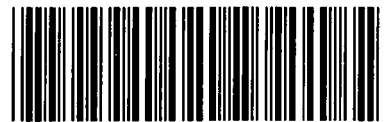


ULTROMICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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ULTROMICS LIMITED

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ULTROMICS LIMITED

COMPANY INFORMATION

Directors	H F Routh R Upton V P Barathan E Singh Sandhu C A Zervoglos
Registered number	10684811
Registered office	4630 Kingsgate Cascade Way Oxford Business Park South Oxford Oxfordshire OX4 2SU
Independent auditors	Ernst and Young LLP Statutory Auditor R+ 2 Belgrave Street Reading RG1 1AZ
Bankers	HSBC UK Bank Plc 65 Cornmarket Street Oxford Oxfordshire OX1 3HY Santander Abbey House 1st Floor 121 St Aldates Oxford OX1 1EA
Solicitors	Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT

ULTROMICS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction and principle activity

The annual report and financial statements presented here are for Ultromics Limited ('the Company') and its subsidiary, Ultromics Inc. (together 'the Group').

The principal activity of the Group is to develop the world's first outcomes-driven, AI-based ultrasound diagnostic support solution for cardiovascular disease (CVD).

Business review

The Group's mission is to help save lives and transform heart disease detection.

The Group is achieving its mission through the development and sale of its principal product, EchoGo; the world's first outcomes-driven, AI-based ultrasound diagnostic support solution for Cardiac disease. EchoGo utilises AI based techniques to identify, classify and interpret cardiac features within ultrasound images which allow insightful data to be provided to clinicians and drive greater accuracy and consistency in diagnosis. The Group achieved FDA clearance and CE marking for the EchoGo, and began commercial operations at the end of 2020, culminating with successful connections at a number of customer sites in the US. During 2021, the Group continued commercial operations in the US and increased the number of customer sites significantly.

The Group invests heavily in research and development and has developed a new product EchoGo Heart Failure. This product enables precision detection of heart failure with preserved ejection fraction (HFpEF). 50% of heart failure patients have HFpEF and HFpEF is missed in one in four patients. The Group has been granted a breakthrough designation by the FDA for EchoGo HF.

In 2022 and beyond, the Group will continue to grow customers sites. It is anticipated that many EchoGo Core customers will convert to EchoGo Heart failure customers.

Following receipt of investment in 2021, the Group is well-placed to continue investment in research and development activities, to grow US customer sites and commercially launch EchoGo Heart failure in 2023.

ULTROMICS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

Set out below are the principal risks which the Group believe could materially affect its ability to achieve its financial and operating objectives and control or mitigating activities adopted to manage them. The risks are not listed in order of significance.

Financing:

The Group continues to see net cash outflows and is dependent on external capital to fund its business plan in the short term.

In 2021, the Group mitigated this risk by issuing £7m of warrants and raising a further £16.5m by completing a series B fundraising round in August 2021. This has secured its cash position through to Q3 of 2023. Further financing will be required during 2023 and the Group will commence discussions with investors in Q1 2023.

Product:

The performance, reliability and robustness of the EchoGo Core and EchoGo Heart Failure have a direct impact on customer satisfaction and in turn, the Group's growth and profit margins.

The Group seeks to mitigate this risk by dedicating teams to improving the technology underpinning EchoGo and improving the overall customer experience.

Access to data to train the AI models and validate performance are key to developing a good product. This has been mitigated by a number of research collaborations (e.g. Mayo Clinic and Oxford University) to provide a robust data set.

Key employees:

The hiring and retention of key employees is critical to the success of the Group.

This Group seeks to mitigate this risk through a continuous improvement of its hiring practices and ensuring remuneration and benefits packages are competitive in the market.

Competition risk:

The Group's immediate competitors vary from large medtech incumbents that supply ultrasound machines to new entrants that automate measurements. The EchoGo HF proposition is differentiated from any other current product on the market and creates a competitive moat relative to other new entrants.

The Group seeks to mitigate this risk by protecting its intellectual property, investing in research and development and improving the customer experience.

Intellectual property risk:

The commercial success of the Group depends, amongst other things, on its ability to obtain and maintain patents sufficiently broad in scope to provide protection for the Groups intellectual property rights against third parties and to exploit its products.

The Group seeks to mitigate this risk by seeking patent protection for its products and maintaining Group know-how and software as trade secrets.

Financial key performance indicators

Group turnover was £0.6m (2020: £0.25m).

Group loss on ordinary activities before taxation for the year was £10.8m (2020: £7.5m).

Group cash at bank at 31 December 2021 was £19.7m (31 December 2020: £3.8m).

ULTROMICS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board on 15 December 2022 and signed on its behalf.

DocuSigned by:

Helen Routh

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H F Routh
Director

ULTROMICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group and parent company financial statements, state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and / or the group will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Results and dividends

The loss for the year, after taxation, amounted to £9,688,438 (2020 - loss £6,872,629).

Directors

The Directors who served during the year and up to the date of signing unless otherwise indicated were:

H F Routh
R Upton
V P Barathan (appointed 10 August 2021)
E Singh Sandhu (appointed 10 August 2021)
C A Zervoglos (appointed 10 August 2021)
A Crawford-Brunt (resigned 10 August 2021)
C P Leeson (resigned 10 August 2021)
S Arkell (resigned 10 August 2021)

ULTROMICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Going Concern

The consolidated and parent company financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have taken account of all information available about the future up to 31 December 2023 (the "going concern period").

Based on our latest forecasts, the Directors expect that our current cash resources (£10.6m as of 31 October 2022) will be sufficient to support our continued trading until at least July 2023. Future liquidity needs during the going concern period will largely be determined by our ability to obtain additional financing on terms acceptable to us. There is support and interest from both current and potential new investors to raise additional capital through the sale of debt or equity, however, there can be no assurance that we will be able to raise additional capital when needed or under acceptable terms, if at all. If we are unable to obtain additional financing operations may be scaled back or discontinued.

The directors acknowledge that this therefore represents a material uncertainty which may cast significant doubt over the ability of the Company and the Group to continue as a going concern for the period to 31 December 2023.

At this time the Directors have a reasonable expectation that required funding will be agreed and received in line with the terms and conditions assumed in the latest cash flow forecasts. Hence, they have concluded that the Group and the Company will be able to continue in operation for the foreseeable future. The Directors have therefore concluded that it is appropriate to prepare these financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group was unable to continue as a going concern

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.


Post balance sheet events

In May 2022, the Company allotted 1,631 Ordinary shares of £0.0001 each for a total consideration of £4,893.

Auditor

The auditor, Ernst and Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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H F Routh
Director

Date: 15 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTROMICS LIMITED

Opinion

We have audited the financial statements of Ultromics Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

- In our opinion, the financial statements: give a true and fair view of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the group is forecasting to require further funding to continue its planned research and development and support its ability to continue as going concern until 31 December 2023. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Our responsibilities and the responsibilities of the directors with respect to the going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's abilities to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTROMICS LIMITED

misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matter

The consolidated financial statements for the year ended 31 December 2020, forming the corresponding figures of the consolidated financial statements for the year ended 31 December 2021, are unaudited.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTROMICS LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

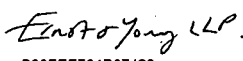
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, Companies Act 2006, Data Protection Act 1998, Health and Safety at Work Act 1974, HMRC regulations, UK Bribery Act, Equality Act and Anti-Money Laundering Regulations.
- We understood how Ultromics Limited is complying with those frameworks by making enquires of those charged with governance and management. We understood the potential incentive and ability to override controls. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by holding enquires of management and those charged with governance.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - ◆ Enquiry of management and those charged with governance around actual and potential litigation and claims
 - ◆ Reading minutes of meetings of those charged with governance
 - ◆ Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
 - ◆ Auditing the risk of management override of controls, including testing journal entries and other adjustments for appropriateness.
 - ◆ The use of data analytics to highlight potentially anomalous transaction in the areas of the business which are determined to have an elevated fraud risk
 - ◆ Challenging judgments made by management. This included corroborating the inputs into these judgments and considering contradictory evidence.

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

Use of our report

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

DocuSigned by:

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Daniel Dennett (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Reading
16 December 2022

ULTROMICS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 (Unaudited) £
Turnover	3	594,799	250,387
Cost of sales		(663,960)	(117,358)
Gross profit / (loss)		(69,161)	133,029
Administrative expenses		(11,292,767)	(7,762,808)
Other operating income	4	593,975	69,156
Operating loss	5	(10,767,953)	(7,560,623)
Interest receivable and similar income	9	3,486	21,028
Loss before taxation		(10,764,467)	(7,539,595)
Tax on loss	10	1,076,029	666,966
Loss for the financial year		<u>(9,688,438)</u>	<u>(6,872,629)</u>

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

ULTROMICS LIMITED
REGISTERED NUMBER: 10684811
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 (Unaudited) £
Fixed assets			
Intangible assets	11	769	6,369
Tangible assets	12	539,906	566,744
		<u>540,675</u>	<u>573,113</u>
Current assets			
Debtors: amounts falling due within one year	14	1,920,590	4,004,430
Cash at bank and in hand	15	19,688,666	3,825,306
		<u>21,609,256</u>	<u>7,829,736</u>
Creditors: amounts falling due within one year	16	(1,751,694)	(9,831,136)
Net current assets/(liabilities)		<u>19,857,562</u>	<u>(2,001,400)</u>
Total assets less current liabilities		<u>20,398,237</u>	<u>(1,428,287)</u>
Provisions for liabilities			
Provisions	17	(90,000)	-
Net assets/(liabilities)		<u>20,308,237</u>	<u>(1,428,287)</u>
Capital and reserves			
Called up share capital	18	154	281
Share premium account	19	44,455,117	12,990,673
Foreign exchange reserve	19	(37,985)	(40,891)
Other reserves	19	1,828,127	1,870,388
Profit and loss account	19	(25,937,176)	(16,248,738)
		<u>20,308,237</u>	<u>(1,428,287)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

Helen Routh

.....08AEB0418A55415.....
H F Routh
 Director

Date: 15 December 2022

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

ULTROMICS LIMITED
REGISTERED NUMBER: 10684811

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	493,779	556,118
Investments	13	910,704	910,704
		1,404,483	1,466,822
Current assets			
Debtors: amounts falling due within one year	14	3,306,217	4,151,040
Cash at bank and in hand	15	18,014,191	3,536,548
		21,320,408	7,687,588
Creditors: amounts falling due within one year	16	(1,492,910)	(9,740,386)
		19,827,498	(2,052,798)
Net current assets/(liabilities)		21,231,981	(585,976)
Provisions for liabilities			
Other provisions	17	(90,000)	-
		(90,000)	-
Net assets/(liabilities)		21,141,981	(585,976)
Capital and reserves			
Called up share capital	18	154	281
Share premium account	19	44,455,117	12,990,673
Other reserves	19	1,828,127	1,870,388
Profit and loss account	19	(25,141,417)	(15,447,318)
		21,141,981	(585,976)

Ultromics Limited made a loss for the year of £9,688,438 (2020: loss £6,872,076). The Directors of the group have elected not to include a copy of the Company statement of comprehensive income within the financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:


H F Routh
 Director

Date: 15 December 2022

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

ULTROMICS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Foreign exchange reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	281	12,990,673	(40,891)	1,870,388	(16,248,738)	(1,428,287)
Comprehensive income for the year						
Loss for the year			-	-	(9,688,438)	
Total comprehensive income for the year					(9,688,438)	
Contributions by and distributions to owners						
Shares issued during the year	117	31,464,444	-	-	-	31,464,561
Share reduction during the year	(244)	-	-	-	-	(244)
Share based payment charge	-	-	2,906	(42,261)	-	(39,355)
Total transactions with owners	(127)	31,464,444	2,906	(42,261)	-	31,424,962
At 31 December 2021	154	44,455,117	(37,985)	1,828,127	(25,937,176)	20,308,237

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

ULTROMICS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Foreign exchange reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2020 (unaudited)	-	-	(25,375)	2,013,612	(9,376,109)	(7,387,872)
Comprehensive income for the year						
Loss for the year	-	-	-	-	(6,872,629)	(6,872,629)
Total comprehensive income for the year					<u>(6,872,629)</u>	
Contributions by and distributions to owners						
Shares issued during the year	281	12,990,673	-	-	-	12,990,954
Share based payment charge	-	-	(15,516)	(143,224)	-	(158,740)
Total transactions with owners	<u>281</u>	<u>12,990,673</u>	<u>(15,516)</u>	<u>(143,224)</u>	<u>-</u>	<u>12,832,214</u>
At 31 December 2020 (unaudited)	<u>281</u>	<u>12,990,673</u>	<u>(40,891)</u>	<u>1,870,388</u>	<u>(16,248,738)</u>	<u>(1,428,287)</u>

ULTROMICS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	281	12,990,673	1,870,388	(15,447,318)	(585,976)
Comprehensive income for the year					
Loss for the year	-	-	-	(9,694,099)	(9,694,099)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,694,099)</u>	<u>(9,694,099)</u>
Contributions by and distributions to owners					
Shares issued during the year	117	31,464,444	-	-	31,464,561
Share reduction during the year	(244)	-	-	-	(244)
Share based payment charge	-	-	(42,261)	-	(42,261)
Total transactions with owners	<u>(127)</u>	<u>31,464,444</u>	<u>(42,261)</u>	<u>-</u>	<u>31,422,056</u>
At 31 December 2021	<u><u>154</u></u>	<u><u>44,455,117</u></u>	<u><u>1,828,127</u></u>	<u><u>(25,141,417)</u></u>	<u><u>21,141,981</u></u>

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

ULTROMICS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	276	12,717,509	1,518,228	(8,575,242)	5,660,771
Comprehensive income for the year					
Loss for the year	-	-	-	(6,872,076)	(6,872,076)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,872,076)</u>	<u>(6,872,076)</u>
Contributions by and distributions to owners					
Shares issued during the year	5	273,164	-	-	273,169
Share based payment charge	-	-	352,160	-	352,160
Total transactions with owners	<u>5</u>	<u>273,164</u>	<u>352,160</u>	<u>-</u>	<u>625,329</u>
At 31 December 2020	<u><u>281</u></u>	<u><u>12,990,673</u></u>	<u><u>1,870,388</u></u>	<u><u>(15,447,318)</u></u>	<u><u>(585,976)</u></u>

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

ULTROMICS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	£	(Unaudited) £
Cash flows from operating activities		
Loss for the financial year	(9,688,438)	(6,872,629)
Adjustments for:		
Share based payment charge	(42,261)	352,160
Amortisation of intangible assets	5,722	5,793
Depreciation of tangible assets	240,860	144,743
Loss on disposal of tangible assets	-	17,680
Interest paid	-	811
Interest received	(3,486)	(21,028)
Taxation charge	(1,076,029)	(666,966)
Decrease/(increase) in debtors	2,534,795	(3,093,873)
Increase in creditors	20,558	971,739
Increase in provisions	90,000	-
Corporation tax received	638,768	813,891
Foreign exchange	(10,788)	(27,332)
Net cash used in operating activities	(7,290,299)	(8,375,011)
Cash flows from investing activities		
Purchase of intangible fixed assets	(122)	(4,383)
Purchase of tangible fixed assets	(214,022)	(579,589)
Interest received	3,486	21,028
Net cash from investing activities	(210,658)	(562,944)
Cash flows from financing activities		
Issue of ordinary shares	31,464,317	273,169
New secured loans	-	8,100,000
Repayment of loans	(8,100,000)	-
Interest paid	-	(811)
Net cash generated from financing activities	23,364,317	8,372,358
Net increase/(decrease) in cash and cash equivalents	15,863,360	(565,597)
Cash and cash equivalents at beginning of year	3,825,306	4,390,903
Cash and cash equivalents at the end of year	19,688,666	3,825,306
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>19,688,666</u>	<u>3,825,306</u>

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

ULTROMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Ultromics Limited is a private company, limited by share capital and incorporated in England and Wales.

The address of its registered office and its principal place of business is 4630 Kingsgate, Cascade Way, Oxford Business Park South, Oxford, OX4 2SU.

The Company's principal activity is the development of diagnostic aids for cardiologists using artificial intelligence to improve accuracy.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

ULTROMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Going concern

The consolidated and parent company financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have taken account of all information available about the future up to 31 December 2023 (the "going concern period").

Based on our latest forecasts, the Directors expect that our current cash resources (£10.6m as of 31 October 2022) will be sufficient to support our continued trading until at least July 2023. Future liquidity needs during the going concern period will largely be determined by our ability to obtain additional financing on terms acceptable to us. There is support and interest from both current and potential new investors to raise additional capital through the sale of debt or equity, however, there can be no assurance that we will be able to raise additional capital when needed or under acceptable terms, if at all. If we are unable to obtain additional financing operations may be scaled back or discontinued.

The directors acknowledge that this therefore represents a material uncertainty which may cast significant doubt over the ability of the Company and the Group to continue as a going concern for the period to 31 December 2023.

At this time the Directors have a reasonable expectation that required funding will be agreed and received in line with the terms and conditions assumed in the latest cash flow forecasts. Hence, they have concluded that the Group and the Company will be able to continue in operation for the foreseeable future. The Directors have therefore concluded that it is appropriate to prepare these financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group was unable to continue as a going concern

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer Software	-	Straight line over 2 to 3 years
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2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	Straight line over 5 years
Fixtures and fittings	-	Straight line over 3 years
Office equipment	-	Straight line over 4 years
Computer equipment	-	Straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

ULTROMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Non-derivative, financial liabilities within the scope of FRS102 S.12 are measured at fair value which is deemed to be the transaction price adjusted for transaction costs.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.11 Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately in the Balance Sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

ULTROMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

Income received from government grants are recognised as revenue when the income received is indistinguishable from trading activity.

2.14 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

ULTROMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.19 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

ULTROMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.22 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

2.23 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives once the development is complete.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 (Unaudited) £
Sales	<u>594,799</u>	<u>250,387</u>

Analysis of turnover by country of destination:

	2021 £	2020 (Unaudited) £
United Kingdom	<u>594,799</u>	<u>250,387</u>

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Other operating income

	2021 £	2020 £
Government grants receivable	<u>593,975</u>	<u>69,156</u>

5. Operating loss

The operating loss is stated after charging/ (crediting):

	2021 £	2020 (Unaudited) £
Research & development charged as an expense	3,345,728	1,966,399
Exchange differences	(318,698)	4,277
Other operating lease rentals	12,113	228
Amortisation of intangible assets	5,722	5,793
Depreciation of tangible assets	<u>240,319</u>	<u>135,313</u>

6. Auditor's remuneration

During the year, the Group obtained the following services from the Group's auditor:

	2021 £	2020 £
Fees payable to the Group's auditor for the audit of the consolidated financial statements	59,700	32,000

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group	Group	Company	Company
	2021	2020	2021	2020
	£	(Unaudited)	£	£
		£		
Wages and salaries	6,119,418	4,116,297	4,359,765	3,327,672
Social security costs	652,518	394,918	516,966	340,370
Cost of defined contribution scheme	233,098	137,204	188,395	112,658
	<u>7,005,034</u>	<u>4,648,419</u>	<u>5,065,126</u>	<u>3,780,700</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	Group	Group	Company	Company
	2021	2020	2021	2020
	No.	(Unaudited)	No.	No.
		No.		
Employees	<u>97</u>	<u>55</u>	<u>79</u>	<u>49</u>

8. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	358,932	309,459
Group contributions to defined contribution pension schemes	<u>10,000</u>	<u>8,000</u>

The highest paid Director received remuneration of £241,866 (2020 - £195,095).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,000 (2020 - £8,000).

9. Interest receivable

	2021	2020
	£	(Unaudited)
		£
Other interest receivable	<u>3,486</u>	<u>21,028</u>

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Taxation

	2021 £	2020 (Unaudited) £
Corporation tax		
Current tax on loss for the year	(1,069,469)	(666,966)
Adjustments in respect of previous periods	(6,560)	-
Total current tax	<u>(1,076,029)</u>	<u>(666,966)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 (Unaudited) £
Loss on ordinary activities before tax	<u>(10,764,467)</u>	<u>(7,539,595)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(2,045,249)	(1,432,523)
Effects of:		
Permanent differences	7,176	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	568
Depreciation in excess of capital allowances	4,486	(34,423)
Enhanced research and development relief	(454,116)	(271,525)
Other timing differences leading to an increase / (decrease) in taxation	257	(1,023)
Share based payments	(8,030)	42,651
Prior year adjustment	(6,560)	(33,487)
Deferred tax not recognised	1,425,360	1,062,796
Difference in overseas tax rates	647	-
Total tax charge for the year	<u>(1,076,029)</u>	<u>(666,966)</u>

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Intangible assets

Group

	Computer software £
Cost	
At 1 January 2021 (Unaudited)	14,763
Additions	122
At 31 December 2021	14,885
Amortisation	
At 1 January 2021 (Unaudited)	8,394
Charge for the year on owned assets	5,722
At 31 December 2021	14,116
Net book value	
At 31 December 2021	769
At 31 December 2020 (Unaudited)	6,369

All of the Group's intangible fixed assets are held in Ultromics Inc.

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Tangible fixed assets

Group

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2021 (Unaudited)	248,887	135,142	58,107	307,386	749,522
Additions	11,696	6,019	4,551	191,756	214,022
At 31 December 2021	<u>260,583</u>	<u>141,161</u>	<u>62,658</u>	<u>499,142</u>	<u>963,544</u>
Depreciation					
At 1 January 2021 (Unaudited)	25,573	32,247	8,211	116,747	182,778
Charge for the year on owned assets	51,900	46,204	15,546	126,669	240,319
Exchange adjustments	-	-	-	541	541
At 31 December 2021	<u>77,473</u>	<u>78,451</u>	<u>23,757</u>	<u>243,957</u>	<u>423,638</u>
Net book value					
At 31 December 2021	<u>183,110</u>	<u>62,710</u>	<u>38,901</u>	<u>255,185</u>	<u>539,906</u>
At 31 December 2020 (Unaudited)	<u>223,314</u>	<u>102,895</u>	<u>49,896</u>	<u>190,639</u>	<u>566,744</u>

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2021	248,887	135,142	58,107	291,963	734,099
Additions	11,696	6,019	4,551	140,535	162,801
At 31 December 2021	<u>260,583</u>	<u>141,161</u>	<u>62,658</u>	<u>432,498</u>	<u>896,900</u>
Depreciation					
At 1 January 2021	25,573	32,247	8,211	111,950	177,981
Charge for the year on owned assets	51,900	46,204	15,546	111,490	225,140
At 31 December 2021	<u>77,473</u>	<u>78,451</u>	<u>23,757</u>	<u>223,440</u>	<u>403,121</u>
Net book value					
At 31 December 2021	<u>183,110</u>	<u>62,710</u>	<u>38,901</u>	<u>209,058</u>	<u>493,779</u>
At 31 December 2020	<u>223,314</u>	<u>102,895</u>	<u>49,896</u>	<u>180,013</u>	<u>556,118</u>

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Fixed asset investments

Company

	Investment in subsidiary company £
Cost or valuation	
At 1 January 2021	910,704
At 31 December 2021	910,704
Net book value	
At 31 December 2021	910,704
At 31 December 2020	910,704
Subsidiary undertaking	

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Ultromics Inc	539 W. Commerce St #1679, Dallas, TX, 75208	Ordinary	100 %

Ultromics Inc provides sales services to Ultromics Limited being the exclusive distributor of the diagnostic tool in the US. Ultromics Inc also provides research and development support to Ultromics Limited.

14. Debtors

	Group 2021 £	Group 2020 (Unaudited) £	Company 2021 £	Company 2020 £
Trade debtors	252,961	799,270	252,696	799,270
Amounts owed by group undertakings	-	-	1,521,220	203,965
Other debtors	1,187,349	2,561,804	1,173,655	2,561,806
Prepayments and accrued income	480,280	643,356	358,646	585,999
	1,920,590	4,004,430	3,306,217	4,151,040

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Cash and cash equivalents

	Group	Group	Company	Company
	2021	2020	2021	2020
	£	(Unaudited)	£	£
		£		£
Cash at bank and in hand	<u>19,688,666</u>	<u>3,825,306</u>	<u>18,014,191</u>	<u>3,536,548</u>

16. Creditors: Amounts falling due within one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£	(Unaudited)	£	£
		£		£
Convertible loan notes	-	8,100,000	-	8,100,000
Trade creditors	197,943	309,364	142,762	261,848
Other taxation and social security	-	108,746	-	108,746
Other creditors	-	13,096	-	13,025
Accruals and deferred income	1,553,751	1,299,930	1,350,148	1,256,767
	<u>1,751,694</u>	<u>9,831,136</u>	<u>1,492,910</u>	<u>9,740,386</u>

17. Provisions

Group and Company

	Dilapidation provision £
Charged to profit or loss	90,000
At 31 December 2021	<u>90,000</u>

The dilapidation provision represents the Directors' best estimate of the expected future costs to return leased premises to their condition on commencement of the lease. These costs are expected to be utilised in full on completion of the lease.

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Share capital and share premium

	2021	2020
	£	£
Allotted, called up and fully paid		
396,092 (2020 - 267,873) Ordinary shares of £0.0001 each	40	268
Nil (2020 - 127,777) A Ordinary shares of £0.0001 each	-	13
1,142,481 (2020 - nil-) Series B Preferred shares of £0.0001 each	114	-
	154	281

	2021	2020
	£	£
Share Premium Group and Company		
Brought forward	12,990,673	12,717,509
Additions	31,464,444	273,164
Disposals	-	-
	44,455,117	12,990,673

During the year ended 31 December 2021, the Company issued 2,536 Ordinary shares of £0.001 each for a total consideration of £7,608.

During the year ended 31 December 2021, the Company passed a written resolution to reduce the Ordinary share capital from £270.815 divided into 270,815 Ordinary shares of £0.001 each to £27.0815 divided into 270,815 Ordinary shares of £0.0001 each.

During the year ended 31 December 2021, the Company re-designated 2,500 Ordinary shares as 2,500 Series B Preferred shares.

During the year ended 31 December 2021, the Company re-designated 127,777 A Ordinary shares as 127,777 Ordinary shares.

During the year ended 31 December 2021, the Company issued 1,139,981 Series B Preferred shares of £0.0001 each for a total consideration before expenses of £31,733,935.

Ordinary shares entitle each holder to 49.90 percent of the voting rights and the right to participate in a distribution.

A Ordinary shares entitle each holder to 49.90 percent of the voting rights and the right to participate in a distribution.

Series B Preferred shares entitle each holder to 49.90 percent of the voting rights and the right to participate in a distribution.

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Reserves

Share premium account

The share premium account represents premiums received on the initial issuance of share capital. Incremental costs directly attributable to the issue of new share capital are shown as a deduction, net of tax, from the share premium account.

Foreign exchange reserve

The foreign exchange reserve represents the cumulative amount of gains and losses incurred on the translation of the foreign subsidiary.

Share based payment reserve

The share based payment reserve represents the cumulative amount which has been expensed in the Statement of Comprehensive Income in connection with equity settled share based payments, less any amounts transferred to the retained earnings on the exercise of share options.

Profit and loss account

The profit and loss account includes all current and prior results disclosed in the Statement of Comprehensive Income.

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Share based payments

The Group operates an EMI share option scheme. The share options vest over various tranches and have been expensed over each vesting period of the tranche. The options lapse 10 years after issue, unless extended at the discretion of the board.

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	1,317.80	70,906	265.28	60,192
Correction of opening weighted average exercise price	0	-	11.90	-
Granted during the year	4,700.00	31,500	4,700.00	16,714
Forfeited during the year	(4,216.00)	(7,269)	(300.00)	(4,005)
Exercised during the year	(300.00)	(2,536)	(300.00)	(1,995)
Outstanding at the end of the year	<u>2,268.71</u>	<u>92,601</u>	<u>1,317.80</u>	<u>70,906</u>

	2021 Black-Schol es	2020 Black-Scholes
Option pricing model used		
Weighted average share price (pence)	5,178.00	4,710.01
Exercise price (pence)	2,269.00	1,320.60
Weighted average contractual life (days)	1,825.00	1,825.00
Expected volatility	37.3%	35.5%
Risk-free interest rate	<u>1.132%</u>	<u>1.046%</u>
(Credit) / Charge for the year	<u>(42,261)</u>	<u>352,160</u>

ULTROMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £233,098 (2020: £137,204). Contributions totalling £nil (2020: £nil) were payable to the fund at the balance sheet date.

22. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	Group 2020	Company	Company
	2021	(Unaudited)	2021	2020
	£	£	£	£
Not later than 1 year	232,860	240,569	232,860	240,569
Later than 1 year and not later than 5 years	505,700	875,662	505,700	875,662
	<u>738,560</u>	<u>1,116,231</u>	<u>738,560</u>	<u>1,116,231</u>

23. Related party transactions

£306,494 (2020: £298,713) was paid to shareholders during the year for services rendered substantially in relation to the Evarest clinical study. £nil was outstanding at 31 December 2021 (2020: £3,651).

During the year revenue of £Nil (2020: £7,783) was recognised from a shareholder of the Company. £nil was due at 31 December 2021 (2020: £14,637) which is included within deferred income.

During the year £nil (2020: £14,398) was paid to the parent company of a shareholder of the Company for a research project. £nil was outstanding at 31 December 2021 (2020: £nil).

The aggregate compensation to key management during the year was £1,165,268 (2020: £1,272,153).

During the year £Nil (2020: £331,900) of share value was issued to a wholly owned non-profit subsidiary of a shareholder of the Company under a Know How agreement, which saw the value of the invoice settled in shares.

24. Post balance sheet events

In May 2022, the Company allotted 1,631 Ordinary shares of £0.0001 each for a total consideration of £4,893.

25. Controlling party

In the opinion of the Directors, there is no ultimate controlling party.