of a group reorganisation with the share option charge being recognised in full. All options were then transferred to the immediate and ultimate parent company, Perspectum Group Ltd.

Notes to the financial statements (continued)

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

	2021	2020
	£	£
<i>Allotted, called up and fully paid</i>		
553,443,407 (2020: 560,612,736) A Ordinary shares of £0.0001 each	55,344	56,061
241,863,862 (2020: 241,863,862) B Preferred shares of £0.0001 each	24,186	24,186
	79,530	80,247

During the year, 3,339,209 A Ordinary shares of £0.0001 each were issued to employees on exercise of their share options under the share incentive scheme. Proceeds of £109,198 were received from employees. There was also a cancellation of 10,508,538 A Ordinary shares of £0.0001 each in the year.

Share based payment reserve

The share based payment reserve relates to the recognition of the share based payment charges.

Capital redemption reserve

The capital redemption reserve relates to the nominal value of shares repurchased by the Company from shareholders.

18 Related Parties – Group and company

During the year, the Company repurchased 10,508,538 ordinary shares (2020: nil) ordinary shares with a nominal value of £0.0001 each from a shareholder for total consideration of £1,244,210.90 (2020: nil).

During the year, director R Banerjee was granted 3,000,000 (2020: nil) share options. The director previously purchased £4,960 of convertible loan notes that were subsequently converted into 49,383, B Preferred shares in March 2020.

Director E Fagan was granted 26,720 (2020: nil) share options and exercised 166,667 (2020: nil) share options for £10,000 (2020: £nil). The director previously invested £16,000 in convertible loan notes that were subsequently converted into 159,302 B Preferred Shares in March 2020. The director received £8,138 in consultancy fees during the year (2020: £7,365).

Director G Bonthron was granted 3,000,000 (2020: nil) share options.

Director A Jenkins was granted 800,000 (2020: nil) share options. The director received £15,000 in consultancy fees during the year since becoming a director (2020: nil).

Royalties on sale of licensed products was paid to Oxford Science Enterprises of £24,140 (2020: £16,854) with £nil outstanding at the end of 2021 (2020: £5,758).

Service agreement fees for the supply of certain scanning and technical development services from the University of Oxford were incurred of £23,125 (2020: £15,910) with £nil (2020: £nil) outstanding at the end of 2021.

Edtopia Limited received one-off software consultancy fees of £8,800 (2020: £nil).

Notes to the financial statements (continued)

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Less than one year	1,500,666	1,506,580	1,037,327	1,037,327
Between one and five years	3,613,678	4,759,376	2,724,551	3,667,217
Over five years	-	94,661	-	94,661
	<u>5,114,344</u>	<u>6,360,617</u>	<u>3,761,878</u>	<u>4,799,205</u>

During the year £1,564,809 was recognised as an expense in the consolidated profit and loss account in respect of operating leases (2020: £1,822,722). Not included in the above commitments is income of £1,766,919 (2020: £942,124) due from sub-leases on two offices that is offset against the corresponding rent expense.

There were no other off-balance sheet arrangements (2020: none)

20 Ultimate controlling party

The immediate and ultimate parent undertaking is Perspectum Group Ltd. Perspectum Group Ltd is the largest group to consolidate these financial statements. Copies of Perspectum Group Ltd's consolidated financial statements can be obtained from Gemini One John Smith Drive, Oxford Business Park South, Oxford, Oxfordshire, United Kingdom, OX4 2LL.