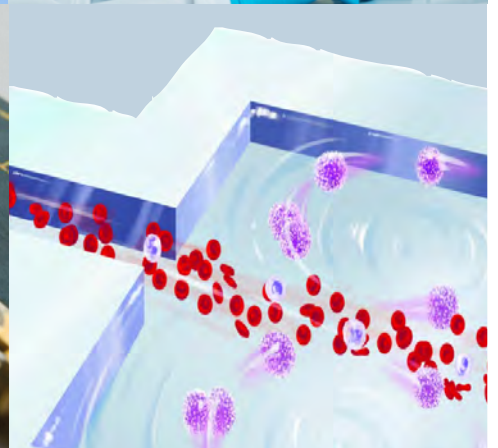
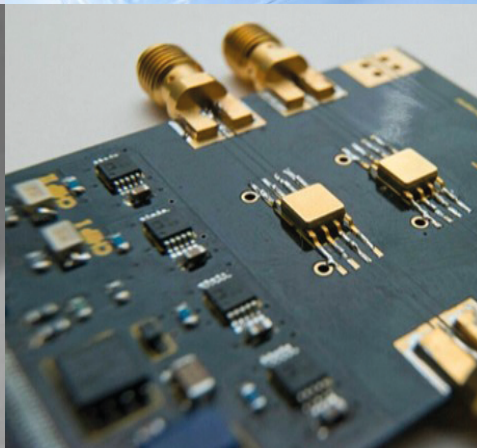


Annual Report and Accounts

For the year ended 31 December 2020



Combining good science, proactive management and smart investment to deliver returns for shareholders





NetScientific Plc is a holding company, that invests in, develops, commercialises and realises shareholder value in life sciences/healthcare, sustainability and technology companies, which offer significant growth potential in predominately the UK and USA, as well as globally.

The Group leverages trans-Atlantic relationships and global opportunities to deliver shareholder value. NetScientific looks to maximise shareholder returns through focused execution of its investment strategy with current portfolio companies, and targeted investments in existing and new investments.

NetScientific develops a customized investment and realisation strategy for its portfolio companies by adding value through management, incubation, advisory services and fund-raising support. The group facilitates the companies it works with, to access the right type of funding, proactive management support and resources specific to their sector, stage of development and available opportunities.



Contents

Overview

- 03 Chairman's and Chief Executive Officer's Statement

Strategic Report

- 09 Strategic Report
- 28 Financial Review
- 31 Sustainability Report

Corporate Governance Report

- 33 Board of Directors
- 36 Report of the Directors
- 39 Corporate Governance Report
- 42 Directors' Remuneration Report
- 46 Directors' Audit & Risk Committee Report
- 48 Independent Auditor's Report

Financial Statements

- 56 Consolidated Income Statement
- 57 Consolidated Statement of Comprehensive Income
- 58 Consolidated Statement of Financial Position
- 60 Consolidated Statement of Changes in Equity
- 61 Consolidated Statement of Cash Flows
- 63 Notes to the Consolidated Financial Statements
- 103 Parent Company Statement of Financial Position
- 104 Parent Company Statement of Changes in Equity
- 105 Notes to the Parent Company Financial Statements
- 114 Company Information

Chairman's and Chief Executive Officer's Statement

Overview

NetScientific Plc ("NetScientific", the "Group" or the "Company") is a holding company, that invests in, develops, commercialises and realises shareholder value in life sciences/healthcare, sustainability and technology companies, which offer significant growth potential in predominately the UK and USA, as well as globally.

2020 was a year of challenge, turnaround, transformation and good progress for NetScientific.

In order to address past challenges, the Board launched a strategy review at the start of 2020, which produced a new strategic framework for the business. The Board accepted the findings and recommendations, noting the following key points:

- the business required fundamental change;
- the remaining portfolio companies had good quality "science";
- there is a strong underlying asset value, several times greater than the market capitalisation; and
- the companies showed significant potential for growth and added shareholder value.

Following the review and action programme, and in accordance with the new strategic framework, the Board concluded that:

- the Group would benefit from a larger portfolio with varying time horizons and stages of development and a wider focus;

- After the previous focus on minimising costs and overheads, the Company needed to strengthen the executive team, with further expertise and resources below Board/CFO level, to fully implement the strategy;
- it was in the best interests of shareholders to acquire EMV Capital, taking advantage of the strong synergies and enabling an enhanced commercial and investment strategy, with increased revenues and capital gain; and
- the company should raise additional equity of circa £2 million.

Accordingly, the Company thereafter commenced an implementation action programme, with:

- a changed Board and new Executive Team;
- pro-active, commercial management of the portfolio and individual companies;
- investment to protect/enhance NetScientific's position in existing companies;
- clear identification of the business plans, timelines/milestones, associated funding needs, value inflection points and potential for each portfolio company; and
- utilising the power of the PLC Brand, and the NetScientific balance sheet to anchor future investments and achieve a multiplier effect by attracting 3rd party investment.



Chairman's and Chief Executive Officer's Statement continued

Comprehensive information further detailing the above was set out in a circular to shareholders, with the acquisition structured as a share for share exchange, which was approved at an extraordinary general meeting on 24th August 2020. The acquisition of EMVC was duly completed along with a successful and oversubscribed placement of £2.3m.

Today NetScientific can be summarised as:

- a life sciences/healthcare, sustainability and technology investment, and commercialisation group;
- an investment company with a balanced portfolio of investments;
- pro-active managers, generating returns through growth in the value of its direct balance sheet holdings, and a carry fee on capital under advisory;
- producing investment realisations through judicious partial or full exits and liquidity events;
- providing venture capital investment and corporate finance services, adding value through management, incubation, advisory services and fund-raising support;

- a trans-Atlantic business, with presence in the UK and North America and growing internationally; and
- focused on high growth opportunities, increasing value, and delivering shareholder returns.

The Company's strategy is geared to maximising shareholder value from its portfolio companies by:

- completing the business turnaround at NetScientific and its subsidiary companies;
- realigning the market capitalisation with strong underlying asset value;
- establishing the necessary resources and infrastructure, and implementing plans to deliver the growth potential of the subsidiaries and portfolio;
- delivering shareholder returns by driving the business and growth plans through appropriate key value inflection points to create profitable liquidity events and exits; and
- building the NetScientific platform in readiness for development and expansion.

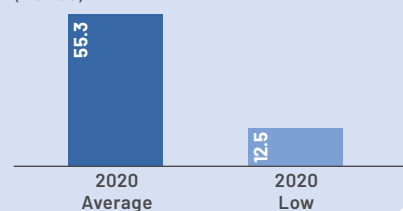


Highlights and KPIs of the year

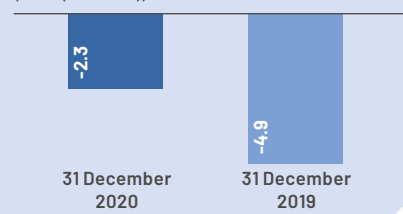
The Board presented its strategy and operational plans to investors, as a staged process to deliver both immediate results and longer term added shareholder value. During 2020, the company has continued to perform successfully against the stated objectives and milestones as follows.

- The share price has increased from the low point of 12.5p in early 2020 to a year average of c. 55p.
- More than halving the previous year's losses of £4.9 million, down to £2.3 million in 2020.
- Increase in "fair value" (unaudited Directors' estimated value) of direct owned stakes by c. 80% from £11.8m to £21.2m, with further growth anticipated.
- Successful acquisition and integration of EMV Capital Ltd as the corporate finance and venture capital arm of NetScientific leading to
 - » increased Capital Under Advisory from nil to £14.6m;
 - » increased total Group portfolio from 8 to 17 companies (including EMVC); and
 - » increased deal execution capacity and revenues.
- **ProAxis:** NetScientific previously owned c. 60%, but had provided 100% of the funding, which was an untenable situation. Accordingly, in October 2020, NetScientific successfully bought out the founders and Queens University, and secured licensed IP on attractive terms. ProAxis, now a fully-owned subsidiary, has more effective financial and project management, and a drive for commercialisation and business growth, including winning of five grants worth over £1 million in value during 2020.
- **Glycotest:** Moving from a passive cash demanding approach to a "hands-on owner" approach, with effective controls, project management discipline and performance drive, and cost savings were implemented of some \$1 million. Despite the impact of Covid, there has been excellent progress on the HCC Panel clinical validation study and algorithm training set, with an associated significant value inflection point expected in Q2 2021.
- **EMV Capital:** Completing several portfolio company transactions, leading to an increase of 52.1% in Capital Under Advisory from £9.6m at the end of 2019 to £14.6m by the end of 2020; driving change through the turnaround projects at Vortex and Wanda; keeping overall revenues stable and positioned for growth, despite the COVID disruptions.
- **PDS Biotechnology:** Protecting and significantly enhancing the NetScientific holding with a £500K investment in February 2020 at \$1.30 per share and a further investment of £500K in August 2020 at \$2.75 per share, and both investments are now showing healthy returns against the current share price. PDS has since progressed into multiple clinical trials, and post-year end obtained up to \$60m funding support from the Brazilian government for its COVID vaccine initiative. Dr Iliev joined the Board of PDS in April 2020.

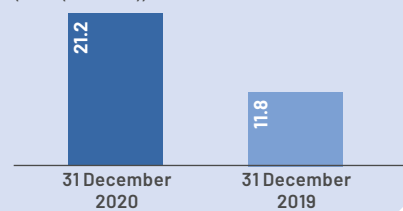
Net Scientific Share Price
(Pence)



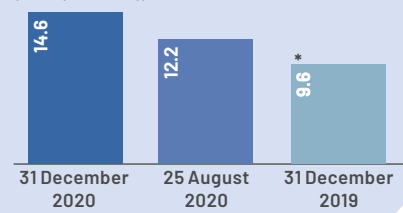
Loss for the Year
(GBP (Millions))



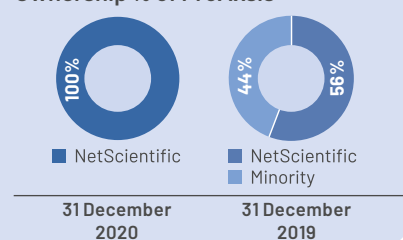
Unaudited Directors' Estimated Value
(GBP (Millions))



Capital Under Advisory (At Cost)
(GBP (Millions))



Ownership % of ProAxis



* Note: NetScientific acquired the EMVC Capital under Advisory on 25 August 2020.

Chairman's and Chief Executive Officer's Statement continued

Portfolio Summary

In addition to the existing NetScientific portfolio at the start of the year, the Group's base has been broadened and strengthened, through the successful acquisition of EMVC. This enhanced portfolio is well balanced, facilitates risk management and provides synergistic benefits, through consolidated pro-active management across the Group, as summarised below.

As is common in the venture capital industry, EMV Capital has a carried interest arrangement with investors it has introduced into its portfolio companies. Under these arrangements, EMV Capital is entitled, on realisation of the investments, to a share of profits (or carried interest) for capital amounts under advisory. The carried interests range between 10 per cent. and 20 per cent. of profits above a minimum return hurdle rate of up to 10 per cent.

Portfolio companies	Sector and description (further detail set out below)	Fully diluted Group Interest %	Consolidated Statement of Financial Position Value	Fair Value of stake		Capital Under Advisory (At Cost to Third Parties)	
				31 December 2020	31 December 2019	31 December 2020	31 December 2019
Subsidiaries							
EMV Capital Ltd	Venture Capital Investment Company	100.0% Equity	£2.2m	£3.5m	—	—	—
ProAxis Ltd	Medical diagnostics – Early stage commercialisation	95.0% Equity	£0.5m	£3.5m	£2.0m	—	—
Glycotest, Inc.	Liver cancer diagnostics – Late stage clinical	51.5% Equity	£0.5m	£11.0m	£8.0m	—	—
Sub Total			£3.2m	£18.0m	£10.0m	—	—
Owned Portfolio							
PDS Biotechnology Corporation	Immuuno—oncology (NASDAQ quoted) – Early stage clinical	5.7% Equity	£2.0m	£2.0m	£1.1m	—	—
CytoVale, Inc	Medical biomarker diagnostics – Late stage clinical	1.0% Equity	£0.4m	£0.4m	£0.4m	—	—
Epibone, Inc	Regenerative medicine – Late stage clinical	0.8% Equity	£0.3m	£0.3m	£0.3m	—	—
G – Tech Medical, Inc	Waerable medical diagnostics – Early stage clinical	3.8% Equity	£0.3m	£0.4m	—	—	—
Longevity Biotech, Inc	Therapeutics – Early stage clinical	\$250k Convertible loan note	—	—	—	—	—
QuantalX Neuroscience	Medical diagnostics of the brain – Late stage clinical	0.4% Equity	—	£0.1m	—	—	—
Sub Total			£3.0m	£3.2m	£1.8m	—	—

Portfolio companies	Sector and description (further detail set out below)	Fully diluted Group Interest %	Consolidated Statement of Financial Position Value	Fair Value of stake		Capital Under Advisory (At Cost to Third Parties)	
				31 December 2020	31 December 2019	31 December 2020	31 December 2019
Advised Portfolio							
Sofant Technologies Ltd	Semiconductors – Satellite and 5G wireless communications	—	—	—	—	£2.3m	£0.7m
Q-Bot Limited	Building automation – Robotics & artificial intelligence (“AI”)	—	—	—	—	£2.3m	£2.0m
SageTech Medical Equipment Limited	Chemistry & medical technology – Halocarbon capture	—	—	—	—	£1.1m	£0.1m
PointGrab, Inc	Building automation – Robotics & AI	—	—	—	—	£3.6m	£3.2m
Vortex Biosciences, Inc	Medical technology – Oncology diagnostics	—	—	—	—	£2.4m	£1.2m
Wanda Health, Inc	AI & medical technology – Digital health platform	—	—	—	—	£1.3m	£0.6m
Nanotech Industrial Solutions, Inc	Material science and chemistry	—	—	—	—	£0.7m	£0.8m
Insight Photonic Solutions, Inc	Semiconductors – Akinetic Swept Source Laser	—	—	—	—	Warrants for £0.9m	Warrants for £1.0m
Sub Total			—	—	—	£14.6m	£9.6m
Total			£6.2m	£21.2m	£11.8m	£14.6m	£9.6m

On the Consolidated Statement of Financial Position the owned portfolio is shown as Equity investments classified as FVTOCI and Financial assets classified as FVTPL.

Finance

For the year, the Group made a loss of £2.3 million (2019: £4.9 million), split between continuing and discontinued operations as follows:

- Continuing operations £2.3 million (2019: £3.6 million)
- Discontinued operations £Nil (2019: £1.3 million)

The loss reflects the loss making of the subsidiaries, primarily due to continued investment in R&D at Glycotest and ProAxis, and on lower sales at ProAxis due to COVID.

Cash

Cash on the balance sheet as at 31 December 2020 was £1.6 million (2019: £3.5 million), of which £0.9 million is held in the parent company. Cash used in operations in 2020, was £2.8 million (2019: £4.1 million). The cash held within the subsidiary Glycotest, of £0.6m (2019: £2.2m) is not freely available for use within the wider group as it would need the consent of a minority shareholder.

Chairman's and Chief Executive Officer's Statement continued

Going Concern

The Directors have prepared and reviewed the budget and cashflows, which were approved by the Board of Directors in the Board meeting of 20 January 2021. The review included the major budgeted assumptions, sensitivities and impact of Covid-19, and the company has drawn up contingency plans to cover eventualities and extend the cash runway, if required. Also, there may be additional opportunities to utilise the financial support measures and generate new revenue streams, further ensuring the Group has options and cash for at least the next twelve months. The financial statements have therefore been prepared on a going concern basis.

COVID

The Group is following the latest health authority and government advice in light of the pandemic. The primary focus is the health, wellbeing and safety of all its employees and local communities.

The Group has reviewed all the major budgeted assumptions and sensitivities and drawn up contingency plans to respond to changing circumstances. Whilst there was a general initial negative impact on the group, the consequences have varied across the portfolio, including opening up new opportunities and the individual companies have been managed accordingly.

Group companies have received some of the Government Covid-19 business support available, but the approach has been to respond proactively to the operating environment, particularly to minimise downside and concentrate on opportunities. For example, as a leading respiratory company, ProAxis has focused on research and commercial development, winning substantial grants (mainly Covid related), which is expected to result in new products, new revenue and further capital gains; Glycotest where, with considered rescheduling and project management, the HCC clinical trials were successfully completed with minimal delay and are due to report Q2 2021.

In light thereof and given the core focus of the Group, the Board believes that in the aftermath of the COVID pandemic there is increased potential and may also be opportunities to make judicious investments on advantageous terms.

Summary and Outlook

Having undertaken a fundamental review of the whole business at the start of 2020 and agreed a new strategy, implementation of the turnaround plan has gone well. The Company is transformed from the inherited situation and ended the year in a strong position, with a clear, planned route and growth strategy to deliver shareholder returns.

The Board believes that the extended portfolio holds great potential; with the right asset-base, in the right space and at the right time, Management is committed to delivering the agreed strategy, which the Board is confident will unlock and realise the requisite returns.

The Company's strategy remains to maximise shareholder value from the group by:

- **Completion of the business turnaround.**
- **Realigning the market capitalisation, with both the underlying asset value and clear potential.**
- **Proactive management, with commercial discipline and appropriate risk management, focused on delivering results, increased revenue and added value, in the portfolio companies.**
- **Continuing to establish the necessary resources and infrastructure to drive the strategic and business plans.**
- **Building the NetScientific platform for robust evaluation, quantified decisions and managed expansion to capitalise on the multiple prospects and potential for large returns.**
- **Exploiting the transatlantic and global opportunities and harnessing the Group synergies.**
- **Progressively developing and implementing performance driven plans, with clearly defined milestones and KPIs to scale the business, maximise the profitable growth of the portfolio.**
- **Judicious direct and syndicated investments, to produce enhanced returns.**
- **Structured evaluation and projections of value inflection points, plus exit opportunities and liquidity events to deliver shareholder returns.**

John Clarkson

Executive Chairman

30 March 2021

Ilian Iliev

Chief Executive Officer

30 March 2021

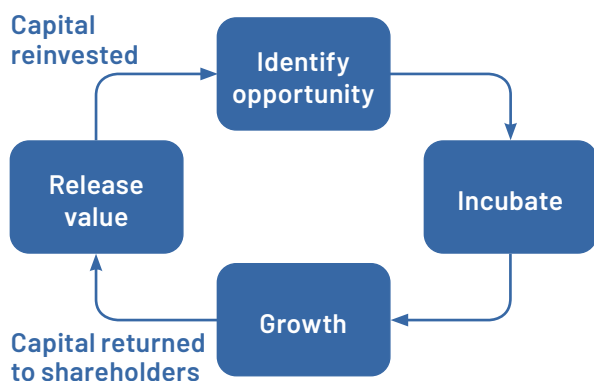
Strategic Report

Strategic Report and Portfolio Review

Strategy Summary

The Company's strategy remains to seek and to maximise shareholder value from the portfolio companies.

Net Scientific was set up to invest in, develop and realise investments in transatlantic healthcare companies, which offered significant growth potential. The approach is exemplified in this diagram:



After an extended period of decline, NetScientific was in a difficult situation. Accordingly, the Board launched a strategy review at the start of 2020.

This review included, in respect of each portfolio company, an analysis of its current position, target market, commercial development options, intellectual property, risk profile, core funding needs, grants and other "soft" finance available, investment opportunities, value inflection points, exit and liquidity potential, and the actions and resources likely to be needed to achieve these. The strategic review confirmed the principles and general approach as the basis for the future strategy:

- pro-active management of the portfolio and individual companies;

- investment to protect or enhance NetScientific's position in existing companies;
- identification of the business plans, timelines or milestones, associated funding needs, value inflection points and potential for each portfolio company;
- Utilising the power of the PLC Brand, and the NetScientific balance sheet to anchor future investments and achieve a multiplier effect by attracting 3rd party investment; and
- ensuring the team and resources are appropriate for the strategy.

Looking forward, the Group aims to develop its portfolio companies through various key value inflection points such as clinical trials, regulatory approvals, industry pilots, collaborative funding arrangements, attracting 3rd party investments, corporate collaborations, first revenues and follow-on growth and then seek to maximise shareholder value from the portfolio companies by:

- Completion of the business turnaround at NetScientific and its subsidiaries.
- Establishing the necessary resources and infrastructure to deliver the growth plans.
- Facilitating fund raises, grants and soft money for the subsidiaries and portfolio companies.
- Developing and implementing plans to maximise the growth of the subsidiaries and portfolio.
- Realigning the NetScientific's market cap with underlying asset value.
- Deliver shareholder returns by driving the business and growth plans.
- Build the platform for development and expansion.

Investment and realisation strategy: NetScientific's investment model means that the Company seeks investment returns through a blend of direct holdings in companies (through balance sheet investments) and Capital Under Advisory with carry interest (through the activities of EMV Capital). Post-Acquisition, the management of NetScientific and EMV Capital developed a business plan and strategy for the combined portfolio, with a view to detailing ways to maximise shareholder returns and harness the synergies. Further development of the portfolio company plans covered value inflection points, resource needs, and potential exit and liquidity points. This will be used in the Board's regular performance measurements.

Pro-Active portfolio management: The pro-active investment management approach of the Group means that we have an early focus on corporate governance in the portfolio companies. We look to set up industry standard governance, and checks and balances between the interests of the shareholders, management, employees and the company. A major part of our investment strategy is to ensure that companies' plans are realistic and executable. For instance, we work with the portfolio company management teams to develop 100 Day Plans post-investment, detailed cash flow planning, helping to identify executives of adequate calibre, helping to implement adequate corporate governance frameworks to protect minority investors/implement checks and balances.

Key Performance Indicators (KPIs): The Board considers that there are both important financial and non-financial KPIs, which relate to the progress of the portfolio companies and the growth in shareholder value, which are identified in the business model. The key performance indicators are as follows:

- Size and quality of the portfolio: more than doubled from 8 to 17 (including EMV Capital)
- Increase in fair value (unaudited Directors' estimated value) of direct owned stakes in subsidiaries and portfolio companies: increased by 79.7% from £11.8m to £21.2m

- Capital Under Advisory (at cost): increased from nil end of 2019 to £12.2m through acquisition of EMV Capital in August 2020 and growing to £14.6m by year end. This represents an increase of 19.7% in the 4 months post-acquisition to year end, with continued growth post year end.
- P&L: substantially decreased loss for the year to £2.3 million (2019: loss £4.9 million).

Attractive Market Sectors

NetScientific is well placed to take advantage of the attractive market developments being at the intersection of several high impact sectors that are experiencing rapid growth.

Healthcare: NetScientific is focused on identifying, investing in and growing teams developing solutions that can make a real difference to the problems faced by today's and tomorrow's healthcare systems, with a focus on diagnostics, therapeutics and digital health. Our portfolio companies span high-impact fields including immuno-therapy, cancer and respiratory diagnostics, telehealth and other high-priority areas of healthcare. Our dual access to the US and European healthcare markets positions us uniquely well to help companies on either side of the Atlantic maximize their growth opportunities.

Sustainability: The area of sustainability and climate change mitigating technologies is experiencing rapid growth in investment by both public and private sectors. According to the OECD (2017), \$6.9trn+ of investment is needed in infrastructure and new technologies to meet the Paris Agreement goals. A substantial proportion of this will be towards the development of new technologies in a range of areas including energy efficiency, building and transport infrastructure, waste management and industrial technologies. Through the acquisition of EMV Capital, we now have a strong entry point into the sustainability space, with a critical mass portfolio, deal flow and partnerships that can help us further grow here.

Review of Portfolio

As a holding company, NetScientific has a mixture of subsidiaries and minority stakes in its extended portfolio, across the Healthcare, Sustainability and Technology sectors in the UK, US and Israel. The Group has 17 portfolio companies (together the "total portfolio"), of which there are 3 subsidiaries (1 majority and 2 full control) and 6 companies where it has a direct minority stake (together the "owned portfolio"); and a further 8 companies where it has Carried Interest arrangements through EMV Capital (together the "advised portfolio").

The Group's total portfolio companies span different levels of development, ranging from late seed through Series A, growth and publicly listed. A large proportion of the portfolio are already generating commercial revenues, with several attracting corporate co-investment and corporate collaborations. The fair value (unaudited Directors' estimated value) of NetScientific's direct owned portfolio is £21.2m.

Portfolio companies	Sector and description (further detail set out below)	Fully diluted Group Interest %	Consolidated Statement of Financial Position Value	Fair Value of stake		Capital Under Advisory (At Cost to Third Parties)	
				31 December 2020	31 December 2019	31 December 2020	31 December 2019
Subsidiaries							
EMV Capital Ltd	Venture Capital Investment Company	100.0% Equity	£2.2m	£3.5m	—	—	—
ProAxis Ltd	Medical diagnostics – Early stage commercialisation	95.0% Equity	£0.5m	£3.5m	£2.0m	—	—
Glycotest, Inc.	Liver cancer diagnostics – Late stage clinical	51.5% Equity	£0.5m	£11.0m	£8.0m	—	—
Sub Total			£3.2m	£18.0m	£10.0m	—	—
Owned Portfolio							
PDS Biotechnology Corporation	Immuuno—oncology (NASDAQ quoted) – Early stage clinical	5.7% Equity	£2.0m	£2.0m	£1.1m	—	—
CytoVale, Inc	Medical biomarker diagnostics – Late stage clinical	1.0% Equity	£0.4m	£0.4m	£0.4m	—	—
Epibone, Inc	Regenerative medicine – Late stage clinical	0.8% Equity	£0.3m	£0.3m	£0.3m	—	—
G – Tech Medical, Inc	Waerable medical diagnostics – Early stage clinical	3.8% Equity	£0.3m	£0.4m	—	—	—
Longevity Biotech, Inc	Therapeutics – Early stage clinical	\$250k Convertible loan note	—	—	—	—	—
QuantalX Neuroscience	Medical diagnostics of the brain – Late stage clinical	0.4% Equity	—	£0.1m	—	—	—
Sub Total			£3.0m	£3.2m	£1.8m	—	—

Portfolio companies	Sector and description (further detail set out below)	Fully diluted Group Interest %	Consolidated Statement of Financial Position Value	Fair Value of stake		Capital Under Advisory (At Cost to Third Parties)	
				31 December 2020	31 December 2019	31 December 2020	31 December 2019
Advised Portfolio							
Sofant Technologies Ltd	Semiconductors – Satellite and 5G wireless communications	—	—	—	—	£2.3m	£0.7m
Q-Bot Limited	Building automation – Robotics & artificial intelligence (“AI”)	—	—	—	—	£2.3m	£2.0m
SageTech Medical Equipment Limited	Chemistry & medical technology – Halocarbon capture	—	—	—	—	£1.1m	£0.1m
PointGrab, Inc	Building automation – Robotics & AI	—	—	—	—	£3.6m	£3.2m
Vortex Biosciences, Inc	Medical technology – Oncology diagnostics	—	—	—	—	£2.4m	£1.2m
Wanda Health, Inc	AI & medical technology – Digital health platform	—	—	—	—	£1.3m	£0.6m
Nanotech Industrial Solutions, Inc	Material science and chemistry	—	—	—	—	£0.7m	£0.8m
Insight Photonic Solutions, Inc	Semiconductors – Akinetic Swept Source Laser	—	—	—	—	Warrants for £0.9m	Warrants for £1.0m
Sub Total			—	—	—	£14.6m	£9.6m
Total			£6.2m	£21.2m	£11.8m	£14.6m	£9.6m

On the Consolidated Statement of Financial Position the owned portfolio is shown as Equity investments classified as FVTOCI and Financial assets classified as FVTPL.

NetScientific’s model was to only invest from balance sheet so all the historic NetScientific investments are a direct holding. By contrast, the acquired EMV Capital portfolio is entirely structured as carried interest for Capital Under Advisory, with no balance sheet investment. Following the revised strategy, the Group’s interest may combine direct holdings and carried interest holdings. As the companies develop, it is possible that NetScientific may take a direct

balance sheet stake through judicious investment decisions. The Group has Board and Advisor seats in a majority of the portfolio companies, typically where it’s holding (direct or advised) is larger. It also has management services and corporate finance arrangements with several of the companies.

It is noted that NetScientific disposed of Vortex and Wanda to an investor backed SPV managed by EMV Capital in March 2019, who have invested and managed the entities’ subsequent turnaround. Through the acquisition of EMV Capital, NetScientific has regained an interest in Vortex and Wanda.

EMV Capital Ltd (“EMVC”)

100% Subsidiary



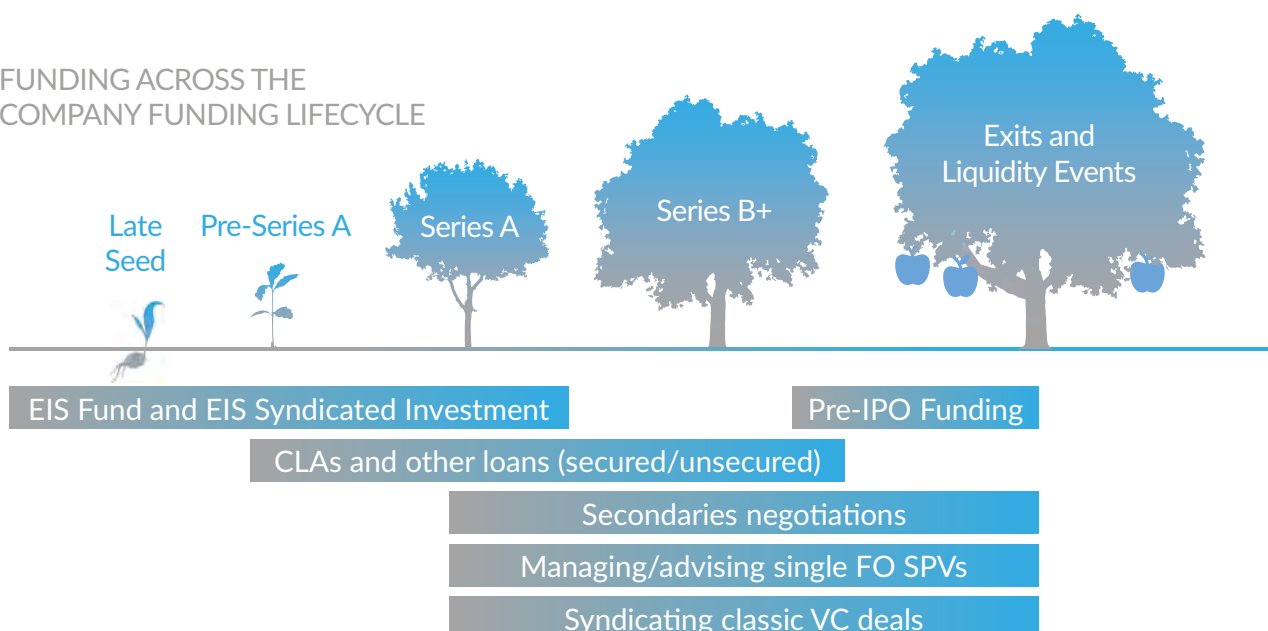
EMV Capital was acquired by NetScientific in August 2020 and is now a wholly owned, integrated subsidiary that forms a core part of NetScientific’s Group strategy, as the corporate finance and venture capital arm.

EMV Capital (www.emvcapital.com) is a London-based investment advisory business, and founded and managed by Dr Iliev, the current CEO of NetScientific. The company’s advised portfolio is in Sustainability, Technology and Healthcare in the UK, US and Israel. The model is to syndicate investments between financial and corporate investors in pre-Series A and Series A stages of investment, and to take a hands-on role post-investment in these portfolio companies with a focus on venture capital-type returns. Investments are syndicated from its network of investors from private investors, family offices, wealth managers and institutional and corporate venture capital funds. It also operates a growing EIS investment practice.

As part of the NetScientific Group, EMV Capital’s focus is to:

- Support the investment strategy and funding needs of the Group’s total portfolio
- Source, due diligence and structure investment into new investment opportunities in the Group’s areas of interest
- Use NetScientific’s balance sheet and PLC brand backing to leverage the syndication model
- Continue to provide incubation and management support services to the Group’s portfolio companies
- Provide the Group with access to a specialist team for Group projects.
- Generate revenues from:
 - » the provision of financial strategy advice and corporate finance services to current portfolio companies and companies seeking investments;
 - » Incubation and management consultancy support for portfolio companies; and
 - » a share of the syndicated investors’ profit on realisation, as a carried interest or profits share on investments into its portfolio companies (typically 15-20%), with a minimum threshold return hurdle rate.

FUNDING ACROSS THE COMPANY FUNDING LIFECYCLE





Other aspects of the model include:

- **Active Board participation:** typically, with a Board or Advisor seat in the portfolio companies, and plays an active role to protect investor interests, and works with the management team to help reach value inflection points
- **Customised funding strategy:** from the mixture of funding sources providing the flexibility to support portfolio companies to access the right type of funding for their stage of investment.
- **Corporate co-investment:** working with some of the leading global corporations, originating and executing transactions with corporate venture capital involvement, and advising on collaborations with corporate partners internationally. The network of corporate contacts provides a unique source of deal flow, validation partners, and routes to market for portfolio companies.
- **Interdisciplinary team:** providing support through an interdisciplinary team of professionals with substantial experience in investment structuring, fund raising, technology management, IP and scale-ups in the UK and internationally.
- **Thought leadership:** the team regularly engages with leading research institutions to identify emerging technology trends, and investment opportunities.
- **Incubation capability:** deploying considerable experience in providing incubation support to its portfolio companies around financial management, IP strategy, technology licensing, go to market strategy, business planning and other areas through its interdisciplinary in-house team, venture partners and advisors.
- **Deal flow sourcing and research:** a deal flow framework to provide a consistent source of investment opportunities, reviewed periodically by the team's analysts.

EMVC Performance 2020:

After a successful 2019, with the onset of the COVID-19 pandemic and lockdown, EMV Capital experienced a slow-down in transaction fees in the 1st half of 2020. The team focused on protecting the portfolio working closely with portfolio companies' management to deal with disruptions and adjust companies' strategies to reflect industry changes due to COVID.

In the 2nd half of 2020 (and since the NetScientific acquisition) there has been significant progress in the company's investment and portfolio management activities. The asset base has expanded through new transactions including follow-on investments in SageTech, Q-Bot, Vortex and Wanda, and hands-on work with other NetScientific portfolio companies and planning for 2021. As noted in the Portfolio section, several of the portfolio companies have reached significant milestones and made commercial progress.

Capital Under Advisory increased 52% from the end of 2019 (£9.6m) to end of 2020 (£14.6m). Additional portfolio investments led to a further increase to £15.8m by mid-March 2021. This translates into a 29.5% increase in the 6 months since the acquisition.

The fair value of NetScientific's stake in EMVC as estimated by the Board is £3.5m.



ProAxis Ltd (“ProAxis”)

100% Subsidiary



ProAxis is a commercial Health and Life Sciences company with a focus on respiratory diagnostics. A spin-out of Queen’s University Belfast, it has a growing base of clients in the pharma industry. Despite some delays and disruption caused by the Covid pandemic, ProAxis made significant corporate advancements in 2020 with accelerated investments in its planned growth programmes.

NetScientific previously owned 56.5% of ProAxis but had provided 100% of the funding. This was an untenable situation, and a serious inhibitor on the company’s progress and growth. Accordingly, in October 2020, NetScientific bought out the founders and Queen’s University, Belfast on advantageous terms. The agreement also included the purchase of the licensed IP.

ProAxis is now a fully-owned subsidiary of NetScientific, with the core technology now fully assigned to ProAxis. The consolidated control has enabled fundamental change in the business, with more effective financial and commercial management, timely decisions, targeted investment and upgrades, a drive for commercialisation and a progressive systematic expansion.

Key developments: The company’s updated strategy is aimed at increased revenues, profitability and capital gain growth. Broader use of the core and new product lines will provide a stronger product offering to the market. Sales growth is targeted through expanding sales with the current pharma client base and gaining new clients through direct sales efforts, international distributorships, and partnerships. The company’s product portfolio is being expanded through in-house R&D and in-licensing diagnostics from other parties. To deliver this planned growth the company is building the team, establishing the necessary infrastructure, with new management systems, lab facilities and equipment, utilising capital investments and non-dilutive grant opportunities. Several projects have progressed from research to the commercial development of products for sale, hence these development costs have been capitalised in accordance with the existing accounting policy.

The refreshed approach comes at a time of growing global focus on diagnostics and monitoring tools for respiratory diseases, now also including the COVID-19 virus. These respiratory diseases are leading causes of death and disability globally. ProAxis uses its proprietary ProteaseTag® technology to develop laboratory-based assays for the measurement of active protease biomarkers associated with chronic respiratory diseases such as Chronic Obstructive Pulmonary Disease (COPD), cystic fibrosis and bronchiectasis. A 1,000+ patient pan-European trial in bronchiectasis patients showed that using NEATstik® enables the identification those patients at highest risk of suffering pulmonary exacerbations over the subsequent 12 months (European of Respiratory Journal, 2019).

During 2020 the company experienced delays in commercial revenues due to the impact of the coronavirus pandemic on respiratory research and delayed clinical trials. However, the downturn in sales revenue has been balanced by grant income activity. The company won 5 separate grant applications within the 12-month period, with a total projects value of over £1 million. These grant-supported projects have supported an accelerated R&D programme, enhancing the existing product portfolio and developing new revenue streams including COVID response.

Status: NetScientific’s shareholding in ProAxis is 100% (2019: 56.5%)(fully diluted 95.0% (2019: 54.0%)) and as of 31 December 2020, the Group has invested £2.6 million (2019: £2.1 million). The fair value of NetScientific’s stake in ProAxis is some £3.5m. Growth trajectory and projections demonstrate a substantial potential for upside. John Clarkson is Chairman and Prof. Stephen Smith is a Board member.





Glycotest, Inc. ("Glycotest")

65.6% Subsidiary



Glycotest is a US-based diagnostics company commercializing tests for patients with life-threatening liver diseases, targeted at early-stage diagnosis to reduce mortality and increase survival for this large and growing patient population. The company's HCC panel employs unique non-invasive blood tests based on proprietary serum biomarkers, biomarker panels and algorithms, and assay technology that exploit novel sugar-based disease signal chemistry.

NetScientific backed Glycotest in 2012, based on technology that originated at the Blumberg Institute and Drexel University College of Medicine in Philadelphia. In 2019, NetScientific negotiated a \$10m investment and licensing deal with Shanghai Fosun Pharmaceutical Co., Ltd. ("Fosun Pharma"), whereby Fosun Pharma received a minority stake in Glycotest and the rights to develop and commercialise the HCC Panel in China, for which Glycotest Inc. will receive a royalty, with Glycotest Inc. retaining rights to ex-China markets

Key developments: Whilst 2020 has presented many challenges for Glycotest, overall, it was a year of strong progress. At the start of the year, NetScientific's new management team working closely with company's COO undertook a thorough review of Glycotest's plans and budgets.

Rather than the previously projected funding need, the financial review determined that no further finance was needed during the year 2020, but instead savings of some \$1 million were identified. A detailed project management plan was established for the HCC Panel clinical validation study, capturing detailed enrolment data for each of the participating multiple major medical centers. Despite some Covid disruptions, the clinical trials progressed well with completion of the enrolment only marginally delayed. Now, with the follow-up laboratory work and the algorithm training set underway, the results are due as planned in Q2 2021, which is a major value inflection point.

As part of developing the strategy and preparing the financial projections, Glycotest commissioned an initial professional reimbursement study, which confirmed the estimated test price was realistic and at the lower end of the reimbursement range. Encouraging progress continues on the "route to market", plans and evaluation of the most appropriate laboratory facilities for growth in the US.

Liver cancer is a growing global problem, with estimates of up to 36 million US patients and 938 million patients globally could benefit from regular testing for liver cancers and fibrosis-cirrhosis. Another 100 million US patients and 1.5 billion patients globally are at risk, because they have fatty liver disease that can transition to NASH. The use of the tests is expected to significantly improve care and treatment for patients at risk due to viral hepatitis (chronic hepatitis B and C infections) as well as the rapidly growing population with non-viral hepatitis due to obesity and metabolic disease (NASH).

In the **US market** Glycotest will be offering the hepatocellular carcinoma surveillance test (HCC Panel) as a clinical testing service, a market estimated at \$800m+. In **China**, where serious liver disease, especially hepatitis B, affects around 300 MM people and caused 550,000 deaths in 2015, there is a potential multi-billion-dollar market opportunity for Glycotest's products. These are being developed in partnership with Fosun Pharma. Beyond the US and China, Glycotest is evaluating options to harness the best return on the investment.

Status: NetScientific's shareholding in Glycotest is 65.6% (2019: 65.6%), fully diluted being 51.5% (2019: 51.5%) and as of 31 December 2020, the Group had invested £3.9 million (2019: £3.9 million). Based on Fosun's investment round in 2019, NetScientific's stake in Glycotest is worth £11.0m. This figure does not take account of the considerable progress since then, leading to the impending value inflection point. Dr Ilian Iliev is Board member, and Prof. Stephen Smith is Chairman.



Owned Portfolio

PDS Biotechnology Corporation NASDAQ-Listed



PDS Biotech is a clinical-stage immunotherapy company with a pipeline of cancer immunotherapies and infectious disease vaccines based on the Company's proprietary Versamune® T-cell activating technology platform. Versamune® effectively delivers disease-specific antigens for in vivo uptake and processing, while also activating the critical type 1 interferon immunological pathway, resulting in production of potent disease-specific killer T-cells as well as neutralizing antibodies. PDS Biotech has engineered multiple therapies, based on combinations of Versamune® and disease-specific antigens, designed to train the immune system to better recognize disease cells and effectively attack and destroy them.

Key developments: The 2020 fund-raising with NetScientific participation enabled PDS to launch several clinical trials. Dr Ilian Iliev joined the Board of PDS as a non-executive Board member in April 2021.

Cancer therapeutics pipeline: PDS Biotech currently has three phase 2 oncology clinical trials in progress for cancer therapeutics, with preliminary efficacy data anticipated in 2021, and safety and immunogenicity data projected in 2021/2022. Early clinical data and preclinical data suggest potentially superior efficacy, safety and versatility of the platform. It has six products in pre-clinical development of which 3 are looking at infectious diseases. The company has clinical partnerships with Merck, MD Anderson and National Cancer Institute for its cancer therapeutics pipeline. PDS Biotech's lead candidate, PDS0101, combines the utility of the Versamune® platform with targeted antigens in HPV-expressing cancers. In partnership with Merck and Co., PDS Biotech is advancing a combination of PDS0101 and KEYTRUDA® to a Phase II study in first-line treatment of recurrent or metastatic head and neck cancer. In separate partnership with the National Cancer Institute (NCI), and The University of Texas MD Anderson Cancer Center, PDS Biotech is conducting additional Phase II studies in advanced HPV-associated cancers and advanced localized cervical cancer respectively.

Infectious disease vaccines pipeline: PDS is progressing two Versamune®-based infectious disease vaccines, one for SARS-COVID-19, and one for universal influenza. As announced in March 2021, the PDS-led consortium has received a commitment of up to ~US\$60 million from MCTI, Brazil to support phase 1-3 clinical development and manufacturing scale-up of the SARS-COVID-19 PDS0203-based Vaccine. Phase 1/2 study anticipated to start in Q2/Q3 of 2021 pending approval from Anvisa, Brazilian regulatory agency. Pending results, PDS0203 could be commercially available in Brazil in 2023. The initial target market is Latin America, representing 650 million people (Brazil ~213 million people).

Status: In 2020 NetScientific invested £1.0m in PDS through two investment raises at \$1.35 (February) and \$2.75 (August) per share, bringing the total invested historically to £3.7m (2019: £2.7m). NetScientific currently owns 5.75% of the undiluted share capital (2019: 8.15%). The current value of NetScientific's stake as of 19 March 2021 at a share price of \$5.37 per share is worth c.£4.9m, with a company market cap of c.\$120m. Dr Ilian Iliev is on the Board of PDS Biotech Inc.



Epibone, Inc. ("Epibone")



Epibone is a clinical-stage regenerative medicine company focused on the \$32bn bone and joint reconstruction market. Sitting at the intersection of biology and engineering, the company harnesses the power of cells to create living solutions that can become a seamless part of a patient's body. It is currently developing a pipeline of bone, cartilage, and compound (bone and cartilage) products. This is ground-breaking research that transforms skeletal repair by remodelling stem cells into a personalized bone graft ready for implantation. Backed by Peter Thiel's Breakout Labs and NetScientific in 2014, the company's mission is to transform patients' lives through personalized skeletal reconstruction, precision design, and stem cell technology.

Key developments: In 2020 Epibone completed a Series A round of \$8 million. NetScientific's convertible loan note of \$250k and accrued interest converted into 0.8% of the enlarged preferred Series A shares. The company has obtained FDA approval for clinical trials of one of its programmes, with a Pre-IND completed for an equine study, and first in-vivo completed for a Canine study. Dr Robert Langer, the Lemelson-MIT prize winner for being one of history's most prolific inventors in medicine, joined the Board during 2020.

Status: The value of NetScientific's stake in Epibone is worth £0.3m (2019: £0.3m), based on the third-party investment round price per share in 2020.

G-Tech Medical, Inc. ("G-Tech")

G-Tech Medical

G-Tech is developing a wearable medical technology that will be used to measure gastrointestinal motility. The G-Tech system consists of a wireless, wearable electrode patch that reads electrical signals at the skin surface, a smartphone app that collects the raw data from the patches via Bluetooth LE and sends it to a cloud server, and data analysis algorithms that process and quantify the motor activity of the digestive organs.

Key developments: In May 2020, G-Tech announced completion of a \$6.7m Series A financing round led by DigiTx Partners. NetScientific's fully impaired convertible loan note and accrued interest converted into preferred Series A shares and common form convertibles. The company is continuing with its development programme.

Status: The value of NetScientific's stake in G-Tech is £0.5m (2019: £Nil). This is derived from last third-party price.

Longevity Biotech, Inc. ("Longevity")



Longevity is developing a new class of therapeutic candidates, called Hybridtides®, to tackle the most challenging aspects of medicine today, by providing critical enhancements over previous peptide development efforts. To date, it has applied the Hybridtide® scaffold primarily to the class B-GPCR family of drug targets, it has multiple preclinical programs in development for disorders such as Parkinson's and diabetes.

Key developments: The company has continued development, including with grants from the MJ Fox Foundation and US Department of Defence.

Status: The fair value of the Longevity convertible loan note is minimal and has been fully impaired.



Cytovale, Inc. ("Cytovale")



Cytovale applies machine learning, high-speed imaging and microfluidics to detect disease in real time. Interrogating thousands of cells per second, it can rapidly build multi-dimensional representations of the host immune state to identify disease signatures indicative of sepsis. Within less than ten minutes, the system will provide clinicians with actionable information to aid in diagnosis and inform treatment.

Key developments: Expanded partnership with Biomedical Advanced Research and Development Authority (BARDA) provides additional resources. In December 2020 closed \$8m loan note. The company is doing further work on a 300 patient study to demonstrate the ability for the Cytovale diagnostic tool to predict clinical deterioration (including mortality) in patients suspected of COVID.

Status: The value of NetScientific's stake in Cytovale is £0.4m (2019: £0.4m), derived from the last third-party investment round price per share.

QuantalX Neuroscience, Israel ("QuantalX")



QuantalX is developing DELPHITM, a simple, precise and objective evaluation of functional brain status to enable early prevention of brain degeneration. Modern medicine lacks the ability to successfully cope with brain disorders, yet 35% of all disease burden is attributed to brain disorders. DELPHITM is the first patient-independent active cerebral function imaging system that delivers a visual map of brain network health.

The fair value of the investment in QuantalX is minimal.

Advised Portfolio

Sofant Technologies



Sofant Technologies, Edinburgh (<http://www.sofant.com/>): a spin-out of University of Edinburgh, Sofant's is developing antennas for the rapidly growing field of satellite broadband and 5G applications. Using RF MEMS technology, Sofant's platform enables the passive steering of radio signals in wireless systems. Their patented technology enables the next generation of wireless networks to operate with increased efficiency at a decreased cost, generating potential power consumption reductions of over 70 per cent, and for Satellite broadband operators to have a cost-effective solid-state antenna. Dr Ilian Iliev is a Non-Executive Board member.

Key developments: Achieved a major milestone in corporate collaboration with a signed memorandum of understanding with industrial partner, continued progress in a project with the European Space Agency, and in performance Sofant has reached a key milestone with wafer-level testing indicating that the MEMS devices were highly reliable, and that their performance was in line with expectations. EMVC deployed £1.6m amongst other internal investors in an oversubscribed fund-raise of £2.3m in July 2020.

Status: Pre-revenue, negotiating advanced purchase commitments and corporate collaborations.



Q-Bot



Q-Bot, London (<https://q-bot.co/>) has the potential to disrupt the construction industry by providing a robotic service and digitisation platform technology. Q-Bot's first application is a semi-automated under-floor insulation service using robotic devices to enter void spaces, analyse the underfloor dimensions through machine vision, and spray expanding insulation foam to the calculated required thickness. This reduces the duration of such a project undertaken manually from over 2 weeks to up to 2 days and reduces the disruption to homeowners. In 2019, global construction industry corporation St.Gobain invested in Q-Bot, building on a Joint Development Agreement. Dr Ilian Iliev is a Non-Executive Board member.

Key developments: Awarded Queen's Award for Innovation for 2020; continued growth in robotised underfloor installations across the UK through direct installs and partnerships. Q-Bot was approved as a partner for the Government's Green Homes Grant scheme for home energy improvement vouchers. EMVC provided a further EIS deployment alongside other investors in December 2020.

Stage of development: Commercial sales/growth in UK and France.

SageTech Medical Equipment



SageTech Medical Equipment, Paignton, Devon (<http://www.sagetechnical.com/>) is a medical equipment company commercialising a platform technology for the capture, extraction, and purification of volatile anaesthetic agents from patient exhalation. These anaesthetics are significant greenhouse gases, which SageTech can prevent from reaching the atmosphere, whilst providing flexibility of operating theatres and cost savings to hospitals. SageTech's technology is being piloted at NHS trusts, with growing international interest. Its use cases include the rapid scale-up of ICUs needed to address COVID-19 and seasonal demand pressures. John Clarkson is a Non-Executive Board member

Key developments: Launch of NHS pilots for the capture technology, exhibiting highly positive results; EMVC deployment of £2.1m into SageTech (£1.1 in November 2020, £1m in February 2021). NetScientific Executive Chairman John Clarkson joined the Board as a Non-Executive Director. SageTech was awarded the Solar Impulse Efficient Solution Label in October 2020 as an existing solution that is both clean and profitable and has a positive impact on quality of life.

Stage of development: Pilots with NHS.



PointGrab



PointGrab, Israel (<https://www.pointgrab.com/>) provides a smart sensing solution for the smart buildings and commercial real estate technology industries with its CogniPoint platform. It applies its superior deep-learning technology to the smart buildings and commercial real estate sector where opportunities to gather data are abundant, yet efficient, real-time analytics of occupants are lacking. Critically, PointGrab's AI system is focused on maintaining privacy and data security for the tenants in the offices where the system is deployed. The company is backed by ABB Ventures and Signify (formerly Philips Lighting) and has deployed 10,000+ sensors globally, with many leading companies, banks and multinationals. PointGrab's offering enables the transformation of the workplace to adapt to COVID-19, such as through monitoring workplace density and social distancing. Dr Ilian Iliev is a Non-Executive Board member.

Key developments: EMVC advised on the provision of a \$1m working capital facility, to support continued revenue growth. Sales almost doubled in 2020 over 2019, despite COVID slowdown PointGrab's solution was also featured by CNN as a technology facilitating social distancing in the workplace <https://edition.cnn.com/2020/10/23/tech/pointgrab-sensors-social-distancing-office-spc-intl/index.html>.

Stage of development: Commercial sales of SaaS offering, investigating entry in other markets. Client book includes leading banks and corporations.

Vortex Biosciences



Vortex Biosciences, San Francisco, US (<https://vortexbiosciences.com/>) is an oncology diagnostic company, that has developed and is selling novel liquid biopsy automated instrument (VTX-1) and microfluidic cartridge for the isolation of circulating tumour cells (CTCs) from whole blood without the need for any pre-treatment. Vortex Biosciences' innovation in CTC capture technology aims to deliver diagnostic tests that improve therapeutic decisions and saves lives. The key potential is to revolutionise cancer diagnosis leading to better therapeutic outcomes. Its technology integrates cancer biology, microfluidic engineering, clinical research and the identification of cancer therapies and drug targets. Dr Ilian Iliev is Executive Chairman.

Key developments: NetScientific had historically invested in Vortex. By 2019 NetScientific was no longer in a position to continue funding the business, and it was sold off to an investor backed SPV managed by EMV Capital in March 2019. EMVC's team undertook a turnaround project, which has seen stabilisation of the product platform, growing commercial sales, new leadership, and further KOL publications. With the acquisition of EMVC, NetScientific once again has exposure to the upside from this investment.

Stage of development: Commercial sales of Research Use Only instrument and cartridges; multiple KOL publications in oncology using VTX-1 technology.



Wanda Health



Wanda Health, Seattle, US (<https://www.wandahealth.com/>) is a UCLA-spin-out remote monitoring healthcare analytics and management company for primary care patients with chronic diseases. Wanda's platform enables the control and reduction of hospitalisation rates through a Remote Monitoring System that collects data from patients' homes and provides it to clinicians, highlighting the high risks and implementing any procedures to prevent those risks. This life-personalised medicine combined with secure computing and revolutionary data mining and analytics improves the quality of life for people with chronic conditions, initially focused on congestive heart failure. Wanda has recently adapted its platform to enable hospitals and healthcare practitioners to monitor thousands of patients for COVID-19 infection rates and compliance. Dr Ilian Iliev is Executive Chairman.

Key developments: NetScientific had historically invested in Wanda. As with Vortex, by 2019 NetScientific was no longer in a position to continue funding the business, and it was sold off to an investor backed SPV managed by EMV Capital in March 2019. EMVC's team undertook a turnaround project, which has seen a stabilisation of the software platform, cost reductions, and further product development. With the acquisition of EMVC, NetScientific benefits from the upside from this investment.

Stage of development: Growing commercial sales and equipment leases in the Research Use Only market; targeting collaborations to scale-up offering through to FDA clearance toward 2023-4.

Nanotech Industrial Solutions



Nanotech Industrial Solutions, New Jersey, US (<https://nisusacorp.com/>) is a developer and manufacturer of nanomaterials for the petrochemical and applied materials industry. Its award-winning technology enables the commercial production of nanoparticles made of tungsten disulphide. When added to lubricants, the particles significantly reduce both friction and wear under conditions of extreme pressure and temperature. The company has JDA partnerships with major corporations, including an investment by leading global chemicals specialist Evonik Industries.

Key developments: Continued progress in sales and market acceptance across industrials sectors.

Stage of development: Commercial sales directly to market and co-developing new product lines with corporate partners.

Insight Photonics



Insight Photonics, Colorado, US (<https://www.sweptlaser.com/>) has developed an Akinetic, all semiconductor laser: a platform technology with a step-change in performance for multiple applications including industrial maintenance and process monitoring for resource efficiency, Light Detection and Ranging (LiDAR), and Medical Imaging. Insight's first market application is within Ophthalmological imaging using Optical Coherence Tomography to scan the retina at higher resolution than currently available. It has attracted in the past investments from Zeiss.

Key developments: In 2019, EMV Capital did a partial exit from this transaction, with upside available through warrants.

Stage of development: Early sales of core product. Scaling up through corporate partnerships; exposure through warrants.



Section 172 Statement

This section serves as our section 172 statement and should be read in conjunction with the Strategic report on pages 9 to 27. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain how the Board engages with stakeholders in this annual report and below:

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. The Board have reflected on how the Company engages with its stakeholders and opportunities for enhancement in the future. Senior Legal Counsel and the Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).
- The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.
- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.
- The Board continues to enhance its methods of engagement with employees and the workforce.
- We aim to work responsibly with our stakeholders including suppliers ensuring they are treated fairly and paid in good time.

The key Board decisions made in the year are set out below:

Significant event/decisions	Key s172 matters affected	Actions and impact
Strategic Review	Shareholders	<ul style="list-style-type: none"> • Shareholder consultation took place in accordance with regulatory requirements.
Acquisition of EMV Capital Limited	Shareholders, employees	<ul style="list-style-type: none"> • Shareholder consultation took place to ensure decision was taken in best interests of all shareholders. • Decisions were made by the executive team in consultation with the Board after carefully considering employee impact. There were no redundancies.
Integration/Restructuring	Employees	<ul style="list-style-type: none"> • Impacted employees were consulted in respect of changes to roles and responsibilities. There were no redundancies, and new hires.
Acquisition of full control of ProAxis	Shareholders, Employees, Stakeholders	<ul style="list-style-type: none"> • Decisions were made by the executive team in consultation with the Board after carefully considering employee impact, and University partners/founding team • There were no redundancies, and new hires. Collaborative outcome with founders and University
Performance of investments	Shareholders	<ul style="list-style-type: none"> • Shareholder consultations, shareholder meeting in 2020 related to proposed changes in relation to the Company's revised strategy, explained in Shareholder Circular • Reached near unanimous approval in 24 August 2020.

Risks and Uncertainties

The Directors review the principal risks faced by the Company, their possible consequences and risk mitigation measures, as part of the internal controls process. These are illustrated in the table below.

Risk	Possible Consequence	How the Board guards against risk
Poor performance of Investments	<p>Many of the Group's investments are in early-stage companies who are still in R&D or early growth mode. Therefore, it is possible that milestones are missed, there are overspends on budgets, and that the companies run out of cash ahead of value inflection points.</p> <p>Where there are no additional investors alongside NetScientific, this may lead to cash calls, which can put pressure on the Group's finances.</p> <p>Poor performance in the short-term could impact the ability of the Group to secure later rounds of funding or achieve the required rate of growth to make significant returns for investors.</p>	<p>The Group is committed to actively managing the risk inherent within its business model, as well as minimising it, to the extent possible, through the following measures:</p> <ul style="list-style-type: none"> • Minimise technology/science risk, e.g. investing in the post-seed phase. • Portfolio approach to investment, spreading the risk across the companies • Co-investment with other investors, providing more sources of investment • Careful Cash and project planning and monitoring • Utilising soft-funding, e.g. government grants, strategic partnerships and Joint Development Agreements • Fundraising with adequate contingency cash reserves and funding options • Willingness to restructure, turnaround and if necessary, ultimately write-off
Clinical development risk	<p>Potential clinical trials for the Group's subsidiaries' products may not begin on time, may not be completed on schedule, or at all, or may not be sufficient for registration of the products or result in products that can receive necessary clearances or approvals.</p> <p>Numerous unforeseen events during, or as a result of, clinical testing could delay or prevent commercialisation of such products.</p>	<p>The Group mitigates this risk by continuously monitoring progress, working with KOLs, drawing on KOL and experts to have inputs on clinical trials design, understanding the operational details of budgets, having breakpoints in CRO contracts, and proactive monitoring and management of the progress and cost of each trial. Willingness to take necessary action as required.</p>
Board influence at portfolio companies	<p>Where the Group has a minority stake and a Board seat, there are limits to the influence of an Investment Director on management – especially in times when things are not going to plan</p>	<p>Clarity ahead of an investment, and whenever a follow-on investment is made about management's financial and operational milestones.</p> <p>Working collaboratively with other Board members to build and implement risk management strategies.</p>

Risk	Possible Consequence	How the Board guards against risk
Regulatory risk	Potential regulatory approvals and clearances of the Group's portfolio companies may not be achieved on schedule, or at all. Failure to achieve regulatory approval or clearances could delay or prevent commercialisation of such products.	The Group mitigates this risk by working with portfolio companies to ensure adequate expertise and resources are available, seeking advice from regulatory advisors, and holding consultations with appropriate regulatory bodies at an early stage and following progress closely to measured milestones.
Intellectual property risk	<p>The commercial success of the Group's portfolio companies depends on their ability to obtain and retain adequate patent and other IP protection for their discoveries and for technology licensed from universities and research institutes. The intellectual property ("IP") licensed to the portfolio companies is protected by patent, trademark, copyright, as well as confidentiality procedures. These laws, procedures and restrictions provide only limited protection and any such intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated.</p> <p>In particular, patents might not contain claims that are sufficiently broad to prevent others from utilising the covered IP. Third parties may independently develop similar or superior IP that does not infringe any protection afforded to the IP licensed to the Group's portfolio companies. There can be no assurance that unauthorised use, disclosure or reverse engineering of the IP licensed to the Group's portfolio companies will not take place.</p>	<p>The Group will undertake adequate IP due diligence, while post-investment, the Group will encourage portfolio companies to actively manage IP risks by for instance</p> <ul style="list-style-type: none"> • Maintain an up-to-date IP strategy • Using external patent attorneys to review patent protection • Periodic review of new inventions coming out of the companies' R&D, to evaluate whether to patent • Willingness to defend against IP infringement • Careful considerations of licensing arrangements with Universities, Corporate partners and others

Risk	Possible Consequence	How the Board guards against risk
Competition risk	<p>With the globalisation of innovation, access to scientific and IP information, and aggressive state backing for national innovation globally, the world of innovation has never been more competitive.</p> <p>There is intense global competition in our focus sectors by new entrants and incumbent corporations. It is normal during due diligence to identify multiple competing approaches to the same problem in the US, EU, China and beyond. Competitors' products or services could potentially be more effective and/or cost-effective than the products offered by the Group's portfolio companies, or even if less effective, may end up getting bigger investment backing – allowing them to leapfrog our portfolio companies.</p> <p>There is also no assurance that other intellectual property may not be developed in other research institutions or corporate players which could render the Group's portfolio products non-competitive, 2nd best or at worst obsolete.</p>	<p>The Group mitigates these risks at Group level by</p> <ul style="list-style-type: none"> • strategic portfolio diversification, to avoid overdependence on any one portfolio company • performing our own competitor scans • being realistic about expectations from individual portfolio assets <p>Most of the risks can be mitigated by the portfolio companies' management, therefore we will encourage portfolio companies to:</p> <ul style="list-style-type: none"> • Conduct periodic competitor scans • Benchmark their products against competitors' • where possible identify changes needed to stay ahead • Monitoring of key competitors' IP for infringement potential and early signs of changing strategy • Focus on speed of development to ensure products get to market fast
Dependence on key executives and personnel	<p>A significant part of the Group's value lies with the executive and operational team at NetScientific itself, and the founders, management, scientists and engineers who work in the portfolio companies. Retention of key executives and personnel, and the maintenance of such a qualified workforce, is a high priority for the Group. Moreover, as the companies develop, it is important to attract the right calibre of executives appropriate for the next stages of development.</p> <p>However, it is not possible to guarantee retention of the services of key personnel at NetScientific and its portfolio companies, and a failure to attract or retain key executives could have an adverse effect on the Group's business.</p>	<p>At NetScientific level, the Group mitigates this risk by a balanced compensation package consisting of salary, benefits, performance-related bonuses and equity incentive schemes. The equity incentive schemes are implemented at a Group level for NetScientific staff and in specific schemes for subsidiary employees. Leadership continuity plans are being developed to ensure there is no overdependence on any key individual.</p> <p>At portfolio level, we work with the Boards of the portfolio companies to implement sensible staff retention and compensation policies, through the early implementation of Remuneration Committee and Nominations Committee type arrangements; benchmarking packages to the market; and ensuring alignment with shareholder interests.</p>

Risk	Possible Consequence	How the Board guards against risk
Foreign Exchange Risk	The Group has an international portfolio of assets, which mainly report in USD and other currencies. Yet the Group itself reports in GBP and raises funds in GBP at Group level.	<p>The Group seeks to mitigate and reduce any currency risk by actively managing cash balances across the Group. Portfolio companies generate revenue across a range of currencies, predominately US Dollars and Sterling and a degree of natural hedge therefore exists.</p> <p>The Group does not currently operate hedging arrangements to mitigate its exposure but relationships with forex service providers are in place in the event that the Board decides to make such arrangements.</p>
Post-Brexit development	While BREXIT has now occurred, there remains significant political and economic uncertainty and risk, for instance around access by UK companies to EU innovation, regulatory divergence, access to funding by EU institutional sources and others.	<p>Monitor risks and opportunities emerging from Brexit.</p> <p>Maintain an international outlook to operations, including collaborations with EU-based experts and stakeholders.</p>
COVID-19	<p>There is fundamental uncertainty about how and when the COVID-19 pandemic will subside, and an expectation of continued disruption to markets, operations and travel even as the pandemic evolves into an endemic.</p> <p>The risks around Covid-19 are affecting stock markets, investor sentiment, and the prospects of specific companies.</p> <p>The pandemic may impair the Group's ability to attract investors and lenders to the Group, and portfolio companies' performance, ability to attract investors and valuations.</p>	<p>Netscientific continues to monitor the situation very closely, with the primary focus on health, wellbeing and safety of all its employees, and those of its portfolio companies.</p> <p>The Group is following the latest health authority and government advice and reviewing contingency plans regularly to reduce risk and make sure staff and customers are safe.</p> <p>We have successfully implemented Work From Home (WFH) procedures over the last year where possible, and where laboratory work is needed, splitting the laboratory workforce in two, enabling social distancing where possible and suspending all non-critical travel.</p> <p>Portfolio companies have undertaken similar procedures.</p> <p>Reflecting fund-raising and operational uncertainty, we continue a strong focus on cash flow management, clarity on timings for fund-raising, encouraging portfolio companies to plan for fund-raising early and to take in contingency funding where possible.</p>

Business Review

The business review has been covered in the Chairman's and Chief Executive Officer's Statement on pages 3 to 8 and in the Financial Review on pages 28 to 30.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

John Clarkson

Executive Chairman

30 March 2021

Financial Review

The Financial Review should be read in conjunction with the Consolidated Financial Statements of the Company and its subsidiaries (together the 'Group') and the notes thereto on pages 56 to 102. The Consolidated Financial Statements are presented under International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements of the Company continue to be prepared in accordance with UK Generally Accepted Accounting Practice and are set out on pages 103 to 113.

Consolidated Income Statement and Other Comprehensive Income

Overall, the Group recorded a reduced loss for the year of £2,338k (2019: £4,872k). A summary of the Group's financial performance is provided below.

Continuing Operations

Revenue, comprising sales made by the subsidiary companies, decreased for the year to £394k (2019: £735k). The decrease is due to the short-term impact on trading of the COVID pandemic on ProAxis and the delay in clinical trials as trading conditions continue to be tough. Post-acquisition, EMVC has contributed revenue of £200k to the Group's result during 2020.

Other income increased to £599k (2019: £76k). The increase is attributable to ProAxis winning five grants during the period of £241k (2019: £76k). The Group took advantage and received government furlough cash of £13k. The rest was fair value movements in derivative financial assets and the release of the G-Tech Medical, Inc., impairment provisions on conversion of Epibone, Inc., and G-Tech Medical, Inc., convertible loan notes amounting to £344k. This will not repeat in 2021.

Research and development costs decreased to £1,227k (2019: £1,979k). The decrease in cost is due to Glycotest spending less as it looked to preserve cash and worked to complete the algorithm training set which is due to report interim results during Q2 2021. ProAxis development costs of £337k have been

capitalised during the year in line with the accounting policy as certain projects now meet all the criteria for development costs to be recognised as an asset as it is probable that future economic value will flow to the Group.

Administrative costs decreased slightly to £1,988k (2019: £2,079k) consistent with the cost saving initiatives and cash preservation plans implemented as a result of the COVID pandemic. In addition to central costs incurred in managing the portfolio companies and corporate costs, general and administrative costs also include portfolio companies' management staff costs, sales and marketing and other operating expenses.

Other costs of £195k (2019: £269k) represent merger and acquisition costs (see note 7) of £179k (2019: £160k), estimated credit losses on trade receivables a credit of £37k (2019: £56k), and charges for share based payments of £53k (2019: £53k).

EMVC has contributed increased profits of £20k post-acquisition during 2020.

The Group has a controlling stake at the end of financial year in three of its portfolio companies (namely EMVC, ProAxis and Glycotest) and consolidates their results.

Discontinued Operations

Two subsidiaries in the prior year, Vortex and Wanda, were classed as discontinued operations as were divested on the 22 March 2019. The loss for the year by discontinued operations was £Nil (2019: £1,326k).

Consolidated

The average headcount across the Group increased slightly during the year with the acquisition of EMV Capital. Headcount (excluding non-executive directors) in 2020 was 13 (2019: 12).

With most of the Group's activities in the US and the exchange rate strengthening against the US at 31 December 2020 to £1: \$1.3649 (2019: £1: \$1.3210) the translation of foreign operations resulted in an exchange loss of £3k (2019: loss of £56k).

Statement of Financial Position and Cash Flows

The Group ended the year with net assets of £6,896k (2019: £5,105k), representing an increase of £1,791k from the position on 1 January 2020. The increase in net assets resulted from the successful issue of share capital for the acquisition of EMV Capital Limited of £2,289k and placement net of costs of £2,117k. This was offset by the £2,438k total comprehensive income movement in the year and increase in subsidiary shareholding of £230k and the capitalisation of development costs of £337k.

Property, plant and equipment remained at £128k (2019: £128k).

Right-of-use assets of £189k (2019: £221k) moved by the depreciation charge in the period of £32k (2019: £32k).

Equity investments classified as fair value through other comprehensive income (FVTOCI) of £2,970k (2019: £1,468k) have increased by £1,502k. This was mainly due to purchasing £999k more shares in PDS Biotechnology in two placements during 2020 at \$1.30 and \$2.75 per share, respectively. The share price of PDS Biotechnology at year end was \$2.14 per share accounting for most of the £97k decrease in fair value taken to the equity investment reserve. The share price on 19 March 2021 was \$5.37. The equity investment reserve balance at end of 2020 stands at debit £1,505k (2019: debit £1,408k).

On 23 January 2020, Epibone, Inc., an early-stage investment, announced a Series A funding round raising \$8 million. NetScientific's convertible loan note and accrued interest of £299k converted into Series A preferred shares. On 21 May 2020, G-Tech Medical, Inc., an early-stage investment announced a Series A funding round raising \$6 million. NetScientific's fully impaired convertible loan note and accrued interest of £424k converted into Series A preferred shares of £346k and common form convertibles of £78k which remain as financial assets classified as FVTPL. This accounts for the movement in financial assets classified as fair value thought profit and loss (FVTPL) of £184k.

During the year, the Group recognised intangible assets of £2,623k (2019: £Nil). The Group acquired through business combinations £2,313k of EMV Capital. ProAxis capitalised during the year £337k of development costs, as it is now probable that future economic value will flow to the Group from several R&D projects. All the recognition criteria have been met. As part of the buyout of the founders ProAxis purchased a key patent for £50k. The intangibles will be amortised over their economic lives normally over 5 to 10 years.

The Group's current liabilities decreased by £104k to £720k (2019: £816k). This was mainly due to the repayment of a subsidiary loan and the switch to non-current liability loan facility. Trade and other payables increased slightly by £38k to £661k (2019: £623k).

The Group's non-current liabilities increased by £214k to £450k (2019: £244k). This was mainly due to a subsidiary taking out a bank coronavirus business interruption loan of £245k repayable over six years and interest free for the first year.

Cash, cash equivalents and short-term deposits

At 31 December 2020, the Group's cash totalled £1,628k, a decrease of £1,825k from a total of £3,453k at 31 December 2019. The cash outflow from continued development and operating expenses in the subsidiaries was mitigated by proceeds received from a placement in the summer of £2,117k net of costs.

At 31 December 2020, the Group has a total of £699k (2019: £2,288k) held in US\$ to meet the short-term requirements of its US operations. It remains the Group's policy to hedge its US\$ position whilst most of the portfolio companies are US based.

The cash held within the subsidiary Glycotest, Inc., of £0.6m (2019: £2.2m) is not freely available for use within the wider group as it would need the consent of a minority shareholder.

Capital Structure and Funding

The Group is primarily funded by equity capital, reflecting the fact that its portfolio companies are just reaching commercialisation after a period of investment in development. The Group considers its capital to be its total equity before amounts attributable to minority shareholders, which at 31 December 2020 amounted to £6.8 million (2019: £5.5 million). The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to equity holders of the Company and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages this objective through tight control of its cash resources.

Net funds held by the Group at 31 December 2020 amounted to £1.1 million (2019: £3.0 million) and comprised cash and cash equivalents as well as loans and borrowings as shown below:

	31 December	
	2020 £000's	2019 £000's
Cash and cash equivalents (note 23)	1,628	3,453
Lease liabilities (note 25)	(194)	(224)
Loans and borrowings (note 26)	(315)	(213)
Net funds	1,119	3,016

Value of Portfolio

The "fair value" (unaudited Directors' estimated value) of direct stakes is as follows:

- The fair value of NetScientific's direct owned stake in portfolio companies by NetScientific has increased from £11.8m to £21.2m, a 79.7% increase.
- Valuation framework: The fair value numbers for the NSCI on balance sheet investments are based on:
 - » EMV Capital value at acquisition date.

- » PDS (Nasdaq listed) \$2.14 price per share on 31 Dec. Based on the PDS price per share as of 19 March 2021, the fair value would be £4.9m.
- » Price per share of £52.50 for buyout of ProAxis.
- » Most recent investment with 3rd party for other portfolio companies.

- Where relevant, there may be repricing as next investment rounds take place.

The capital under advisory is as follows:

- EMV Capital's Capital Under Advisory 'at cost' (i.e. measured at the 'entry point' valuation) increased from £12.2m at the time of the acquisition by NetScientific to £14.6m at the end of 2020, an increase of 19.7% in 4 months.
- For comparison purposes, for the full year EMV Capital's Capital Under Advisory grew by 52.1%, from £9.6m at the end of 2019.
- The amounts under Capital Under Advisory are associated with carried interest or profit share agreements, typically between 15% and 20%. While it is difficult to value or estimate the current value of these stakes, for demonstration purposes an average 2x return on the portfolio of £14.6m investments could result in carry returns to EMV Capital £2.19 to £2.92m (depending on the specific carry arrangements).
- Post-year end, capital under advisory has further increased to £15.8m, through recent transactions – representing an increase of 29.5% since the EMVC acquisition.

John Clarkson

Executive Chairman

30 March 2021

Sustainability Report

Background:

NetScientific group is uniquely positioned to play a major role in the Environment, Social and Corporate Governance ("ESG") and Impact investment space. NetScientific itself has been traditionally an investor in the big challenge areas in healthcare around major chronic diseases for both therapeutics and diagnostics. With the acquisition of EMV Capital, the Group now also has capability and coverage of the sustainability area.

The Board of NetScientific is now working towards embedding ESG considerations into our business, with meaningful steps taken during the year in our operations, investment activities and portfolio companies.

ESG Criteria in investment activities and portfolio:

ESG and impact principles are a part of our investment selection and investment management activities. We focus on principles rather than a specific sub-set of measures, as a 'one size fits all' metrics may be inappropriate given the diversity of our investments. We also participate actively in the ESG investor community. For instance, EMV Capital is a 'founding investment manager' of **Impact Agora** (<https://www.impactagora.com/>), and ESG-focused Investment Platform, backed by Barclays. Impact Agora is focusing on the impact investing ecosystem enabling the sharing of ESG-linked investment deals between asset managers, investor networks, corporates, family offices and Foundations that subscribe to ESG criteria.

Many of our portfolio companies have an impact across several ESG aspects by for instance addressing high social priority and chronic diseases through therapeutics and diagnostics; and addressing

sustainability challenges through innovative use of technology. A few examples:

PointGrab: Privacy-focused AI-based smart sensing for a COVID-secure workplace

Pointgrab has put privacy and security at the center of the design of their award-winning Smart Building facility management AI-driven sensing solution for workplace optimization. Their adaptation of the system for a safe post-COVID workplace has received coverage by CNN and others.

SageTech Medical Equipment: Reducing Hospital emissions through the capture of anaesthetic gases

Inhalational anaesthetics are HFCs which are highly potent greenhouse gases. Capturing these can significantly reduce Hospitals' CO2 equivalent emissions. SageTech's patented waste management and recycling platform provides a solution in human and veterinary healthcare by capturing anaesthetic gases, storing these, and in due course recycling for further use. SageTech's system also allows hospitals to increase hospital ICU and operating theatre capacity, while giving hospitals a more efficient solution to allow the delivery of anaesthetic gas to more patients.

PDS Biotech: Access to COVID vaccines for emerging economies

PDS is using their Versimune immunocology platform to both develop therapeutics for rare cancers (such as neck and face cancers), and a platform for vaccines for infectious diseases, with a specific focus on developing economies. Having started with a focus on TB and influenza, the company launched a COVID-19 focused vaccine drive, which most recently resulted in a \$60m funding by the Brazilian government for a PDS-led consortium with Brazilian pharma companies.

Q-Bot: Robotic Underfloor insulation to improve social housing energy efficiency and comfort

Floor insulation can account for significant energy savings per year for households, which also translates to higher efficiency and reduced energy consumption. Q-Bot's robotic system has been used to provide insulation and increased comfort in 1,000s of homes in social housing – helping to reduce the burden of fuel poverty through lower heating costs and increase comfort by reducing draughts and temperature stratification for tenants.

Human Capital

Human capital is at the core of a knowledge-intensive business such as NetScientific and its portfolio companies. To support a people-centric productive environment and long-term staff commitment, we have taken various steps through the year. We hired a dedicated Human Resources Manager and continue to offer free from bias, competitive remuneration and benefits packages to all our personnel. Various policies are in place within the Group designed to protect and empower personnel, including Anti-bribery and corruption, Whistleblowing and Health and Safety, all of which are reviewed annually and, where relevant, amended or supplemented to accommodate the evolving risk profile of the business.

The company is committed to creating a safe and inclusive environment, free from unlawful discrimination. We encourage equality, diversity and inclusion and the contributions of all employees are recognised and valued. The Group seeks to provide space and resources to enable continuing learning and individual development and adopt a structured approach to identifying the training and development needs of individuals. For the year ahead, we will continue to encourage the culture of equal opportunities and engage further with our community of entrepreneurs and portfolio companies in the UK and internationally.

We have worked closely with the team to find the most effective "Work From Home" practices, and will continue the efficient use of video conferencing to minimise international and domestic travel. We have also continued the push towards a paperless working environment with the adoption of improved internal IT and document sharing solutions.

Governance

Good corporate governance, risk management and cyber resilience are essential; both to our operations, and to the performance of our portfolio companies. As a publicly traded entity subscribed to the Quoted Companies Alliance (QCA) Corporate Governance Code, we are the subject of robust risk management and governance arrangements, and have this year further bolstered our internal systems and processes. The Group has implemented various security enhancements into our IT environment to help protect against the ever-present threat. Complementing the technological changes, the Group has been building policies and systems designed to protect our data and redouble our commitment to minimising compliance risk and preventing bribery and corruption. We have also made aspects of our practices and contractors available to some of our portfolio companies, to enable a cost-effective implementation of enterprise grade IT and cybersecurity practices.

Responsibility for governance within the Group ultimately sits with the Board. However, there are training activities, mentoring and internal processes designed to ensure observance of good governance at every stage of investment. Remuneration policies are reviewed by the Board's Remuneration & Nominations Committees and are designed to ensure that all reward and recognition structures are aligned with the broader goals of the Company's stakeholders by dissuading risk-taking practices that are inconsistent with the goals and parameters established by the Board.



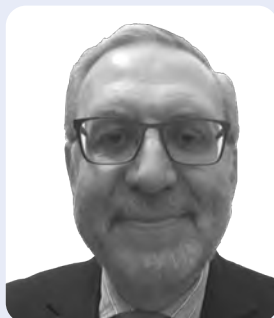
Board of Directors

Board changes

There were three Board changes during the year (2019: 4).

On 31 March 2020, Sir Richard Sykes retired from the Board following nine years as Chairman. John Clarkson took over as the Chairman of the Board with immediate effect and became Executive Chairman from 1 December 2020. On 30 April 2020, Ian Postlethwaite resigned from the Board and stepped down as Chief Executive Officer, Chief Financial Officer and Company Secretary following four years on the Board. Dr Ilian Iliev, then a Non-Executive Director became Chief Executive Officer. On 2 December 2020, Clive Sparrow joined the Board as a Non-Executive Director and Chair of the Audit and Risk Committee.

The Board is currently setting up an Advisory Group to give the Company access to broader experience and expertise.



John Clarkson
Executive Chairman

John is an experienced business professional and qualified accountant, who had a successful early career working in various financial, audit and management positions in the UK and overseas. John then completed a full time MBA at Cranfield University, before moving into management consultancy with Deloitte Haskins + Sells. There he provided a range of business and consultancy services to various public & private sectors organisations and blue-chip clients. He established a management strategy/performance improvement service and founded a construction, real estate and project management group. John was partner in charge of the developing services consultancy division in Coopers Deloitte (now PWC).

He left the firm to create a private hotel group in North America, but then took on the role of vice chairman of Laura Ashley Inc. based out of Boston, USA, with a worldwide remit for restructuring, cost reduction and business turnaround. John brings many years of commercial expertise in leadership roles, including that of CEO, Chairman and Non-Executive Director. He has been a member of a number of business and professional groups and has written articles and undertaken speaking engagements in both the UK and Europe. John is a Fellow of the Association of Chartered Certified Accountants, a qualified Public Finance Accountant, a Fellow of the Institute of Consulting and Chartered Manager. He is an active investor in start-ups, high-tech and growing businesses, where he has been involved in strategy development, fundraising, contract negotiations, remuneration and corporate governance arrangements.

Board of Directors continued



Dr Ilian Iliev

Chief Executive Officer

Ilian founded EMV Capital (EMVC), a corporate finance and VC investment firm acquired by NetScientific in August 2020. EMVC is a London-based investor in the industrial sustainability, industrials and healthcare sectors. EMVC's investments in Europe, Israel and the US cover a range of technologies including robotics and AI, machine learning, materials science, IoT, advanced engineering, power electronics and medical devices. Ilian spun-out EMV Capital out of EcoMachines Ventures, which he co-founded in 2013. Prior to that he co-founded and was CEO of CambridgeIP Ltd (2006-2012), which he built into a leading market and technology business intelligence provider in the UK. He is a Board member at a number of Net Scientific and EMVC portfolio companies, including PDS Biotechnology Inc., Glycotest Inc., Sofant Technologies, Pointgrab, Q-Bot, Wanda Health, and also serves as Executive Chairman at Vortex Biosciences Inc.

Ilian holds a PhD from Cambridge University's Judge Business School, focused on Venture Capital business models in emerging economies, Mcom in Economics, and BA in Politics, Economics and International Relations from the University of Witwatersrand, South Africa. He has published widely on entrepreneurship, venture capital, and market trends in energy and healthcare, and has won awards for academic excellence.





Professor Stephen Smith

Non-Executive Director and Chair of the Remuneration and Nominations Committees

Stephen joined the Board in February 2016 and has held senior leadership roles in the NHS and academia. He has had a long and distinguished career as a clinician scientist, Head of Department, Dean and CEO with the University of Cambridge, Imperial College, London and Imperial College Healthcare NHS Trust.

He was responsible, with, Sir Richard Sykes, for creating the first Academic Health Science Centre in the United Kingdom, that involved the largest merger at the time in the NHS of three famous hospitals, St Marys Hospital, Charing Cross Hospital and the Hammersmith Hospital with Imperial College London, creating Imperial College Healthcare NHS Trust. He was the inaugural CEO of the Trust whilst retaining his position as Principal of the Faculty of Medicine. During his career he has been a keen advocate of the commercialisation of ideas in Life Sciences and Healthcare and actively pursued this strategy in Cambridge and Imperial College. He "spun-out" two companies from the university of Cambridge, Metris Therapeutics and GNI Group Ltd, the later now being a successful Mid Cap, Sino-Japanese company, having completed its IPO on the Tokyo Stock Exchange in 2007 and on whose public board he served for four years in Tokyo.

Stephen has extensive non-executive experience serving on the Boards of the National Healthcare Group Singapore which developed integrated care through nine polyclinics. In Australia, he was on the Board of the Royal Melbourne Hospital and the Victorian Comprehensive Cancer Centre, a \$1.5billion project to create a fully integrated cancer care facility that brings together an integrated research, service and education offering to four million patients in Victoria.



Clive Sparrow

Non-Executive Director and Chair of the Audit & Risk Committee, appointed 2 December 2020

Clive joined the NetScientific Board in December 2020. He is also a Non-Executive Director serving on the board of the largest community healthcare NHS Trust in London. He has a proven track record in strategy development, transformational change, risk management and performance improvement. His sector specialities are government; the NHS; and regulation.

He had a successful career as a management consultant with two professional services firms: Grant Thornton and PricewaterhouseCoopers (PwC). For three years, he worked as a Director in HM Treasury, driving the successful delivery of Europe's largest change programme. He has also set up and led two profitable start-up companies.

Clive is a Fellow of the Association of Chartered Certified Accountants, a Chartered Public Finance Accountant and a member of the Healthcare Financial Management Association. He holds a degree in Economics from the University of Nottingham.

Report of the Directors

The Directors present their report with the audited financial statements of NetScientific plc ("NetScientific") and its subsidiaries ("the Group") for the year ended 31 December 2020.

Research and development

The Group incurred research and development expenditure on the continuing operations of ProAxis and Glycotest, amounting to £1,227k in the year (2019 £1,979k). Commentary on the major activities is given in the Financial Review on pages 28 to 30.

Dividend

The Directors do not propose the payment of a dividend (2019: £Nil).

Future developments

A review of anticipated future developments is included in the Chairman's and Chief Executive Officer's Statement on page 8.

Directors

The Directors shown below have held office during the period from 1 January 2020 to the date of this report:

John Clarkson
 Dr Iljan Iliev
 Professor Stephen Smith
 Clive Sparrow (appointed 2 December 2020)
 Sir Richard Sykes (resigned 31 March 2020)
 Ian Postlethwaite (resigned 30 April 2020)

Directors' shareholdings and other interests

	No. of shares as at 31 December 2020	No. of shares as at 31 December 2019
Dr Iljan Iliev	3,598,403	—
Sir Richard Sykes	9,345	93,452
Professor Stephen Smith	2,857	28,571

Between 31 December 2020 and the date of this report there has been no change in the interests of Directors in shares or share options as disclosed in this report.

The shareholding of Dr Iljan Iliev is held by Futura Messis Group Limited and is held by nominees. Part of the shareholdings of Sir Richard Sykes is held by nominees.

Directors' remuneration and share options

Details of the Directors' remuneration and share options are given in the Directors' Remuneration Report on pages 42 to 45.

Directors' and officers' liability insurance

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Financial risk management

The Group's use of financial instruments is discussed in note 29 to the financial statements.

Substantial holdings

At 10 March 2021, the Directors were aware of the following interests of 3 per cent or more in the issued ordinary share capital of the Company and have not been notified, pursuant to the provisions of the Companies Act 2006, of any further such interests.

Name	No. of shares	Per cent. of voting rights
Futura Messis Group Limited	3,598,403	24.12%
AB Group Limited	3,278,014	21.98%
Schroders Investment Management (London)	1,315,333	8.82%
Hargreaves Lansdown Asset Management Nominees	1,181,744	7.92%
Zedra Trust Company (Jersey) Limited	938,952	6.29%

Directors' responsibilities

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 financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and Interpretations (collectively IFRSs) and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs for the Group and company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the group and company financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and Interpretations (collectively IFRSs) and FRS 102 respectively, 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 will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the Directors continued

Going Concern

The Group made a loss in the financial year of £2,338k (2019: £4,872k) and has been reliant on the continued financial support of its existing investors.

The Directors have prepared and reviewed budget cashflows which were approved by the Board of Directors in the Board meeting of 20 January 2021.

The Group has reviewed the major budgeted assumptions and sensitivities in light of Covid-19 and drawn up cash preservation plans in case revenue does not continue as planned, or it faces delays in planned payments from third parties. It has initiated further cash preservation plans across the Group and delayed expenditure where possible, until there is more clarity on the financial impact of the pandemic.

In some cases, the crisis restrictions will delay trials and programs, which will defer expenditure and thus extend the cash runway. Also, there may be opportunities to take advantage of the financial support measures and divert effort and resources to address Covid-19 opportunities and generate new revenue and funding streams, further ensuring the Group has options and cash for at least the next twelve months and beyond.

The going concern status of the group is dependent on meeting its forecast including generating revenues, receiving planned payments from third parties and achieving planned cost savings. In the event the group is unable to meet its forecasts it may need to raise further finance. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group and the company's ability to continue as a going concern.

The financial statements do not include any adjustments that would be necessary if the group or company was unable to continue as a going concern.

Post balance sheet events

On 25 January 2021 it was announced that NetScientific Plc had issued a total of 101,066 new ordinary shares of £0.05 each in the Company ("New Ordinary Shares") to Chairman John Clarkson, who has chosen to take the payment in shares, rather than cash for fees owed to Development Financial and Management Services Ltd, Mr Clarkson's consultancy firm, as described in the shareholder circular published on 7 August 2020. The New Ordinary Shares are being issued at a price of 49.4726

pence per share being a volume weighted average price of shares traded on AIM over the 5 trading days immediately preceding the date of issue.

On 3 February 2021, it was announced that NetScientific's portfolio company PDS Biotechnology Corporation ("PDS") (Nasdaq: PDSB) had achieved its preliminary objective response for the National Cancer Institute's (NCI) Phase II clinical study of PDS0101 for the treatment of advanced human papillomavirus (HPV)-associated cancers that have progressed or returned after treatment. The trial, which studies PDS0101 in combination with two promising immune-modulating agents M7824 and NHS-IL12, will now progress to full enrolment of approximately 20 patients who are checkpoint inhibitor naïve, and approximately 20 who have failed prior therapy with checkpoint inhibitors (CPI refractory).

On 11 March 2021, it was announced that NetScientific's portfolio company PDS Biotechnology Corporation (Nasdaq: PDSB) that its COVID-19 vaccine consortium jointly run by PDS consisting of Farmacore Biotechnology and Blanver Farmoquímica, has received a commitment from the Secretary for Research and Scientific Training of the Ministry of Science, Technology and Commercialisation of Brazil ("MCTI") to fund up to approximately US\$60 million to support the clinical development and commercialization of a novel, Versamune®-based, second generation COVID-19 vaccine in Brazil.

Auditors

The Directors believe they have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By Order of the Board:

Stephen Crowe

Company Secretary

30 March 2021

Corporate Governance Report

Board of Directors Meetings

The posts of Chairman and Chief Executive Officer are held by different Directors. The Board is balanced by there being an appropriate number of non-executives with at least two of the Directors at all times during the year being non-executive directors.

The Board meets regularly throughout the year, quarterly for major milestones and KPI reviews, and more frequently for ongoing business matters, and investment decisions. Arrangements are made to enable information in a form and of a quality to be supplied to Directors on a timely basis to enable them to discharge their duties. Additionally, special meetings take place or other arrangements are made when Board decisions are required in advance of regular meetings. Certain matters are reserved for consideration by the Board (with other matters delegated to Board committees). The Board is responsible for leading and controlling the Group and in particular, setting the Group's strategy, its investment policy and approving its budget and major items of expenditure, acquisitions and disposals.

The Board of Directors has a procedure through which the Directors are able to take independent advice in the furtherance of their responsibilities. The Directors have access to the advice and services of the Company Secretary.

During the year ended 31 December 2020, the Board met 18 times, with each member attending as follows.

Director	Number of meetings held whilst a Board Member	Number of meetings attended
John Clarkson	18	18
Dr Ilian Iliev	18	18
Professor Stephen Smith	18	18
Clive Sparrow (appointed 2 December 2020)	2	2
Sir Richard Sykes (resigned from Board 31 March 2020)	3	1
Ian Postlethwaite (resigned from Board 30 April 2020)	3	3

Corporate Governance

The Board of Directors of the Company (the "Board") and the Chairman are responsible for the governance of the Company, governance being the systems and procedures by which the Company is directed and controlled. High standards of Corporate Governance are a key priority of the Board and the Directors believe that they govern the Company in the best interests of the shareholders.

The Board considers it appropriate to adopt the principles of the Quoted Companies Alliance Corporate Governance Code ("the QCA Code") published in April 2018, which is the standard deemed appropriate by independent bodies for small and mid-size quoted companies in the UK.

The corporate governance framework which NetScientific Plc operates under, including board leadership, effectiveness, remuneration and internal control, are based upon practices which the Board believes are proportionate to the risks inherent to the size and complexity of NetScientific's operations and are taken very seriously by the Board.

The extent of compliance with the ten principles that comprise the QCA Code, together with an explanation of any areas of non-compliance, and any steps taken or intended to move towards full compliance, are set out in full on the Company's website at <https://www.netscientific.net/aim-rule-26>.

Board Committees

As appropriate, the Board has delegated certain responsibilities to Board committees.

Audit & Risk Committee terms of reference

The Audit & Risk Committee was chaired by John Clarkson up to taking on the role of Executive Chairman on 1 December 2020 and the appointment of Clive B Sparrow as chair on 2 December 2020. Its other members have been Professor Stephen Smith and Dr Ilian Iliev up to the date he became Chief Executive Officer on 1 April 2020. The Audit & Risk Committee has responsibility for considering all matters relating to financial controls, reporting and

Corporate Governance Report continued

external audits, the scope and results of the audits, the independence and objectivity of the auditors and keeping under review the effectiveness of the Group's internal controls and risk management. The committee monitors the scope, results and cost-effectiveness of the audit. It has unrestricted access to the Group's auditors. In certain circumstances, it is permitted by the Board for the auditors to supply non-audit services (in the provision of tax advice, or non-specific projects where they can add value). The committee has approved and monitored the application of this policy in order to safeguard auditor objectivity and independence.

During the year ended 31 December 2020 the Audit & Risk Committee met 2 times with each member attending as follows.

Director	Number of meetings held whilst a Board member	Number of meetings attended
Clive Sparrow	0	0
Professor Stephen Smith	2	2
John Clarkson	2	2
Dr Iljan Iliev	1	1

Remuneration Committee

The Remuneration Committee was chaired by Sir Richard Sykes up to his resignation and then by John Clarkson. On the 17 February 2021 Prof. Stephen Smith took over as the Chair. Its other members have been Dr Iljan Iliev up to his appointment as CEO and Professor Stephen Smith. The Directors consider that the composition of this committee is appropriate given the Company's size and circumstances.

The committee meets at least twice a year. The Remuneration Committee has responsibility, within its terms of reference approved by the Board on 9 May 2013, which were reviewed and updated on 17th February 2021, for making recommendations to the Board on the Company's policy for remuneration of senior executives, for reviewing the performance of executive Directors and senior management and for determining, within agreed terms of reference, specific remuneration packages for each of the executive Directors and members of senior management, including pension rights, any

compensation payments and the implementation of executive incentive schemes. The committee administers the Company's share option scheme and approves grants under the scheme. The Committee is responsible for all senior appointments that are made within the Group. The Chairman and the executive Directors are responsible for setting the level of non-executive remuneration.

During the year ended 31 December 2020 the Remuneration Committee met 3 times with each member attending as follows.

Director	Number of meetings held whilst a Board member	Number of meetings attended
Professor Stephen Smith	3	3
John Clarkson	3	3
Dr Iljan Iliev	1	1
Clive Sparrow	0	0
Sir Richard Sykes (resigned 31 March 2020)	0	0

Nomination Committee

The Nomination Committee was chaired by Sir Richard Sykes until his resignation on 31 March 2020 and then by John Clarkson from 1 April 2020. On the 17 February 2021 Prof. Stephen Smith took over as the Chair. Its other members have been Dr Iljan Iliev and Clive Sparrow. The Directors consider that the composition of this committee is appropriate given the Company's size and circumstances.

The Committee meets at least twice a year. The Nominations Committee has responsibility, within its terms of reference approved by the Board on 9 May 2013, which were reviewed and updated on 17th February 2021, for identifying and nominating, for the approval of the Board, candidates to fill Group Board vacancies as and when they arise, save that appointments as Chairman or Chief Executive are matters for the full Board. The Committee is responsible for all senior appointments that are made within the Group. During the year ended 31 December 2020, the Nomination Committee met two times formally.

Director	Number of meetings held whilst a Board member	Number of meetings attended
Professor Stephen Smith	2	2
John Clarkson	2	2
Dr Ilian Iliev	2	2
Clive Sparrow	0	0
Sir Richard Sykes (resigned 31 March 2020)	0	0

Investor relations

The Directors seek to build a mutual understanding of objectives between the Company and its shareholders by meeting with major institutional investors as required throughout the year and after the Company's preliminary announcement of its year end results and its interim results in order to provide dialogue and transparency. The Company maintains investor relations pages on its website (www.netscientific.net) to increase the amount of information available to investors in line with AIM Listing Rule 26. The management team also presents at a variety of investor forums.

There is an opportunity at the Annual General Meeting for individual shareholders to question the Chairman, and the Chairs of the Audit, Remuneration and Nomination Committees.

Internal control

The Board are responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The main features of the internal control system are as follows:

- a control environment exists through close management of the business by the executive Directors. The Group has a defined organisation structure with delineated approval limits. Controls are implemented and monitored by personnel with the necessary qualifications and experience
- a system of internal checks and independent approvals
- monitoring and promoting a healthy corporate culture based on high ethical and moral standards
- a list of matters reserved for Board approval
- regular financial and management reporting and analysis of variances
- standard financial controls operate to ensure that the assets of the Group are safeguarded and that proper accounting records are maintained.

By Order of the Board:

Stephen Crowe

Company Secretary

30 March 2021

Directors' Remuneration Report

Remuneration Committee

The Company's remuneration policy is the responsibility of the Remuneration Committee (the "Committee") which was established in March 2013. The terms of reference and its membership are summarised in the Corporate Governance Report on pages 39 to 41.

The Committee, which is required to meet at least twice in the year, met three times during the year ended 31 December 2020.

Remuneration policy

The objective of the remuneration policy is to ensure the compensation packages are adequate to attract, retain and motivate people of high quality and experience, align their incentives with those of shareholders, and achievement of the company's strategic objectives in line with industry practice.

The remuneration for the Chief Executive and Executive Directors consists of an annual salary, pension contribution, performance-related bonuses, and private health cover. In addition, the Executive Directors may receive grants from the Company's share option scheme.

The Committee believes that the base salary and benefits for the Executive Directors should represent a fair return for employment but that the maximum total potential remuneration may only be achieved in circumstances where the Executive has met challenging personal objectives that contribute to the Group's overall performance.

The basic salaries of the Chief Executive Officer and the Executive Directors are reviewed annually and take effect from 1 January each year. The basic salary is determined by reference to relevant market data and the individual's experience, responsibilities and performance.

Chairman and non-executive Directors' remuneration

The Chairman Sir Richard Sykes received a fixed fee of £9,000 (2019: £36,000) up to his resignation on 31 March 2020. John Clarkson as non-executive director for the period 1 January 2020 to 31 March 2020 received a fixed fee of £6,000 then as Chairman for the period of 1 April 2020 to 30 November received a fixed fee of £24,000. On the 1 December 2020 John Clarkson became Executive Chairman. Dr Ilian Iliev received a fixed fee of £8,000 (2019: £Nil) for the period 1 January 2020 to the 30 April 2020 when he became Chief Executive Officer. Professor Stephen Smith received a fixed fee of £24,500 (2019: £24,000). Clive Sparrow receives a fixed fee of £30,000 per year pro rated for the period of service during the year. Clive started 1 December 2020. The fixed fee covers preparation for and attendance at meetings of the full Board and committees thereof. The Chairman and the executive Directors are responsible for setting the level of non-executive remuneration. The non-executive Directors are also reimbursed for all reasonable expenses incurred in attending meetings. Sir Richard Sykes was granted options in the Company's share option scheme on the Company's admission to AIM in September 2013. Professor Stephen Smith was granted options in June 2016 and on 30 November 2020. Dr Ilian Iliev was granted options on 25 September 2020. John Clarkson and Clive Sparrow were granted options on 30 November 2020.

Equity based incentive schemes

The committee believes that equity-based incentive schemes increase the focus of employees in improving the Group's performance, whilst at the same time providing a strong incentive for retaining and attracting individuals of high calibre.

The NetScientific Plc Share Option Scheme (the "Scheme") was established on 9 May 2013 and is administered by the Remuneration Committee. The Committee decides to whom of the employees to grant options, the number, the exercise dates and the performance conditions. The option price is the greater of the average of the closing or middle market price over the five dealing days before the date the option is granted, or the amount specified by the Remuneration Committee to be the option

price. Generally, options cannot be exercised unless the participant has been in employment with the Company for three years since the date of grant, the vesting timing for which is detailed in the paragraph below. The Scheme limit is 10% of the number of Ordinary Shares in issue prior to such a grant. The Remuneration Committee intends to review and update as necessary the Group's equity-based incentive scheme.

Directors' interests in share options

The interests of Directors in The NetScientific Share Option Scheme over Ordinary Shares during the year were as follows.

	Option Price pre share reorganisation	Option Price post the share reorganisation	Options as at 31 December 2020	Options as at 31 December 2019
2020				
John Clarkson	—	45.5p	382,465	—
Dr Ilian Iliev	—	65.0p	382,465	—
Professor Stephen Smith	—	45.5p	46,155	—
Clive Sparrow	—	45.5p	46,155	—
Pre-2020				
Sir Richard Sykes (resigned 31 March 2020)	160.0p	£16.00	35,902	359,020
François R. Martelet, M.D. (resigned 30 April 2019)	119.5p	£11.95	35,902	359,020
François R. Martelet, M.D.	86.2p	£8.62	20,000	200,000
François R. Martelet, M.D.	65.5p	£6.55	15,000	150,000
François R. Martelet, M.D.	45.5p	£4.55	8,333	83,333
Ian Postlethwaite (resigned 15 January 2020)	79.7p	£7.97	18,000	180,000
Ian Postlethwaite	65.5p	£6.55	18,000	180,000
Ian Postlethwaite	45.5p	£4.55	—	200,000
Barry W Wilson (resigned 13 December 2019)	160.0p	£16.00	17,951	179,510
Professor Stephen Smith	79.7p	£7.97	3,000	30,000

On 24 August 2020, a share capital re-organisation took place. This had the effect of consolidating each ten existing options into one new option. The effect of the share capital re-organisation was that the exercise price of the options issued in the past was also multiplied by ten to be fair and equitable. The total number of options in the Company post the share capital re-organisation was 385,598.

Options were first granted on 16 September 2013, the date of the Company's Admission to AIM. The options price was 160p, the Placing Price, post the share capital re-organisation on 24 August 2020 this was multiplied by ten to give an option price of £16.00. The vesting terms were that one third of the option became exercisable on the date of Admission, the next third on the first anniversary

Directors' Remuneration Report continued

of the date of Admission and the final third on the second anniversary of the date of Admission ("1/3, 1/3, 1/3"). In the case of the Chairman and non-executive Directors any Ordinary Shares issued as a result of the exercise of their options must be held for three years from the date of vesting of the relevant options. François R. Martelet, M.D.'s options were granted on 9 November 2015, 4 February 2016, 27 January 2017 and 21 June 2018 and vest respectively on 8 June 2018, 4 February 2019, 27 January 2020 and 21 June 2021. A portion of unvested options at his resignation date of 30 April 2019 have lapsed. Options were awarded to Ian Postlethwaite on 16 June 2016, 27 January 2017 and 21 June 2018 and vest on 13 June 2019, 27 January 2020 and 21 June 2021 respectively. A portion of his unvested options at his resignation

date of 14 January 2020 have lapsed. Options were awarded to Professor Stephen Smith on 24 June 2016 and 30 November 2020 and vest on 17 February 2019. Options were awarded to Dr Ilian Iliev on 25 September 2020, to John Clarkson on 30 November 2020, Clive Sparrow on 30 November 2020.

Audited information

The following section (Directors' remuneration) contains the disclosures required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and forms part of the financial statements for the year ended 31 December 2020 and has been audited by the Company's auditor, BDO LLP.

Directors' remuneration

The aggregate remuneration received by Directors who served during the year ended 31 December 2020 is set out below.

Year ended 31 December 2020	Salaries and fees £000's	Pay in lieu of notice £000's	Benefits £000's	Pension £000's	Total £000's
Executive Directors					
John Clarkson	47		—	2	49
Dr Ilian Iliev	134		2	10	146
Ian Postlethwaite (handed 6 months notice on 15 January 2020)	118		2	9	129
Non-Executive Directors					
Sir Richard Sykes (resigned 31 March 2020)	9		—	—	9
Professor Stephen Smith	25		—	—	25
Clive Sparrow (appointed 2 December 2020)	3		—	—	3
Total	336		4	21	361

For the period 1 January 2020 to 30 April 2020 (prior to Dr Ilian Iliev's appointment as CEO), London Innovation Partners Limited, a company owned by Dr Ilian Iliev received £70k, pursuant to a consultancy agreement between it and the Company. The balance outstanding at 31 December 2020 is £Nil (2019: £Nil).

John Clarkson controls Development, Financial and Management Services Limited, has received £220k, pursuant to a consultancy agreement with the Company for the period 1 January 2020 to 30 November 2020. The balance outstanding at 31 December 2020 is £80k (2019: £Nil) as described and approved in the shareholders circular published on the 7 August 2020.

Year ended 31 December 2019	Salaries and fees £000's	Pay in lieu of notice £000's	Benefits £000's	Pension £000's	Total £000's
Executive Directors					
François R. Martelet, M.D. (resigned 30 April 2019)	95	247	1	6	349
Ian Postlethwaite	206	—	4	16	226
Non-Executive Directors					
Sir Richard Sykes	36	—	—	—	36
Barry W Wilson (resigned 13 December 2019)	23	—	—	—	23
Professor Stephen Smith	24	—	—	—	24
John Clarkson	1	—	—	—	1
Dr Ilian Iliev	—	—	—	—	—
Total	385	247	5	22	659

In addition to the amounts shown above, the share-based payment charge for the year was:

	Year ended 31 December 2020 £000's	Year ended 31 December 2019 £000's
Executive Directors		
John Clarkson	21	—
Dr Ilian Iliev	33	—
François R. Martelet, M.D.	—	11
Ian Postlethwaite	(14)	28
Non-Executive Directors		
Professor Stephen Smith	3	—
Clive Sparrow	3	—
Total	46	39

By Order of the Board:

Prof. Stephen Smith

Chairman of Remuneration Committee

30 March 2021

Directors' Audit & Risk Committee Report

Audit & Risk Committee

The Audit & Risk Committee has responsibility for considering all matters relating to financial controls, reporting and external audits, the scope and results of the audits, the independence and objectivity of the auditors and keeping under review the effectiveness of the Group's internal controls and risk management.

The Committee, which is required to meet at least twice in the year, met two times during the year ended 31 December 2020.

The Committee monitors the scope, results and cost-effectiveness of the audit. It has unrestricted access to the Group's auditors. In certain circumstances, it is permitted by the Board for the auditors to supply non-audit services (in the provision of tax advice, or non-specific projects where they can add value).

The Committee is authorised to seek any information that it requires from any employee of the Company in order to perform its duties. The Committee has approved and monitored the application of this policy in order to safeguard auditor objectivity and independence.

Membership

All members of the Committee will be non-executive directors who are independent of management and free from any business or other relationships which could interfere with the exercise of their independent judgement. At least one of the members of the Committee will have recent and relevant financial experience.

Financial Reporting

The Committee has reviewed, and challenged where necessary, the actions and judgements of management, in relation to the Company's financial statements, operating and financial review, interim reports, preliminary announcements and related formal statements before submission to, and approval

by, the Board, and before clearance by the auditor. Particular attention is paid to:

- key accounting policies and practices, and any changes in them;
- decisions requiring a significant element of judgement and in particular revenue recognition and the capitalisation of R&D expenditure;
- the going concern assumption;
- the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
- the clarity of disclosures;
- significant adjustments resulting from the audit;
- compliance with accounting standards; and
- compliance with AIM rules and other legal requirements.

Internal control and risk management

The Committee reviews procedures for detecting fraud and whistle blowing, ensuring that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.

The Group's system of internal control comprises entity-wide high-level controls, controls over business processes and centre level controls. Policies and procedures are clearly defined. Levels of delegated authority have been communicated across the Group and management has identified the key operational and financial processes which exist within the business and implemented internal controls over these processes, in addition to the higher-level review and authorisation-based controls. Policies cover defined lines of accountability and delegation of authority; financial reporting procedures; and preparation of monthly management accounts; these facilitate the accuracy and reliability of financial reporting and govern the preparation of financial statements.

In reviewing the effectiveness of the system of internal controls, the Audit and Risk Committee found no significant failings or weaknesses were identified during the past year.

Internal audit

The Group does not have an internal audit function. The Audit and Risk Committee reviews the need for an internal audit function and considers it is not required currently given the Group's size.

External audit

The Audit and Risk Committee is responsible for overseeing the Group's relationship with its external auditors, BDO LLP (BDO). This includes the ongoing assessment of the auditors' independence and the effectiveness of the external audit process, by regular meetings. The results of this inform the Committee's recommendation to the Board as to the auditors' appointment (subject to shareholder approval) or otherwise.

Appointment and tenure

BDO was first appointed as the external auditors of the Group in December 2013. This is the first year in place of the current lead audit partner, Arbinder Chatwal. Regulations require the rotation of the lead audit partner every five years for a listed client. Therefore, we expect a new lead audit partner to be selected for the 2025 audit. In accordance with EU legislation, the Committee intends to put the external audit out to tender at least every ten years.

Non-audit services

The engagement of the external audit firm to provide non-audit services to the Group can affect the independence assessment, and the Group has adopted a policy of not engaging BDO to provide non-audit services which conforms to the Revised Ethical Standard.

Whistleblowing

The Group has adopted procedures where employees may, in confidence, raise concerns relating to possible improprieties in matters of financial reporting, financial control or any other matter. The whistleblowing policy applies to all Group employees. The Audit and Risk Committee is responsible for monitoring the Group's whistleblowing arrangements.

By Order of the Board:

Clive Sparrow

Chairman of Audit & Risk Committee

30 March 2021

Independent Auditor's Report to the Members of NetScientific plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of NetScientific Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Parent Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, which indicates the Directors' considerations over going concern. In the event that the group is unable to meet its forecasts, it will need to raise further finance. As stated in note 2, these events or conditions, along with other matters set out in the note, indicate that a material uncertainty exists that may cast significant doubt on the group and the 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.

We considered the ability of the Group and the Parent Company to continue as a going concern to be a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in relation to the key audit matter included:

- Reviewing the latest cash flow forecasts prepared by management to assess whether the group has adequate financial resources to continue as a going concern for at least 12 months from the date of this report. Our work included agreeing February 2021 cash balances to third party evidence, testing that the assumptions adopted in the cashflows were in line with our knowledge of the business, and incorporated management's cash saving initiatives as well as the progress of their funding options and future plans. We also considered the accuracy of management's forecasting by comparing previous results to related forecasts and current forecasts to latest management accounts.
- Reviewing the reverse stress testing performed by the management on the cash flow forecasts by assessing the likelihood of occurrence based on our

understanding of the group, strategy, future plans and trading results to date.

- Performing sensitivity testing on the cashflow projections prepared by management, by adopting different assumptions from management's.
- Considering the going concern status throughout the normal course of the audit through testing of recoverability of investments, impairment of assets, and existence of cash balances.
- Obtaining and reviewing the latest board minutes available for any potential events that might indicate a going concern issue.
- Reviewing publicly available information for any negative publicity or potential issues that may identify a post balance sheet event.
- Reviewing the adequacy of going concern disclosures in the annual report.

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

Overview

Coverage	100% (2019: 100%) of Group loss before tax 100% (2019: 100%) of Group revenue 100% (2019: 100%) of Group Total assets		
Key audit matters		2020	2019
	Going concern	✓	✓
	Acquisition accounting (Purchase of EMV Capital)	✓	X
Materiality	Group financial statements as a whole £173,000 (2019: £184,000) based on 5% of 3 year average of loss before tax (2019: 5% of loss before tax).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group comprises of the parent company and three subsidiaries in the UK and two subsidiaries in the US. All components were considered significant and were subject to full scope audits performed by the group engagement team for UK components and a BDO member firm for the US components.

Independent Auditor's Report continued

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Issuing detailed group reporting instructions, including group reporting schedules and a delivery timetable, to the component team
- Held initial planning meetings to discuss key audit matters and the scope of the component work.
- Regularly communicated with the component team, with key areas of communication being on supervision and direction for the completion of audit in accordance with the UK auditing standards.
- Reviewed the work done by the component auditors to determine whether sufficient and appropriate audit evidence was obtained.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Acquisition accounting (Purchase of EMV Capital)</p> <p>As detailed in note 12 of the annual report.</p> <p>The Group undertook an acquisition during the financial year. The acquisition resulted in the recognition of intangible assets at fair value of £1,627k and goodwill of £669k.</p> <p>Management exercised judgement in determining the fair values of the consideration, and of the assets and liabilities acquired.</p> <p>Due to the level of estimation and judgement involved, we considered the acquisition to be a key audit matter.</p>	<p>For the acquisition accounting, we performed the following;</p> <ul style="list-style-type: none"> • In respect of the fair value of the consideration, we reviewed Management's calculation with reference to the Sale and Purchase agreement to determine if this was appropriate. • We agreed the number of shares issued and corroborated fair value by reference to the quoted share price. In respect of the number of shares issues, we agreed this to share certificates and Companies House. • For the acquisition date balance sheet and fair values of the acquired assets and liabilities, we compared the book values of the assets and liabilities at acquisition date to the latest management accounts as well as signed statutory accounts. • Reviewed the valuation and completeness of separately identifiable intangible assets by reference to the requirements of applicable accounting standards.

Key audit matter

How the scope of our audit addressed the key audit matter

- In respect of the separately identifiable intangible assets, we reviewed the Group expert's work, with the assistance of our internal valuation experts. We assessed the reasonableness and appropriateness of the valuation methodology adopted. The key input to the valuation was exit probabilities for the various portfolio companies. To determine the appropriateness of the probabilities, we compared management's probabilities to the average life cycle of other portfolio companies within the acquired subsidiary.
- We reviewed Group expert's independence, objectivity, competencies and capability through tracing the firm and individual to the FCA register. We checked that the expert had provided confirmation of their independence and inspected the company website for services they provide to consider the appropriateness of their expertise and capability.
- Recalculated the consideration paid and the goodwill arising from the acquisition. For the consideration paid, we multiplied the number of shares issued by the share price at acquisition date. In respect of the goodwill arising, we calculated this as the residual of consideration paid less fair values of acquired assets and liabilities.
- Reviewed the expected useful lives of intangible assets. For goodwill, we benchmarked against a number of similar companies. In respect of the separately identifiable intangible assets, we compared to the average number of years for an investment to mature and be sold, which we obtained from the industry by reviewing comparable companies.
- Reviewed the acquisition accounting disclosures in the annual report by referencing to the applicable financial reporting framework

Key observations:

Based on the audit work performed, we consider that the acquisition of EMV Capital has been accounted for appropriately in the financial statements.

Independent Auditor's Report continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level,

performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2020 £	2019 £	2020 £	2019 £
Materiality	173,000	184,000	153,000	141,000
Basis for determining materiality	5% of three year average loss before tax	5% of loss before tax	5% of three year average loss before tax	5% of loss before tax
Rationale for the benchmark applied	Loss before tax is considered to be of most importance to the users of the financial statements. We have used a 3-year average of loss before tax because during the year, the group and parent company made significantly reduced losses.			
Performance materiality	129,000	138,000	114,000	106,000
Basis for determining performance materiality	75% of materiality on the basis of our risk assessment, together with our assessment of the control environment.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 50% and 75% of Group materiality dependent on the size of the component and our assessment of the risk that errors in component financial information could contribute to material misstatement in the group financial statements. Component materiality ranged from £86,000 to £129,000 (2019: £22,000 to £106,000). In the audit of each component, we further applied performance materiality levels of between 50% and 75% (2019: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £6,000 (2019: £7,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained

in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Independent Auditor's Report continued

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework by reviewing a list of all applicable laws and regulations as provided by management. From the list, we identified the

Companies Act 2006, QCA Code and LSE & AIM Listing Rules as significant. Through inquiry of management and review of minutes of meetings and related accounts, we obtained an understanding of the process on identification of non-compliance with applicable laws and regulations.

We considered how the group is complying with this framework through performing the following procedures:

- Discussions with management and those charged with governance regarding known or suspected instances of non-compliance with laws and regulations;
- Obtained an understanding of controls designed to prevent and detect irregularities;
- Review of board minutes for any evidence of fraud or non-compliance with laws and regulations.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. Our procedures in this regard included:

- Assessment of journal entries (manual and automated) with specific criteria and to specific accounts that we considered as at a greater risk of fraud as part of our planned audit approach. We reviewed whether the journals were appropriately authorised and whether there is a commercial reason for the entries and we agreed the journals to supporting documentation.
- Review of management's estimates and judgments for management bias by corroborating these to external evidence, stress-testing models and referring to applicable accounting framework. This has been detailed in the going concern and acquisition accounting KAMs.
- Discussions with those charged with governance regarding known, alleged or suspected instances of fraud. We were not made aware of any.
- Making the audit team aware of relevant laws and regulations and fraud risks through regular team discussions on audit areas susceptible to fraud risks and applicable laws and regulations (e.g. revenue recognition, payment authorisations, override of controls and cyber-crime risks, LSE & AIM listing rules, and the QCA Code.)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Arbinder Chatwal (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Southampton, United Kingdom

30 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

For the year ended 31 December 2020

	Notes	2020 £000's	2019 £000's
Continuing Operations			
Total Income		1,103	832
Revenue	5	394	735
Cost of sales		(46)	(117)
Gross profit		348	618
Other operating income		599	76
Research and development costs		(1,227)	(1,979)
General and administrative costs		(1,988)	(2,079)
Other costs	7	(195)	(269)
Loss from operations	10	(2,463)	(3,633)
Finance income	8	110	21
Finance expense	9	(28)	(22)
Loss before taxation		(2,381)	(3,634)
Income tax credit	11	43	88
Loss for the year from continuing operations		(2,338)	(3,546)
Discontinued Operations			
Loss for the year from discontinued operations	13	—	(1,326)
Total loss for the year		(2,338)	(4,872)
Owners of the parent		(1,611)	(4,491)
Non-controlling interests		(727)	(381)
		(2,338)	(4,872)
Basic and diluted loss per share from continuing and discontinued operations attributable to owners of the parent during the year:	14		
Continuing operations		(2.9p)	(4.3p)
Discontinued operations		(0.0p)	(1.4p)
From loss for the year		(2.9p)	(5.7p)

The notes form part of these financial statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 £000's	2019 £000's
Loss for the year		(2,338)	(4,872)
Other comprehensive income:			
Exchange differences on translation of foreign operations		(3)	(56)
Change in fair value of equity investments classified as FVTOCI		(97)	(1,340)
Total comprehensive loss for the year		(2,438)	(6,268)
Attributable to:			
Owners of the parent		(1,724)	(5,891)
Non-controlling interests		(714)	(377)
		(2,438)	(6,268)

The notes form part of these financial statements

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 £000's	2019 £000's
Assets			
Non-current assets			
Property, plant and equipment	15	128	128
Right-of-use assets	16	189	221
Intangible assets	18	2,623	—
Equity investments classified as FVTOCI*	19	2,970	1,468
Financial assets classified as FVTPL**	20	78	262
Total non-current assets		5,988	2,079
Current assets			
Inventory	21	74	30
Trade and other receivables	22	376	603
Cash and cash equivalents	23	1,628	3,453
Total current assets		2,078	4,086
Total assets		8,066	6,165
Liabilities			
Current liabilities			
Trade and other payables	24	(661)	(623)
Lease liabilities	25	(31)	(30)
Loans and borrowings	26	(28)	(163)
Total current liabilities		(720)	(816)
Non-current liabilities			
Lease liabilities	25	(163)	(194)
Loans and borrowings	26	(287)	(50)
Total non-current liabilities		(450)	(244)
Total liabilities		(1,170)	(1,060)
Net assets		6,896	5,105

* Fair value through other comprehensive income

** Fair value through profit and loss

The notes form part of these financial statements

Consolidated Statement of Financial Position continued

As at 31 December 2020

	Notes	2020 £000's	2019 £000's
Issued capital and reserves			
Attributable to the parent			
Called up share capital	27	746	3,928
Share premium account	28	65,594	58,006
Capital reserve account	28	237	237
Equity investment reserve	28	(1,505)	(1,408)
Foreign exchange reserve	28	1,368	1,384
Retained earnings	28	(59,702)	(56,681)
Equity attributable to the owners of the parent		6,738	5,466
Non-controlling interests	17	158	(361)
Total equity		6,896	5,105

The financial statements on pages 56 to 102 were approved and authorised for issue by the Board of Directors on 30 March 2021 and were signed on its behalf by:

John Clarkson

Executive Chairman

Dr Ilian Iliev

Chief Executive Officer

The notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Shareholders' equity								
	Share capital £000's	Share premium £000's	Capital reserve £000's	Equity investment reserve £000's	Retained earnings £000's	Foreign exchange and capital reserve £000's	Total £000's	Non-controlling interests £000's	Total equity £000's
1 January 2019	3,928	58,006	237	(68)	(51,442)	1,444	12,105	(5,935)	6,170
Loss for the period	—	—	—	—	(4,491)	—	(4,491)	(381)	(4,872)
Other comprehensive loss/income –									
Foreign exchange differences	—	—	—	—	—	(60)	(60)	4	(56)
Change in fair value during the year	—	—	—	(1,340)	—	—	(1,340)	—	(1,340)
Total comprehensive loss	—	—	—	(1,340)	(4,491)	(60)	(5,891)	(377)	(6,268)
Decrease in subsidiary shareholding	—	—	—	—	2,668	—	2,668	1,677	4,345
Disposal of subsidiaries	—	—	—	—	(3,469)	—	(3,469)	4,274	805
Share-based payments	—	—	—	—	53	—	53	—	53
31 December 2019	3,928	58,006	237	(1,408)	(56,681)	1,384	5,466	(361)	5,105
Loss for the period	—	—	—	—	(1,611)	—	(1,611)	(727)	(2,338)
Other comprehensive loss/income –									
Foreign exchange differences	—	—	—	—	—	(16)	(16)	13	(3)
Change in fair value of equity investments classified as FVTOCI	—	—	—	(97)	—	—	(97)	—	(97)
Total comprehensive loss	—	—	—	(97)	(1,611)	(16)	(1,724)	(714)	(2,438)
Share re-organisation	(3,535)	3,535	—	—	—	—	—	—	—
Issue of share capital	353	4,236	—	—	—	—	4,589	—	4,589
Cost of share issue	—	(183)	—	—	—	—	(183)	—	(183)
Increase/decrease in subsidiary shareholding	—	—	—	—	(1,463)	—	(1,463)	1,233	(230)
Share-based payments	—	—	—	—	53	—	53	—	53
31 December 2020	746	65,594	237	(1,505)	(59,702)	1,368	6,738	158	6,896

The notes form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 £000's	2019 £000's
Cash flows from operating activities			
Loss after income tax including discontinued operations		(2,338)	(4,872)
Adjustments for:			
Depreciation of property, plant and equipment	15	44	42
Depreciation of right-of-use assets		32	32
Amortisation of intangibles		77	—
Estimated credit losses on trade receivables	22	(37)	56
Loss on disposal of property, plant and equipment		—	4
Loss on disposal of subsidiaries	13	—	703
Fair value movement during the year on convertible debt		(120)	—
Release of loan provision		(224)	—
Capitalisation of development costs		(337)	—
Share-based payments	7	53	53
Foreign exchange gains		1	23
Finance income	8	(110)	(21)
Finance costs		14	22
Tax credit	11	(43)	(88)
		(2,988)	(4,046)
Changes in working capital			
(Increase)/decrease in inventory		(44)	7
Decrease/(increase) in trade and other receivables		325	(130)
(Decrease)/Increase in trade and other payables		(172)	(26)
Cash used in operations		(2,879)	(4,195)
Income tax received		88	72
Net cash (used) in operating activities		(2,791)	(4,123)
Cash flows from investing activities			
Acquisition of subsidiary, net cash acquired		128	—
Disposal of discontinued operations, net of cash disposed of		—	34
Purchase of property, plant and equipment	15	(39)	(6)
Purchase of available for sale investments		(999)	—
Purchase of intangibles		(50)	—
Interest received		1	7
Net cash (used in)/from investing activities		(959)	35

The notes form part of these financial statements

Consolidated Statement of Cash Flows continued

For the year ended 31 December 2020

	Notes	2020 £000's	2019 £000's
Cash flows from financing activities			
Proceeds paid on change in stake in subsidiary		(230)	—
Proceeds received on change in stake in subsidiary		—	4,345
Lease payments		(38)	(38)
Repayment from borrowings		(200)	—
Proceeds from loans		245	—
Proceeds from share issue		2,300	—
Share issue cost		(183)	—
Net cash from financing activities		1,894	4,307
(Decrease)/Increase in cash and cash equivalents		(1,856)	219
Cash and cash equivalents at beginning of year		3,453	3,316
Exchange differences on cash and cash equivalents		31	(82)
Cash and cash equivalents at end of year	23	1,628	3,453

The notes form part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. General information

The Company is a public limited company incorporated on 12 April 2012 and domiciled in England with registered number 08026888 and its shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The address of the registered office is Anglo House, Bell Lane Office Village, Bell Lane, Amersham, Buckinghamshire HP6 6FA.

2. Accounting policies

Basis of preparation

The Group financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Group for the year ended 31 December 2020. The principal accounting policies adopted in the preparation of the financial information are set out below. Policies have been consistently applied to all the years presented apart from where new standards have been adopted during the year, see below for changes in accounting policies.

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries made up to the reporting date. Investees are classified as subsidiaries where the Company has control, which is achieved where the Company has the power to govern the financial and operating policies of an investee entity, exposure to variable returns from the investee and the ability to use its power to affect those variable returns. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Consolidated Financial Statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at acquisition date. The results of acquired entities are included in the consolidated statement of comprehensive income from the date at which control is obtained until the date control ceases.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interest in proportion to their relative ownership interests.

The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through other comprehensive income
- Financial instruments – fair value through profit or loss

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Business Combinations

The Group recognises identifiable assets acquired and liabilities assumed in a business combination, regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: a) fair value of consideration transferred; b) the recognised amount of any non-controlling interest in the acquiree; and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Notes to the Consolidated Financial Statements continued

2. Accounting policies continued

Going concern

The group made a loss in the financial year of £2,338k (2019: £4,872k) and has been reliant on the continued financial support of its investors.

The Directors have prepared and reviewed budget cashflows which were approved by the Board of Directors in the Board meeting of 20 January 2021.

The Group has reviewed the major budgeted assumptions and sensitivities in light of Covid-19 and drawn up cash preservation plans in case revenue does not continue as planned, or it faces delays in planned payments from third parties. It has initiated further cost saving plans across the Group and delayed expenditure where possible, until there is more clarity on the financial impact of the pandemic.

In some cases, the crisis restrictions will delay trials and programs, which will defer expenditure and thus extend the cash runway. Also, there may be opportunities to take advantage of the financial support measures and divert resources to support the Covid-19 effort to generate new revenue streams, further ensuring the Group has options and cash for at least the next twelve months.

The Going concern status of the group is dependent on meeting its forecast including generating revenues, receiving planned payments from third parties and achieving planned cost savings. In the event the group is unable to meet its forecasts it will need to raise further finance. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group and the company's ability to continue as a going concern.

The financial statements do not include any adjustments that would be necessary if the group or company was unable to continue as a going concern.

Discontinued operations/Non-current assets held for sale

A discontinued operation is a component of the Group's business that represents a separate major line of business or area of operation that has been disposed of or is held for sale at balance sheet date. The results of operations disposed of during the year

or are held for sale (management has a committed plan to sell and that it is available for immediate sale, also the sale needs to be highly probable) are included in the consolidated income statement a single line which comprises the post-tax profit or loss of the discontinued operations along with the post-tax gain or loss recognised on disposal of the operations. When a disposal group is classified as held for sale from the point it meets the conditions, comparatives are not restated.

Revenue

Revenue represents amounts receivable for goods or services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue from the supply of products is recognised when the Group has transferred control of goods to customers and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Revenue from services is recognised in full on completion of those services.

Grants

Grants for research and development activities are recognised as income over the periods in which the relevant research and development costs are to be incurred and expensed to the income statement. Grants for future research and development costs are recorded as deferred income. Grant income is included in other operating income. Grants where the Group purchase, construct or otherwise acquire capital expenditure are recognised as deferred revenue in the consolidated statements of financial position and credited to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Research and development

The criteria for development costs to be recognised as an asset, have now been met as it is probable that future economic benefit will flow to the Group. The Group currently has such qualifying expenditure. Property, plant and equipment used for research and development is capitalised and depreciated in accordance with the Group's policy. Refer to property, plant and machinery, furniture, fittings and equipment for more information.

2. Accounting policies continued

Property, plant and machinery, furniture, fittings and equipment

Property, plant and machinery, furniture, fittings and equipment are stated at cost net of depreciation and provision for impairment. Depreciation is provided at the following annual rates in order to write off the cost of each asset, less its estimated residual value, over its estimated useful life.

The principal depreciation rates are:

	Straight line basis	Reducing balance basis
Furniture, fittings and equipment	20% or 33.3%	33.3%
Plant and machinery	20%	33.3%
Leasehold improvements	10%	

The carrying values of property, plant and machinery, furniture, fittings and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business

combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed 1 year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Intangible assets

Certain previously unrecognised assets acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values, e.g. brand names, customer contracts and lists (see Note 18). All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described below. Customer contracts are amortised on a straight-line basis over their useful economic lives, typically the duration of the underlying contracts. The following useful economic lives are applied:

Goodwill:	10 years
Carry interest arrangements:	10 years
Patents:	9 years

Impairment

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows ("cash generating units" or "CGU"). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Notes to the Consolidated Financial Statements continued

2. Accounting policies continued

An impairment loss is recognised in the consolidated statement of total comprehensive income for the amount by which the assets or cash generating units carrying amount exceeds its recoverable amount that is the higher of fair value less costs to sell and value-in-use. To determine value-in-use, management estimates expected future cash flows over 5 years from each cash-generating unit and determine a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profile as assessed by management. Impairment losses for cash generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit with the exception of goodwill, and all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating units recoverable amount exceeds its carrying amount.

Inventory

Inventory is initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprised all cost of purchase, cost of conversion and other costs (materials and consumables) incurred in bringing the inventories to their present condition.

Cash and cash equivalents

The consolidated statements of cash flows and financial position, cash and cash equivalents include cash in hand, deposits at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current trade receivables are recognised based on the simplified approach using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

2. Accounting policies continued

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Fair value through other comprehensive income

The Group has two strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any change in fair value of equity investments classified as FVTOCI is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Derivative financial instruments – Warrants

These are carried in the statement of financial position at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Fair value through profit or loss

The Group has a number of strategic seed investments in unlisted entities by way of convertible loan notes, which are not accounted for as subsidiaries, associates or jointly controlled entities.

They are carried at fair value with changes in fair value recognised in profit or loss during the year and accumulated in retained earnings.

Financial liabilities

The Group classifies its financial liabilities as financial liabilities held at amortised cost. Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Taxation

Income tax is recognised or provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the reporting date except for differences arising on:

- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference could not reverse in the foreseeable future; and
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/(recovered).

Recognition of deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the temporary difference can be utilised. Deferred tax balances are not discounted.

R&D tax credit is recognised when it is considered probable that it will be recoverable based on experience of previous claims, and such credit has been recognised as a tax credit within tax expense in the income statement. Research and development tax credits are included as an income tax credit under current assets.

Notes to the Consolidated Financial Statements continued

2. Accounting policies continued

Leases

IFRS 16 is effective for periods beginning on or after 1 January 2019.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the incremental borrowing rate on commencement of the lease.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The Group does not have any finance leases. The new IAS 17 policy is for the comparative period and for short-term or low-value leases going forward.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities are denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date.

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 and accumulated in the foreign exchange reserve.

Share-based payment

For all grants of share options, the fair value as at the date of the grant is calculated using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are likely to vest, except for options with market-based conditions where the likelihood of vesting is factored into the fair value attributed to those options. The expense is recognised over the vesting period of the option. The credit for any charge is taken to equity.

Changes in accounting policies

Details of the impact these standards have had are given below. Other new and amended standards and interpretations issued by the IASB that apply for the first time from 1 January 2019 have not affected the Group as they are either not relevant to the Group's activities or require accounting that is consistent with the Group's current accounting policies.

- a) New standards, interpretations and amendments adopted from 1 January 2020

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2020 are:

- Definition of a Business (Amendments to IFRS 3); and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

2. Accounting policies continued

Definition of a Business (Amendments to IFRS 3)

Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after 1 January 2020. The Group has applied the revised definition of a business for acquisitions occurring on or after 1 January 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business Combinations. The amendments do not permit the Group to reassess whether acquisitions occurring prior to 1 January 2020 met the revised definition of a business. See note 33 for disclosures relating to the Group's business combination occurring during the year ended 31 December 2020.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There are no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from March 2020 to June 2020.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs. The effect of applying the practical expedient is disclosed in note 25.

Other standards

New standards that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the Group are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative – Definition of Material); and
 - Revisions to the Conceptual Framework for Financial Reporting.
- b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

Notes to the Consolidated Financial Statements continued

2. Accounting policies continued

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

3. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

- Impairment of goodwill – Estimate of future cash flows and determination of the discount rate (see note 18).
- The valuation of intangibles (see note 18).
- The capitalisation of development costs (see note 18).
- The determination of the incremental borrowing rate used to measure lease liabilities (see note 25)
- The valuation of share options awarded (see note 32)

Valuation of equity investments classified as (FVTOCI)

The fair value of unlisted securities is established using International Private Equity and Venture Capital Valuation Guidelines (IPEVCGV). Given the nature of the Group’s investments in seed, start-up and early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts.

The Group considers that fair value estimates that are based entirely on observable market data will be of greater reliability than those based on assumptions and accordingly where there has been any recent investment by third parties, the price of that investment will generally provide a basis of the valuation. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data.

3. Critical accounting estimates and judgements continued

The fair value of CytoVale at year end has been established using inputs from other than quoted prices that are observable as CytoVale is not quoted on an active market, i.e. the price of recent investments by third parties during December 2020. CytoVale raised \$15.0m at the same valuation per share, the fundraise was restricted to a small group of sophisticated investors. At the time this was the only observable valuation on which to value CytoVale.

If the fair value of unquoted equity investments was to decrease by 50%, the net assets figure would decrease by £482k with a corresponding increase if the inputs were to increase by 50% (see note 19).

4. Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, for which separate financial information is available and whose operating results are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resources. The Chief Operating Decision Maker has been identified as the Board of Directors.

The Directors are of the opinion that, whilst each subsidiary (the operations of which are described in the Portfolio Companies section of the Strategic Report) meets the definition of an operating segment, they can be aggregated into one single reportable segment as they share similar economic characteristics. Each subsidiary is engaged in the development of intellectual property and are largely pre-revenue. The Board of Directors assess the performance of the operating segment using financial information which is measured and presented in a manner consistent with that in the financial statements.

5. Revenue

Revenue from contracts with customers

	Delivered Goods £000's	Service Fees £000's	Total £000's
31 December 2020			
United Kingdom	370	24	394
	370	24	394
31 December 2019			
United Kingdom	679	56	735
	679	56	735

Notes to the Consolidated Financial Statements continued

6. Employees and directors

The average number of persons (including executive Directors) employed by the Group during the year was:

	2020 Number	2019 Number
Central Group functions *	2	2
Research and development and Engineering	6	7
Sales and other	5	3
	13	12

* Central Group functions comprise general management, investment, finance, human resources and marketing.

Their aggregate remuneration (excluding non-executive Directors) comprised:

	2020 £000's	2019 £000's
Wages and salaries	1,233	1,442
Social security costs	115	147
Share-based payment charge	53	51
Pension costs	36	34
	1,437	1,674

The Group makes pension contributions for certain employees into money purchase schemes. The total expense relating to these plans in current year was £36k (2019: £34k). There were outstanding contributions at the end of the financial year of £7k (2019: £1k).

The aggregate remuneration of key management comprised:

	2020 £000's	2019 £000's
Wages and salaries	328	301
Pay in lieu of notice	—	247
Social security costs	41	85
Share-based payment charge	43	39
Pension costs	24	22
Benefits in kind	4	5
	440	699

7. Other costs

	2020 £000's	2019 £000's
Estimated credit losses on trade receivables	(37)	56
Merger and acquisition costs	179	160
Share-based payments (note 32)	53	53
	195	269

During the year, the Group incurred transaction fees of £179k (2019: £160k) payable to lawyers and brokers for exploring potential merger and acquisition and disposal opportunities.

8. Finance income

	2020 £000's	2019 £000's
Interest income arising from:		
Cash and cash equivalents	1	7
Loans	109	14
	110	21

9. Finance expense

	2020 £000's	2019 £000's
Interest expense on:		
Loans	20	13
Lease liabilities	8	9
	28	22

Notes to the Consolidated Financial Statements continued

10. Loss from continuing operations

The loss before income tax is stated after charging:

	2020 £000's	2019 £000's
Depreciation of property, plant and equipment (see note 15)	44	42
Amortisation of right-of-use assets (see note 16)	32	32
Amortisation of intangibles (see note 18)	77	—
Loss on disposal of plant, property and equipment	—	4
Fair value movement during the year on convertible debts (see note 20)	128	(35)
Estimated credit losses on trade receivables	(37)	56
Short-term and low value leases:		
– land and buildings	28	44
Net foreign exchange losses	4	3
Fees payable to the Company's auditor for the audit of the Company's financial statements	8	8
Audit of the Company's subsidiaries pursuant to legislation	33	32
Fees payable to the Company's auditors for other services:		
– Audit related services	13	14

11. Taxation

Analysis of tax credit

	2020 £000's	2019 £000's
Current tax:		
UK research and development tax credit	43	88
Income tax credit on current year loss	43	88
Total income tax credit in the Consolidated Income Statement	43	88

11. Taxation continued

Factors affecting the tax expense

The tax credit on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	2020 £000's	2019 £000's
Loss before taxation from continuing operations	(2,381)	(3,634)
Tax at domestic rates applicable to losses in the respective countries 20.32% (2019: 19.42%)	484	706
Effects of:		
Expenses not deductible for tax purposes	(84)	(230)
Additional deduction for R&D expenditure	54	83
Adjustments in respect of prior period	—	7
Capitalisation and amortisation of R&D – Timing difference	(173)	(342)
Loan interest tax deductible upon payment – Timing difference	—	(21)
Loan provision – Timing difference	47	88
Movement on other – Timing difference	76	—
Share based payments	(1)	(3)
Surrender of tax losses for R&D tax credit refund	16	(103)
Unutilised tax losses arising in the period	(182)	(55)
Rate change on deferred tax	130	(42)
Deferred tax not recognised	(324)	—
Income tax credit	43	88
Total income tax credit in the Consolidated Income Statement	43	88

Tax effects relating to effects of other comprehensive income

There are tax losses available to carry forward against future trading profits from continuing operations of approximately £17,483k (2019: £12,154k). A deferred tax asset in respect of these losses of approximately £3,322k (2019: £2,066k) has not been recognised in the accounts, as the utilisation of these losses in the foreseeable future is uncertain. Deferred tax assets relating to R&D costs capitalised for tax purposes and accrued loan interest respectively have not been recognised in the accounts as the utilisation of these assets in the foreseeable future is uncertain. The R&D capitalised cost will transfer to unutilised tax losses over a period of 15 years and the loan interest will transfer to unutilised tax losses upon settlement of the accrued interest.

Notes to the Consolidated Financial Statements continued

12. Business combinations acquired during the period

On 25 August 2020, the Group acquired 100% of the voting equity of EMV Capital Limited from Futura Messis Group Limited, a company owned and managed by Dr Ilian Iliev. The principal activity is venture capital and corporate finance with interests in the industrials, energy and healthcare sectors. Key reasons for the acquisition were to add scale, operational and investment capabilities, team and additional revenue channels that NetScientific did not have in-house. Taken in combination, the acquisition has the potential to unlock additional value creation opportunities for NetScientific shareholders and reduce the risk of further value erosion.

Details of the fair value of identifiable assets and liabilities acquired purchase consideration and goodwill are as follows:

	Book Value £000's	Adjustments £000's	Fair Value £000's
Assets			
Property, plant and equipment	6	—	6
Intangible assets	17	—	17
Bank	139	—	139
Trade Receivables	34	—	34
Prepayments	4	—	4
Accrued Income	76	(11)	65
Other Debtors	1	—	1
Total assets	277	(11)	266
Liabilities			
Trade Payables	(59)	—	(59)
Accruals	(93)	—	(93)
Other Creditors	(39)	—	(39)
Corporation Tax	(32)	—	(32)
Bank loan	(50)	—	(50)
Total liabilities	(273)	—	(273)
Net assets/liabilities	4	(11)	(7)

12. Business combinations acquired during the period continued

Fair value of consideration paid is as follows:

	2020 £000's
Issue of NetScientific Plc 5p ordinary shares	2,289
Total Consideration Paid	2,289
Separately identifiable intangible assets	
Carry interest arrangements (Capital Gain Based Value)	1,627
Investment acquisition costs	17
Goodwill (see note 18)	669
Total intangibles acquired	2,313

Acquisition costs of £179k arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

The consideration settled in shares is subject to a number of warranties over a three-year period following the date of acquisition.

The main factors leading to the recognition of goodwill are:

- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, EIS fund practice, infrastructure, thought leadership, brand, deal flow and investor network and relationships, which do not qualify for separate recognition.
- Economies of scale which result in the Group being prepared to pay a premium.
- Carry interest arrangements and profit share are a material identifiable class of asset that has been recognised separately.

The goodwill recognised will not be deductible for tax purposes.

Since the acquisition date, EMV Capital has contributed £200k to Group revenues and £20k to Group profit. If the acquisition had occurred on 1 January 2020, the acquisition would have added to Group revenue £507k and increased the Group loss by £37k.

Notes to the Consolidated Financial Statements continued

13. Discontinued operations

In the prior year on 22 March 2019, the Company completed the sale of its interests in Vortex and Wanda, together with outstanding loans and convertible loan notes owed by Wanda or Vortex to Deeptech for cash consideration of £150k.

The post-tax loss on disposal of discontinued operations was determined as follows:

	2020 £000's	2019 £000's
Cash consideration received	—	150
Total consideration received	—	150
Cash disposed of	—	(116)
Net cash inflow on disposal of discontinued operation	—	34
Net liabilities disposed of (other than cash):		
Property, plant and equipment	—	(2)
Trade and other receivables	—	(92)
Trade and other payables	—	162
	—	68
Non-controlling interests	—	(805)
Pre-tax loss on disposal of discontinued operations	—	(703)
Post tax losses incurred to date of disposal	—	(623)
Loss on disposal of discontinued operations	—	(1,326)

13. Discontinued operations continued

The post-tax loss on disposal of discontinued operations was determined as follows:

Result of discontinued operations:

	2020 £000's	2019 £000's
Revenue	—	6
Cost of sales	—	(12)
Gross (loss)	—	(6)
Research and development costs	—	(374)
General and administrative costs	—	(243)
Loss before tax	—	(623)
Attributable tax credit	—	—
Loss after tax	—	(623)
Loss on disposal of discontinued operations after tax	—	(703)
Loss for the year	—	(1,326)
Earnings per share from discontinued operations		
Basic loss per share	—	(1.69p)

The major classes of assets and liabilities at the date of disposal was as follows:

	2020 £000's	2019 £000's
Net assets held for sale		
Property, plant and equipment	—	2
Trade and other receivables	—	92
Cash and cash equivalents	—	116
Total assets	—	210
Trade and other payables	—	(162)
Total liabilities	—	(162)
Net assets	—	48

Notes to the Consolidated Financial Statements continued

13. Discontinued operations continued

Statement of cash flows

The statement of cash flows includes the following amounts relating to discontinued operations:

	2020 £000's	2019 £000's
Net cash used in operating activities	—	(541)
Net cash used in investing activities	—	(2)
Net decrease in cash and cash equivalents	—	(543)
Cash and cash equivalents at beginning of year	—	405
Payments to subsidiaries by Group companies	—	257
Cash disposed of	—	(116)
Exchange (loss) on cash and cash equivalents	—	(3)
Cash and cash equivalents at end of year	—	—

14. Loss per share

The basic and diluted loss per share is calculated by dividing the loss for the financial year by the weighted average number of ordinary shares in issue during the year. Potential ordinary shares from outstanding options at 31 December 2020 of 656,729 (2019: 3,475,984) (see note 32) are not treated as dilutive as the entity is loss making.

	2020 £000's	2019 £000's
Loss attributable to equity holders of the Company		
Continuing operations	1,611	3,409
Discontinued operations	—	1,082
Total	1,611	4,491
Number of shares		
Weighted average number of ordinary shares in issue	56,129,350	78,561,866

On 24 August 2020, a share capital re-organisation took place. This had the effect of consolidating each ten existing options into one new option. The effect of the share capital re-organisation was that the exercise price of the options issued in the past was also multiplied by ten to be fair and equitable. The total number of options in the Company post the share capital re-organisation was 385,598.

15. Property, plant and equipment

	Leasehold Improvement £000's	Furniture, fittings and equipment £000's	Plant and machinery £000's	Totals £000's
Cost				
At 1 January 2019	100	174	1,199	1,473
Additions	—	5	1	6
Disposals	—	(157)	(1,061)	(1,218)
At 31 December 2019	100	22	139	261
Additions	—	8	31	39
Acquired	—	6	—	6
Disposals	—	(1)	—	(1)
At 31 December 2020	100	35	170	305
Depreciation				
At 1 January 2019	22	163	1,119	1,304
Charge for the year	10	4	28	42
Disposals	—	(152)	(1,061)	(1,213)
At 31 December 2019	32	15	86	133
Acquired	—	1	—	1
Charge for the year	10	3	31	44
Disposals	—	(1)	—	(1)
At 31 December 2020	42	18	117	177
Net book value				
At 31 December 2020	58	17	53	128
At 31 December 2019	68	7	53	128

(i) Leasehold improvements of £100k are funded by a loan.

(ii) During the prior year the property plant and equipment of Vortex and Wanda was sold.

Notes to the Consolidated Financial Statements continued

16. Right-of-use-assets

	2020 £000's	2019 £000's
Cost		
At 1 January	253	—
Recognised on initial application of IFRS 16	—	253
At 31 December	253	253
Amortisation		
At 1 January	(32)	—
Charge for the year	(32)	(32)
At 31 December	(64)	(32)
Net book value		
At 31 December	189	221

There is one long term lease, the Group has decided it will apply the modified retrospective approach to IFRS 16, and therefore will only recognise leases on balance sheet as at 1 January 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The rate applied was 3.5%.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset.

Short term leases still expensed as operating amount to £28k (2019: £16k) with a maturity of three to six months.

17. Investments in subsidiary undertakings

17(a) Subsidiaries

The Group had the following subsidiaries at 31 December 2020:

Name	Primary trading address	Country of incorporation or registration	Proportion of ownership interest at 31 December 2020	Proportion of ownership interest at 31 December 2019	Proportion of ownership interest held by non-controlling interests at 31 December 2020	Proportion of ownership interest held by non-controlling interests at 31 December 2019
NetScientific UK Limited	(a)	UK	100%	100%	—	—
EMV Capital Limited	(b)	UK	100%	—	—	—
ProAxis Limited* (i)	(c)	UK	100%	56.5%	—	43.5%
NetScientific America, Inc.	(d)	USA	100%	100%	—	—
Glycotest, Inc. (i), (ii)	(e)	USA	65.6%	65.6%	34.4%	34.4%

For all undertakings listed above, the country of operation is the same as its country of incorporation or registration.

* Held via an intermediate holding company.

All of the ownerships shown above relate to ordinary shareholdings.

(i) Options have been issued by ProAxis Ltd and Glycotest, Inc. which if exercised would dilute the Company's shareholding by 5% and 14% respectively.

(ii) Following issue of further shares during the prior year the Group's interest was reduced to 77.5% on 14 February 2019 and then to 65.6% on the 21 November 2019.

(a) Anglo House, Bell Lane Office Village, Bell Lane, Amersham, Buckinghamshire, HP6 6FA

(b) Level 39, One Canada Square, Canary Wharf, London, E14 5AB

(c) Unit 1B, Concourse Building, 3, Catalyst Inc, Titanic Quarter, 6 Queens Road, Belfast, BT3 9DT, Northern Ireland

(d) 1650 Market Street, Suite 4900, Philadelphia, Pennsylvania, 19103-7300, United States of America

(e) 613 Schiller Avenue, Merion, Philadelphia, Pennsylvania, PA 19066, United States of America

The addresses listed above are also the registered offices of the relevant entities.

Notes to the Consolidated Financial Statements continued

17. Investments in subsidiary undertakings continued

17(b) Non-controlling interests

The total non-controlling interest at 31 December 2020 is credit £158k (2019: debit £361k), of which £Nil (2019: debit £1,045k) is for ProAxis, credit £158k (2019: credit £684k) is for Glycotest, Inc.

Set out below is the summarised financial information for ProAxis and Glycotest, Inc. which have non-controlling interests that are material to the Group:

Summarised balance sheet

	ProAxis UK Ltd As at 31 December		Glycotest, Inc. As at 31 December	
	2020 £000's	2019 £000's	2020 £000's	2019 £000's
Assets				
Non-current assets	165	122	3	3
Current assets	384	597	607	2,293
Total assets	549	719	610	2,296
Liabilities				
Current liabilities	(3,235)	(3,071)	(150)	(304)
Long term liabilities	(287)	(50)	—	—
Total liabilities	(3,522)	(3,121)	(150)	(304)
Net (liabilities)/assets	(2,991)	(2,402)	460	1,992
Non-controlling interests	—	(1,045)	158	684

Summarised statement of comprehensive income

	ProAxis UK Ltd For the year ended 31 December		Glycotest, Inc. For the year ended 31 December	
	2020 £000's	2019 £000's	2020 £000's	2019 £000's
Revenue	193	735	—	—
Loss for the year before taxation	(632)	(208)	(1,570)	(2,112)
Total comprehensive loss for the year	(589)	(120)	(1,570)	(2,112)
Total comprehensive loss attributable to non-controlling interests	(188)	(52)	(539)	(477)

17. Investments in subsidiary undertakings continued

Summarised cash flows

	ProAxis UK Ltd		Glycotest, Inc.	
	31 December 2020 £000's	31 December 2019 £000's	31 December 2020 £000's	31 December 2019 £000's
Net cash from/(used in) operating activities	39	(106)	(1,554)	(1,914)
Net cash (used in) in investing activities	(86)	(1)	(2)	(2)
Net cash inflows from/(used in) financing activities	139	100	(119)	4,131
Net increase/(decrease) in cash and cash equivalents	92	(7)	(1,675)	2,215
Cash and cash equivalents at beginning of year	2	9	2,233	65
Exchange gain/(losses) on cash and cash equivalents	—	—	36	(47)
Cash and cash equivalents at end of year	94	2	594	2,233

The information above is the amount before inter-company eliminations.

Change in non-controlling interest "NCI"

On 7 October 2020, a subsidiary acquired the remaining interest in ProAxis Limited from the founders and Queens University. Overall, the Groups ownership of ProAxis Ltd increased from 56.5% to 100% a movement of 43.5%. The carrying value of ProAxis Ltd net assets in the Group's consolidated financial statements on the date of the acquisition was £2,834k. The total consideration paid amounted to £229,683. This resulted in a decrease in equity attributable to owners of the Company of £1,463k and a change in non-controlling interest of £1,233k.

In the prior year, a non-controlling interest acquired additional interests in Glycotest, Inc. Overall, the Groups ownership of Glycotest, Inc. decreased from 87.5% to 77.51% a movement of 9.99% and then a further 11.86% taking the Groups ownership to 65.65% at the end of the year. The carrying value of Glycotest, Inc. net assets in the Group's consolidated financial statements on the date of the acquisitions was £4,252k and £38k. Proceeds received from non-controlling interests amounted to £4,345k. This resulted in an increase in equity attributable to owners of the Company of £2,668k and a change in non-controlling interest of £1,677k.

Notes to the Consolidated Financial Statements continued

18. Intangible assets

	Goodwill £000's	Carry Interest Arrangements £000's	Development costs £000's	Investment Acquisition Costs £000's	Patents £000's	Total £000's
Cost						
At 1 January 2020	—	—	—	—	—	—
Additions	—	—	337	—	50	387
Acquired through business combinations	669	1,627	—	17	—	2,313
At 31 December 2020	669	1,627	337	17	50	2,700
Accumulated amortisation and impairment						
At 1 January 2020	—	—	—	—	—	—
Amortisation charge	—	(76)	—	—	(1)	(77)
At 31 December 2020	—	(76)	—	—	(1)	(77)
Net book value						
At 31 December 2020	669	1,551	337	17	49	2,623

On 25 August 2020, the Group acquired 100% of the voting equity of EMV Capital Limited from Futura Messis Group Limited, a company owned and managed by Dr Ilian Iliev. The acquisition has the potential to unlock additional value creation opportunities for NetScientific shareholders and reduce the risk of further value erosion. The consideration settled in shares is subject to a number of warranties over a three-year period following the date of acquisition. The Group acquired through business combinations total intangibles of £2,313k. The main factors leading to the recognition of this intangible are:

- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, EIS fund practice, infrastructure, thought leadership, brand, deal flow and investor network and relationships, which do not qualify for separate recognition;
- Economies of scale which result in the Group being prepared to pay a premium; and
- Carry interest arrangements and profit share that are a material identifiable class of asset that has been recognised separately.

ProAxis acquired a key patent as part of the buyout of the founders and Queens University for £50k which will be amortised over the economic life of the patent.

ProAxis development costs of £337k has been capitalised during the year in line with the accounting policy as certain projects now meet all the criteria for development costs to be recognised as an asset as it is probable that future economic value will flow to the Group.

19. Equity investments classified as FVTOCI

Represent equity securities classified as FVTOCI

	2020 £000's	2019 £000's
At 1 January	1,468	2,768
Additions	999	—
Conversion of financial assets classified as FVTPL	645	—
Change in fair value during the year	(142)	(1,300)
At 31 December	2,970	1,468

Name	Country of incorporation	% of issued share capital	Currency denomination	£000's
PDS Biotechnology Corporation	USA	5.75%	US\$	2,005
CytoVale, Inc.	USA	1.00%	US\$	367
Epibone, Inc.	USA	0.84%	US\$	286
G-Tech, Inc	USA	3.80%	US\$	312
				2,970

Refer to note 3 Significant accounting estimates and judgements for more information on the valuation of equity investments as FVTOCI.

The Company's ownership of the enlarged PDS Biotechnology Corporation, now trading on Nasdaq under the ticker PDSB, on a fully diluted basis is 5.75% (2019: 8.15%), which at the year-end listing price of \$2.14 values NetScientific's holding in PDS at £2,005k (2019: £1,097k). On 12 February 2020, NetScientific subscribed for £503k for 500,000 shares of PDS common stock at a price of \$1.30 per share. On 12 August 2020, NetScientific subscribed for £496k for 236,000 shares of PDS common stock at a price of \$2.75 per share as the Board did not wish to be unduly diluted if it did not participate. On 31 December 2020 NetScientific owns 1,278,833 shares of PDS' common stock (2019: 542,833 shares), representing approximately 5.75% of the undiluted share capital (2019: 8.15%). The current share price as of 19 March 2021 was \$5.37 giving a fair value of the PDS investment of £4,926k. It is the Company's intention to hold the shares and to make a decision on its position in due course. The Group's interest in PDS Biotechnology is non-controlling.

On 23 January 2020, Epibone, Inc., an early-stage investment announced a Series A funding round raising \$8 million. NetScientific's convertible loan note and accrued interest of £299k converted into Series A preferred shares. This last observable price has been used to value the Epibone, Inc., equity investment at year end.

On 21 May 2020, G-Tech, Inc., an early-stage investment announced a Series A funding round raising \$6 million. NetScientific's fully impaired convertible loan note and accrued interest of £346k converted into Series A preferred shares. This last observable price has been used to value the G-Tech, Inc., equity investment at year end.

CytoVale Inc. remains privately held, and fair value has been established using the share price and company valuation from investments by third parties during December 2019. CytoVale raised \$15.0m all at the same price per share from a Venture Capital, private investor and government sources. At the time this was the only observable valuation on which to value CytoVale.

Notes to the Consolidated Financial Statements continued

20. Financial assets classified as FVTPL

Warrants & Convertible Loans classified as FVTPL

	2020 £000's	Restated 2019 £000's
Balance at 1 January	262	297
Additional accrued interest	109	—
Release of provision	224	—
Conversion to equity investments classified as FVTOCI	(645)	—
Change in fair value during the year	128	(35)
Balance at 31 December	78	262

The warrant has been valued using the Black-Scholes Model and a level 3 fair value hierarchy, given the unobservable data for volatility and its fair value. These warrants may be exercised at any time prior to May 2021.

On 23 January 2020, Epibone, Inc., an early-stage investment announced a Series A funding round raising \$8 million. NetScientific's convertible loan note and accrued interest of £299k converted into Series A preferred shares.

On 21 May 2020, G-Tech Medical, Inc., an early-stage investment announced a Series A funding round raising \$6 million. NetScientific's fully impaired convertible loan note and accrued interest of £424k converted into Series A preferred shares of £346k and common form convertibles of £78k which remain as financial assets classified as FVTPL.

The Neumitra, Inc., and Longevity Inc., convertible loan notes do not have a material value individually or collectively and have been fully impaired.

21. Inventory

	2020 £000's	2019 £000's
Finished products	74	30
	74	30

Inventories are held at net realisable value. Finished products constitute VTX-1 machines and ProteaseTag active neutrophil elastase immunoassay kits.

During the year the impairment charge totalled £Nil (2019: £Nil).

22. Trade and other receivables

	2020 £000's	Restated 2019 £000's
Current:		
Trade receivables	28	376
Taxation	43	88
Other receivables	46	30
Prepayments	54	91
Accrued income	205	18
	376	603
Non-current: other receivables	—	—
Total Trade and Other Receivables	376	603

The carrying value of trade and other receivables classified at amortised cost approximates fair value. The Group does not hold any collateral as security against any trade and other receivables.

At 31 December 2020 a breakdown of the gross carrying amounts and the impairments charge is as follows:

	Current £000's	More than 30 days past due £000's	More than 30 days past due £000's	Total £000's
Gross carrying amount	28	—	19	47
Loss rate	0%	33%	100%	40%
Impairment provision	—	—	(19)	(19)
Trade Receivables	28	—	—	28

Based on good experience in 2020 the loss rate on current gross carrying amounts has reduced from 10% to 0%.

At 31 December 2019 a breakdown of the gross carrying amounts and the impairments charge is as follows:

	Current £000's	More than 30 days past due £000's	More than 60 days past due £000's	Total £000's
Gross carrying amount	397	28	7	432
Loss rate	10%	33%	100%	13%
Impairment provision	(40)	(9)	(7)	(56)
Trade Receivables	357	19	—	376

Notes to the Consolidated Financial Statements continued

23. Cash and cash equivalents

	2020 £000's	2019 £000's
Short term deposits	785	1,151
Cash and cash equivalents	843	2,302
	1,628	3,453

The cash held within subsidiary Glycotest, Inc., of £594k (2019: £2,233k) is not freely available for use within the wider group as it would need the consent of a 40% minority shareholder.

24. Trade and other payables

	2020 £000's	2019 £000's
Current:		
Trade payables	173	291
Other payables	9	10
Corporation Tax	32	—
Accruals	447	322
	661	623

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

25. Lease liabilities

Transition Method and Practical Expedients Utilised

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019. The incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The rate applied was 3.5%.

	2020 £000's	2019 £000's
Lease Liability		
Balance at start of period	(224)	—
Initial recognition 1 January 2019	—	(253)
Add:		
Payments	38	38
Less:		
Interest charge during the period	(8)	(9)
Balance at end of period	(194)	(224)
Split as follows:		
Current Liability	(31)	(30)
Long Term Liability	(163)	(194)
	(194)	(224)

The judgement that the Group was reasonably certain to extend for the full term of the lease beyond the contractual breaks in the third, fifth and seventh years of the lease have made a material difference to the carrying value of the asset/liability. The impact of this judgement is to increase the initial asset/liability amounts by £216k, £181k and £114k respectively.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from March 2020 to June 2020.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs. All rent concessions were repaid during the period.

Notes to the Consolidated Financial Statements continued

26. Loans and borrowings

	2020 £000's	2019 £000's
Total falling due within one year	28	163
Total falling due after more than one year	287	50
Total	315	213
The maturity of the loans are as follows:		
Amounts falling due within one year on demand	28	163
Amounts falling due between one and two years	58	10
Amounts falling due between two and five years	184	40
Amounts falling due over five years	45	—

Loans and borrowings represent:

An unsecured loan note of £100k has been issued by a UK subsidiary, of which £70k is outstanding as at 31 December 2020 (2019: £70k). There is no interest charged and is payable in equal instalments of £10k. First instalment upon signing of document and then equally over nine years.

On 9 April 2020 Netscientific entered into an 18-month secured £700,000 line of credit with Beckman Group. The facility, which incurs interest of 10.0% p.a. on drawn amounts and 3.0% p.a. on undrawn amounts and has an arrangement fee of 1%, it can be extended by mutual agreement for an additional six months and is secured on the whole of NetScientific's interest in PDS.

On 12 August 2020 for prudent financial management, the Group made a £400k drawdown on the 18-month secured £700,000 line of credit facility with the Beckman Group. The line of credit and interest of £402k was repaid in full on the 28 August 2020. The funds were used to fund the purchase of additional PDS shares. The facility, which incurs interest of 10.0% p.a. on drawn amounts and 3.0% p.a. on undrawn amounts and has an arrangement fee of 1%, can be extended by mutual agreement for an additional six months and is secured on the whole of NetScientific's interest in PDS.

On 7 October 2020, an unsecured convertible loan note for £100k plus accrued interest of £50k was fully repaid by a UK subsidiary. The loan note carried an interest rate of 10% p.a., which is compounded annually. The loan note is able to be repaid at any time by the UK subsidiary and is repayable on demand by the noteholder. The loan note is convertible to equity upon certain events taking place at the election of the noteholder.

On 12 October 2020, a UK subsidiary entered into a secured HSBC coronavirus business interruption loan agreement "CBIL's" for £245k. The subsidiary had taken out a £50k bounce back loan that had to be repaid. The £245k CBIL's funds were drawn down on 18 November 2020. The CBIL's facility incurs interest of 3.99% p.a. above the Bank of England base rate. The first twelve months is interest free and the loan is repayable within six years with principal repayments starting after thirteen months.

27. Called up share capital

Authorised, issued and fully paid:	2020 £000's	2019 £000's
14,916,122 ordinary shares of 5p each (2019: 78,561,866 of 5p each)	746	3,928

On 24 August 2020, a share capital re-organisation took place. This had the effect of consolidating each ten existing ordinary shares into one new ordinary share. This was done to increase the market value of the Company's shares relative to the nominal value of the shares.

The effect of the share capital re-organisation was that:

1. the Existing Ordinary Shares of 5p each sub-divided into:
 - a) one Interim Ordinary Share, being an ordinary share in the capital of the Company with a nominal value of 0.5p; and
 - b) one Deferred Share being a deferred share in the capital of the Company with a nominal value of 4.5p each, and
2. the resulting Interim Ordinary Shares then consolidated into New Ordinary Shares of 5p each (the "New Ordinary Shares") based on one New Ordinary Share for every 10 Interim Ordinary Shares.

Four additional existing 5p ordinary shares were issued to ensure that the ordinary shares were exactly divisible by ten. The nominal value of the new ordinary shares is 5p. The number of new ordinary shares of 5p once the share re-organisation became effective was 7,856,187.

The Deferred Shares will not be transferable. The holders of the Deferred Shares shall not, by virtue of or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company or the right to attend, speak or vote at any such general meeting.

The rights attaching to the Deferred Shares will be minimal and such shares do not carry any dividend rights and will only be entitled to a payment on a return of capital (whether by winding up or otherwise) after an amount of £10,000,000 has been paid in respect of each New Ordinary Share (an extremely remote possibility). The Deferred Shares will not be listed or admitted to trading on AIM (nor any other stock market) and will not be transferable without the prior written consent of the Company.

The holders of the Deferred Shares shall be deemed to have conferred the irrevocable authority on the Company at any time to: (i) appoint any person, for and on behalf of such holder, to, inter alia, transfer some or all of the Deferred Shares (without making any payment therefor) to such person(s) as the Company may determine (including without limitation the Company itself); and (ii) repurchase or cancel such Deferred Shares without obtaining the consent of the holders thereof. In addition, the Company may repurchase all of the Deferred Shares, at a price not exceeding one pence in aggregate. The Articles have been amended to reflect the creation of the Deferred Shares and to set out the rights attaching to them.

Notes to the Consolidated Financial Statements continued**27. Called up share capital** continued

On 25 August 2020, the Company issued 3,521,480 of 5p ordinary shares at 65p per share to acquire 100% of the share capital in EMV Capital at a cost of £2,289k from Futura Messis Group Limited a related party owned by Dr. Ilian Iliev. On the same date the Company issued a further 3,538,455 of 5p ordinary shares via a placement at 65p per share respectively, raising net funds of £2,117k. The General Meeting on the 24 August 2020 duly passed all resolutions by 98% authorising the capital re-organisation which had the effect of consolidating ten existing shares into one new ordinary share; the issue of 3,535,455 new ordinary shares to Futura Messis Group Limited; and the adoption by the Company of new Articles of Association. Following the Acquisition, Placing and share capital re-organisation, its issued share capital will comprise 14,916,122 New Ordinary Shares upon Admission. All of these New Ordinary Shares have equal voting rights and none of the New Ordinary Shares are held in treasury. The total number of voting rights in the Company will therefore be 14,916,122 upon Admission.

Details of share options can be found in note 32. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

28. Capital and reserves*Share capital*

Share capital represents the nominal value of shares issued.

Share premium account

Share premium represents amounts subscribed for share capital in excess of nominal value less the related costs of shares issued.

Capital reserve account

Capital reserve represents the waiver of loan interest on conversion of the loans provided by the Group into ordinary shares.

Equity investment reserve account

Equity investment reserve is used to record the cumulative net gains and losses in fair value of equity securities classified as fair value through other comprehensive income under IFRS 9.

Foreign exchange reserve

The foreign exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries of the Group.

Retained earnings

Retained earnings are in deficit and represent cumulative net gains and losses recognised in the consolidated statement of comprehensive income adjusted for cumulative share-based payments.

29. Financial instruments

	2020 £000's	2019 £000's
Financial assets measured at amortised cost	279	424
Financial assets measured at fair value through other comprehensive income (note 19)	2,970	1,468
Financial assets measured at fair value through profit and loss (note 20)	78	262
Financial liabilities measured at amortised cost	(1,170)	(1,060)

Financial assets measured at amortised cost comprise trade receivables, other receivables and accrued income.

Financial assets measured at fair value through other comprehensive income comprises of equity investments classified as FVTOCI (note 19).

Financial assets measured at fair value through profit and loss include derivative financial assets and convertible loan notes (note 20).

Financial liabilities measured at amortised cost comprise trade payables, other payables, accruals and loans and borrowings.

The carrying values of the assets and liabilities detailed above are considered to represent a reasonable approximation of their fair value.

Currency risk

During the year under review, the Group was exposed to US dollar exposure as a significant amount of its research and development expenditure is denominated in this currency. The Group holds some of its cash in US dollars to reduce its exposure to movements in exchange rates.

The currency and interest rate exposure of the Group's borrowings is shown below.

	Total £000's	Floating borrowings £000's	Fixed borrowings £000's	Weighted average interest rate %
As at 31 December 2020				
Sterling loan	—	—	—	10%
Sterling loan	245	245	—	4%
Sterling lease liability	194	—	194	4%
Sterling loan	70	—	70	0%
	509	245	264	3%
As at 31 December 2019				
Sterling loan	143	—	143	10%
Sterling lease liability	224	—	224	4%
Sterling loan	70	—	70	0%
	437	—	437	5%

The interest rate is fixed for the duration of the loans.

Notes to the Consolidated Financial Statements continued

29. Financial instruments continued

Interest rate and currency of cash balances

Floating rate financial assets of £1,628k (2019: £3,453k) comprises sterling £915k (2019: £1,165k) and US dollar US\$972k (2019: US\$3,023k) cash deposits with the banks current accounts. Interest receivable for the year ended 31 December 2020 was £110k (2019: £21k).

Interest rate and currency of loans

The Group has purchased loan notes totalling US\$600k (2019: US\$1,100k) which have accrued interest of US\$101k (2019: US\$228k). The interest rate on loan notes totalling US\$600k is fixed at 6%. The loan notes are not part of Cash and Cash Equivalents.

Currency exposure

The exposures comprise the monetary assets and liabilities of the Group that are not denominated in the operating or 'functional' currency of the operating unit involved.

If GBP weakened by 10% against USD, with all other variables held constant, the following movements would be seen in balances:

	2020 £000's	2019 £000's
Cash balances	65	208
Trade receivables	—	—
Other receivables	—	24
Trade payables	(3)	(17)
Other payables	—	—
Accruals	(15)	(15)

Undrawn bank facilities

On 7 April 2020 NetScientific entered into an 18-month secured £700k line of credit facility with Beckman Group. The facility incurs interest of 10.0% p.a. on drawn amounts and 3.0% p.a. on undrawn amounts and has an arrangement fee of 1%, it can be extended by mutual agreement for an additional six months and is secured on the whole of NetScientific's interest in PDS.

On 12 August 2020 for prudent financial management, the Group made a £400k drawdown on the 18-month secured £700,000 line of credit facility with the Beckman Group. The line of credit and interest of £402k was repaid in full on the 28 August 2020. The funds were used to fund the purchase additional PDS shares. The facility, which incurs interest of 10.0% p.a. on drawn amounts and 3.0% p.a. on undrawn amounts and has an arrangement fee of 1%, can be extended by mutual agreement for an additional six months and is secured on the whole of NetScientific's interest in PDS. At 31 December 2020 the undrawn line of credit facility with the Beckman Group was £300k (2019: £Nil).

On 12 and 21 October 2020, NetScientific Plc and ProAxis Ltd both signed debentures with floating charges over the assets of both Companies to guarantee as security for £245k HSBC coronavirus business interruption loan for ProAxis Ltd. The proceeds to be used to continue development work in the business during the pandemic.

On 13 November 2020, NetScientific Plc and EMV Capital both signed debentures with floating charges over the assets of both Companies to guarantee as security for £200k HSBC overdraft facility for EMV Capital. At 31 December 2020 the overdraft facility was undrawn.

29. Financial instruments continued

Credit risk

The Group follows a risk-averse policy of treasury management. Sterling and US dollar cash balances are held with reputable financial institutions to minimise credit risk. The Group's primary treasury objective is to minimise exposure to potential capital losses whilst at the same time securing prevailing market rates. Additionally, the Group has borrowings in Sterling. Credit risk attributable to trade and other receivables is detailed below. The carrying amount of these assets represents the maximum credit exposure:

	2020 £000's	2019 £000's
Trade receivables	28	376
Other receivables	46	30
	74	406

The derivative financial assets are all net settled; therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the consolidated statement of financial position.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Each business establishes a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer.

The Risk Management Committee determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval of the Risk Management Committee, otherwise payment in advance is required.

Interest rate risk

The Group's cash held at bank is subject to the risk of fluctuating base rates. The interest rate on US dollar purchase loan notes is fixed. The Group has sterling fixed rate borrowings, see note 26 and below for profile of maturities.

Capital risk management

The Group is funded primarily by equity finance and has some short-term borrowings. Management regard the capital structure of the Company to consist of all elements of invested capital and non-controlling interests.

Notes to the Consolidated Financial Statements continued

29. Financial instruments continued

Liquidity Risk

The Group's policy is to maintain adequate cash resources to meet liabilities as they fall due. Cash balances are placed on deposit for varying periods with reputable banking institutions to ensure there is limited risk of capital loss. The Group does not maintain an overdraft facility. Cash flow forecasts are used to facilitate the management of cash resources. The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

	2020 £000's	2019 £000's
1 year or less		
Trade payables	173	291
Other payables	9	10
Accruals	447	322
Corporation Tax	32	—
Lease liabilities	31	30
Loans and borrowings	28	163
Total	720	816
1-2 years		
Lease liabilities	32	31
Loans and borrowings	58	10
Total	90	41
2-5 years		
Lease liabilities	103	100
Loans and borrowings	184	40
Total	287	140
Over 5 years		
Lease liabilities	28	63
Loans and borrowings	45	—
Total	73	63

30. Contingent liabilities

There are no contingent liabilities in the current and prior year.

31. Commitments

Short-term and low value lease commitments

At 31 December 2020, the Group had the following future value of minimum lease payments due as set out below:

	Land and buildings	
	2020 £000's	2019 £000's
Within one year	13	16
In the second to fifth years inclusive	—	—
In the sixth to tenth year inclusive	—	—

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application 1 January 2019, without restatement of comparative figures. The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

32. Share-based payments

The Group operates an equity settled share option scheme for certain Directors and employees of the Group. Options are exercisable at a price defined by the individual option agreement. The vesting period varies according to the individual employment contract. If the options remain unexercised during the specified period from the date of grant, the options expire. Options are generally forfeited if the employee leaves the Group before the options vest, however, this is at the discretion of the Board.

Total options existing over 5p ordinary shares in the Company as of 31 December 2020 are summarised below:

Date of Grant	Number of shares at 1 January 2020	Restated Number of shares at Date of share re-organisation	Granted during the year	Lapsed during the year	Number of shares as at 31 December 2020	Note	Exercise price	Date of expiry *
September 2013	2,373,631	237,363	—	—	237,363	1	£16.00	September 2023
January 2014	—	—	—	—	—	2	£16.00	January 2024
November 2015	409,020	40,902	—	(5,000)	35,902	4	£11.95	November 2025
February 2016	200,000	20,000	—	—	20,000	3	£8.62	February 2026
June 2016	260,000	26,000	—	(5,000)	21,000	3	£7.97	June 2026
January 2017	330,000	33,000	—	—	33,000	3	£6.55	January 2027
June 2018	283,333	28,333	—	(20,000)	8,333	5	£4.55	June 2028
September 2020	—	—	382,465	—	382,465	6	£0.65	September 2030
November 2020	—	—	520,930	—	520,930	7	£0.455	November 2030
	3,855,984	385,598	903,395	(30,000)	1,258,993			

* All options lapse in full if they are not exercised by the date of expiry.

Notes to the Consolidated Financial Statements continued

32. Share-based payments continued

On 24 August 2020, a share capital re-organisation took place. This had the effect of consolidating each ten existing options into one new option. The effect of the share capital re-organisation was that the exercise price of the options issued in the past was also multiplied by ten to be fair and equitable. The total number of options in the Company post the share capital re-organisation was 385,598.

- Options were granted on 16 September 2013, the date of the Company's Admission to AIM. The vesting terms were one third on date of grant, the next third on the first anniversary of the date of Admission and the final third on the second anniversary of the date of Admission.
- Options vest at the rate of one third per year commencing one year after the date of grant.
- Options vest in three years after the date of grant.
- 50,000 options vested on 30 January 2018 and 359,020 options vested on 8 June 2018.
- Options vest in three years after the date of grant.
- Options were granted on 25 September 2020. The vesting terms were one third on date of grant, the next third on the first anniversary of the date of issue and the final third on the second anniversary of issue.
- Options were granted on 30 November 2020. The vesting terms were one third on date of grant, the next third on the first anniversary of the date of issue and the final third on the second anniversary of issue.

Movement in the number of share options outstanding are as follows:

	2020 Weighted average exercise price £	Restated 2020 Number	2019 Weighted average exercise price £	2019 Number
Outstanding at 1 January	1.30	3,855,984	1.25	4,122,651
Restated balance at 24 August 2020, date of share capital re-organisation	13.00	(3,470,386)	—	—
Granted during the year	0.54	903,395	—	—
Lapsed during the year	(6.46)	(25,000)	0.49	(266,667)
Outstanding at 31 December	4.21	1,258,993	1.30	3,855,984

	2020 Weighted average exercise price £	2020 Number	2019 Weighted average exercise price £	2019 Number
Amounts exercisable at 31 December	7.58	656,729	1.38	3,475,984

32. Share-based payments continued

Fair value charge

The fair value charge for the share options have been based on the Black-Scholes model with the following key assumptions:

Date of Grant	Exercise price £	Share price at date of grant £	Risk free rate %	Assumed time to exercise Years	Assumed volatility %	Fair value per option £
2020						
25 September 2020	0.65	0.65	0.19	4	40%	0.18
30 November 2020	0.455	0.46	0.31	4	40%	0.15

No options were issued during 2019.

No dividends are assumed. The risk-free rate is taken from the yield on zero coupon UK government bonds on a term consistent with the expected life. Assumed volatility is based on a review of comparators and analysis of movements to the share price since the Company's listing. The Group did not enter into any share-based payment transactions with parties other than Directors or employees during the current or the previous year.

The total charge for the year in respect of continuing operations share-based payments for share options granted to Directors and employees was £53k (2019: £53k) (see note 7). £5k (2019: £12k) of this sum represents the share-based charge on options granted by subsidiary entities.

33. Related party disclosures

For the period 1 January 2020 to 30 April 2020 (prior to Dr Ilian Iliev's appointment as CEO), London Innovation Partners Limited, a company owned by Dr Ilian Iliev received £70k, pursuant to a consultancy agreement between it and the Company. The balance outstanding at 31 December 2020 is £Nil (2019: £Nil).

Beckman Group and Melvin Lawson, who is interested in 21.98% of the issued share capital of NetScientific, is also considered and presumed to be acting in concert with Dr Ilian Iliev, as defined by the takeover code. Accordingly, the sale of subsidiaries Vortex and Wanda in the prior year on 22 March 2021 represents a related party transaction in accordance with AIM rule 13. The Company will utilise the £150k proceeds of the sale towards its ongoing working capital requirements.

On 7 April 2020 for prudent financial management, the Group entered into an 18-month secured £700,000 line of credit facility with the Beckman Group. The facility, incurs interest of 10.0% p.a. on drawn amounts and 3.0% p.a. on undrawn amounts and has an arrangement fee of 1%, can be extended by mutual agreement for an additional six months and is secured on the whole of NetScientific's interest in PDS.

On 12 August 2020 for prudent financial management, the Group made a £400k drawdown on the 18-month secured £700,000 line of credit facility with the Beckman Group. The line of credit and interest of £402k was repaid in full on the 28 August 2020. The funds were used to fund the purchase additional PDS shares. The facility, which incurs interest of 10.0% p.a. on drawn amounts and 3.0% p.a. on undrawn amounts and has an arrangement fee of 1%, can be extended by mutual agreement for an additional six months and is secured on the whole of NetScientific's interest in PDS. At 31 December 2020 the undrawn line of credit facility with the Beckman Group was £300k (2019: £Nil).

In the prior year an interest free loan of £5k to Francois Martelet, the ex-Chief Executive Officer of the Group was repaid in full. The balance outstanding at 31 December 2020 is £Nil (2019: £Nil).

Except as noted above, there are no additional related party transactions that could have a material effect on the financial position or performance of the Group and of the Company during this financial period under review.

Notes to the Consolidated Financial Statements continued

34. Events after the reporting period

On 25 January 2021 it was announced that NetScientific Plc had issued a total of 101,066 new ordinary shares of £0.05 each in the Company ("New Ordinary Shares") to Chairman John Clarkson, who has chosen to take the payment in shares, rather than cash for fees owed to Development Financial and Management Services Ltd, Mr Clarkson's consultancy firm, as described in the shareholder circular published on 7 August 2020. The New Ordinary Shares are being issued at a price of 49.4726 pence per share being a volume weighted average price of shares traded on AIM over the 5 trading days immediately preceding the date of issue.

On 3 February 2021, it was announced that NetScientific's portfolio company PDS Biotechnology Corporation ("PDS")(Nasdaq: PDSB) had achieved its preliminary objective response for the National Cancer Institute's (NCI) Phase II clinical study of PDS0101 for the treatment of advanced human papillomavirus (HPV)-associated cancers that have progressed or returned after treatment. The trial, which studies PDS0101 in combination with two promising immune-modulating agents M7824 and NHS-IL12, will now progress to full enrolment of approximately 20 patients who are checkpoint inhibitor naïve, and approximately 20 who have failed prior therapy with checkpoint inhibitors (CPI refractory).

On 11 March 2021, it was announced that NetScientific's portfolio company PDS Biotechnology Corporation (Nasdaq: PDSB) that its COVID-19 vaccine consortium jointly run by PDS consisting of Farmacore Biotechnology and Blanver Farmoquímica, has received a commitment from the Secretary for Research and Scientific Training of the Ministry of Science, Technology and Commercialisation of Brazil ("MCTI") to fund up to approximately US\$60 million to support the clinical development and commercialization of a novel, Versamune®-based, second generation COVID-19 vaccine in Brazil.

35. Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

Parent Company Statement of Financial Position

For the year ended 31 December 2020

	Notes	2020 £000's	2019 £000's
Fixed assets			
Tangible assets	7	3	3
Investment in subsidiary undertakings	8	6,117	3,828
Other investments	9	2,372	1,472
Loans to subsidiary undertakings	10	150	105
Total non-current assets		8,642	5,408
Current assets			
Debtors: amounts falling due within one year	11	101	32
Cash at bank		898	1,219
Total current assets		999	1,251
Creditors			
Amounts falling due within one year	12	(205)	(82)
Net current assets		794	1,169
Net assets		9,436	6,577
Capital and reserves			
Called up share capital	13	746	3,928
Share premium account	14	65,594	58,006
Capital redemption account	14	237	237
Equity Investment account	14	(1,505)	(1,408)
Retained earnings	14	(55,636)	(54,186)
Total equity		9,436	6,577

The notes on pages 105 to 113 are an integral part of these financial statements.

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The loss dealt with in the financial statements of the Parent Company for the year ended 31 December 2020 was £1,498k (2019: loss of £3,476k).

The financial statements on pages 103 to 113 were approved by the Board of Directors on 30 March 2021 and signed on its behalf by:

Dr Ilian Iliev

Chief Executive Officer

Parent Company Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £000's	Share premium £000's	Capital redemption reserve £000's	Equity investment reserve £000's	Retained earnings £000's	Total equity £000's
Balance at 1 January 2019	3,928	58,006	237	(68)	(50,751)	11,352
Loss and total comprehensive loss for the year	—	—	—	(1,340)	(3,476)	(4,816)
Share-based payments	—	—	—	—	41	41
Balance at 31 December 2019	3,928	58,006	237	(1,408)	(54,186)	6,577
Share re-organisation	(3,535)	3,535	—	—	—	—
Issue of share capital	353	4,236	—	—	—	4,589
Cost of share issue	—	(183)	—	—	—	(183)
Loss and total comprehensive loss for the year	—	—	—	(97)	(1,498)	(1,595)
Share-based payments	—	—	—	—	48	48
Balance at 31 December 2020	746	65,594	237	(1,505)	(55,636)	9,436

Notes to the Parent Company Financial Statements

For the year ended 31 December 2020

1. General information

NetScientific Plc is a public limited company incorporated in England and Wales. The address of the registered office is Anglo House, Bell Lane Office Village, Bell Lane, Amersham, Buckinghamshire HP6 6FA.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland".

Exemptions

The parent company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation; and
- reduced disclosures for share-based payments (as equivalent disclosures have been given in the Consolidated Financial Statements presented alongside the parent company's own financial statements).

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

Going concern

The Directors have prepared and reviewed budget cashflows which were approved by the Board of Directors in the Board meeting of 20 January 2021.

The Group has reviewed the major budgeted assumptions and sensitivities in light of Covid-19 and drawn up cash preservation plans in case revenue does not continue as planned, or it faces delays in planned payments from third parties. It has initiated further cost saving plans across the Group and delayed expenditure where possible, until there is more clarity on the financial impact of the pandemic.

In some cases, the crisis restrictions will delay trials and programs, which will defer expenditure and thus extend the cash runway. Also, there may be opportunities to take advantage of the financial support measures and divert resources to support the Covid-19 effort to generate new revenue streams, further ensuring the Group has options and cash for at least the next twelve months.

The Going concern status of the group is dependent on meeting its forecast including generating revenues, receiving planned payments from third parties and achieving planned cost savings. In the event the group is unable to meet its forecasts it will need to raise further finance. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group and the company's ability to continue as a going concern.

The financial statements do not include any adjustments that would be necessary if the company was unable to continue as a going concern.

Investment in subsidiary undertakings

Investments in subsidiary undertakings where the Company has control are stated at cost less any provisions for impairment. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Provisions are based upon an assessment of events or changes in circumstances that indicate that an impairment has occurred such as the performance and/or prospects (including the financial prospects) of the investee company being significantly below the expectations on which the investment was based, a significant adverse change in the markets in which the investee company operates or a deterioration in general market conditions.

Intercompany loans

All intercompany loans are initially recognised at fair value and subsequently measured at amortised cost. Where intercompany loans are intended for use on a continuing basis in the Company's activities and there is no intention of their settlement in the foreseeable future, they are presented as fixed assets.

Notes to the Parent Company Financial Statements continued

2. Accounting policies continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures, fitting and equipment – 33.3% reducing balance

Valuation of quoted and unquoted fair value equity investments “other investments”

Financial assets measured at fair value through profit and loss include the Companies unquoted equity investments not held for trading. The current portion relates to those assets the Company expects to sell within the next 12 months.

Investments in listed company shares, which have been classified as other investments as the Group intends to hold them on a continuing basis, are remeasured to fair value at each balance sheet date. Movements in fair value on remeasurement are recognised through profit and loss for the period. Investments in unlisted company shares, which have been classified as other investments as the Group intends to hold them on a continuing basis, are remeasured to fair value at each balance sheet date. Movements in fair value on remeasurement are recognised through profit and loss for the period.

The Company considers that fair value estimates that are based entirely on observable market data will be of greater reliability than those based on assumptions and accordingly where there have been any recent investments by third parties, the price of that investment will generally provide a basis of the valuation. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data.

Share-based payments

For all grants of share options, the fair value as at the date of the grant is calculated using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are likely to vest, except for options with market-based conditions where the likelihood of vesting is factored into the fair value attributed to those options. The expense is recognised over the vesting period of

the option. The credit for any charge is taken to equity. The details are disclosed in note 32 of the Consolidated Financial Statements.

Financial instruments

Basic financial assets, including other debtors, cash and bank balances and investments, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less.

The Company's investments in entities not qualifying as subsidiaries, associates or jointly controlled entities are carried at fair value with changes in fair value, recognised through profit and loss and accumulated in reserves. If there is a significant range of possible fair value estimates and the probabilities of the various estimates cannot be reliably measured, then the investments are measured at cost less accumulated impairment.

Basic financial liabilities, including trade and other payables and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. Key sources of estimation uncertainty and judgements

The Directors make judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events, and are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The most significant judgements related to the going concern assumption (see note 2).

The estimates and assumptions that have the most significant effects on the carrying value of the assets and liabilities in the financial statements are discussed below.

Valuation of unquoted fair value equity investments

The fair value of unlisted securities is established using International Private Equity and Venture Capital Valuation Guidelines (IPEVCVG). Given the nature of the Company's investments in seed, start-up and early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts.

The Company considers that fair value estimates that are based entirely on observable market data will be of greater reliability than those based on assumptions and accordingly where there have been any recent investments by third parties, the price of that investment will generally provide a basis of the valuation. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data.

CytoVale Inc. is not quoted on an active market at year end and fair value has been established initially using inputs from other than quoted prices that are

observable, i.e. the price of recent investments by third parties during December 2019. CytoVale raised \$8.0m all at the same valuation per share, the fundraising was restricted to a small group of sophisticated investors. At the time this was the only observable valuation on which to value CytoVale.

Valuation of investments in, and loans to subsidiary undertakings

The Company assesses at the end of each reporting period whether there is objective evidence that the investment in, and loans to, subsidiary undertakings are impaired. Given the pre-revenue nature of the investments the assessment is based on the carrying value of each subsidiary companies' assets and the progress of their scientific programmes. Management has stress tested its fundamental investment valuation models for each of the investee companies and management have reviewed that any changes to the fundamentals would give rise to a material impact to the Company financial statements. During the year, a provision of £Nil (2019: £Nil) was made against the investment in subsidiary undertakings and net £142k (2019: £1,355k) against loans to subsidiary undertakings. This has no impact to the Group financials.

4. Profit of the parent company

Auditors' remuneration

The remuneration of the auditors is disclosed in note 10 to the Consolidated Financial Statements.

Share-based payments

Full details of the Company's share-based payments are set out in note 32 of the Consolidated Financial Statements.

5. Directors' remuneration

The remuneration of the Directors is disclosed in the Directors' Remuneration Report on pages 42 to 45 of the Consolidated Financial Statements.

Notes to the Parent Company Financial Statements continued

6. Employees and directors

The average number of persons (including executive Directors) employed by the Company during the year was:

	2020 Number	2019 Number
Central Group functions*	2	2
	2	2

* Central Group functions comprise general management, investment, finance, human resources and marketing.

Their aggregate remuneration (excluding non-executive Directors) comprised:

	2020 £000's	2019 £000's
Wages and salaries	370	559
Social security costs	46	74
Share-based payment charge	48	39
Pension costs	24	23
	488	695

The Company makes defined pension contributions for certain employees into money purchase schemes. The total expense relating to these plans in the current year was £24k (2019: £24k). There were outstanding contributions of £7k (2019: £1k) and no prepaid contributions (2019: £Nil) at the end of the financial year.

7. Tangible assets

	Fixtures, fittings and equipment £000's
Cost	
At 1 January 2020	9
Additions	1
Disposals	—
At 31 December 2020	10
Depreciation	
At 1 January 2020	6
Charge for the year	1
Disposals	—
At 31 December 2020	7
Net Book Value	
At 31 December 2020	3
At 31 December 2019	3

8. Investments in subsidiary undertakings

	2020 £000's	2019 £000's
At 1 January	3,828	—
Additions	2,289	3,828
At 31 December	6,117	3,828

Details of the Company's subsidiary undertakings at 31 December 2020 are included in note 17 to the Consolidated Financial Statements on page 83.

On the 25 August 2020, 100% of EMV Capital was acquired at a cost of £2,289k with the issue of 3,521,480 NetScientific Plc 5p ordinary shares.

In the prior year as part of the Fosun series A financing, existing group loans converted into 20,109,155 preferred series A shares of Glycotest at a cost of £3,828k.

9. Other investments

	2020 £000's	2019 £000's
At 1 January	1,472	2,812
Additions	999	—
Change in fair value during the year	(99)	(1,340)
At 31 December	2,372	1,472

Name	Country of incorporation	% of issued share capital	Currency denomination	Fair value £000's
PDS Biotechnology Corporation	USA	5.75%	US\$	2,005
CytoVale, Inc.	USA	1.00%	US\$	367
				2,372

The Company considers that fair value estimates that are based entirely on observable market data will be of greater reliability than those based on assumptions and accordingly where there have been any recent investments by third parties, the price of that investment will generally provide a basis of the valuation. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data.

The equity investment of PDS is now quoted on Nasdaq while the investment in CytoVale is not quoted in an active market at year end and fair value has been established initially using inputs from other than quoted prices that are observable, i.e. the price of recent investments by third parties during December 2019. CytoVale raised \$15.0m all at the same valuation per share, the fundraise was restricted to a small group of sophisticated investors. At the time this was the only observable valuation on which to value CytoVale.

The value of PDS Biotechnology Inc. at year end was based on the listed share price of \$2.14 per share at 31 December 2020 (2019: \$2.65). At the 19 March 2021, the share price was \$5.37 valuing the stake at £4,926k.

Notes to the Parent Company Financial Statements continued

9. Other investments continued

On 12 February 2020, Netscientific subscribed for £503k for 500,000 shares of PDS common stock at a price of \$1.30 per share. On 12 August 2020, NetScientific subscribed for £496k for 236,000 shares of PDS common stock at a price of \$2.75 per share as the Board did not wish to be unduly diluted if it did not participate. On 31 December 2020 Netscientific owns 1,278,833 shares of PDS' common stock (2019: 542,833 shares), representing approximately 5.75% of the undiluted share capital (2019: 8.15%).

For more information on other investments refer to note 19 to the Consolidated Financial Statements on page 87.

10. Loans to subsidiary undertakings

	2020 £000's	2019 £000's
At 1 January	105	7,693
Additions	437	571
Repayments	(155)	(2,443)
Conversion	—	(3,828)
Releases	375	880
Provisions	(233)	(2,235)
Exchange movement	(379)	(533)
At 31 December	150	105

The amounts due from subsidiary undertakings are unsecured and repayable on demand. Interest has been charged on certain loans. A provision in the year was made for Glycotest, Inc. release of £Nil (2019: £677k), NetScientific UK Ltd £233k (2019: £2,235k) and NetScientific America, Inc. release of £379k (2019: £203k).

In the prior year as part of the Fosun series A financing, existing group loans of £3,828k converted into 20,109,155 preferred series A shares of Glycotest an investment in subsidiary undertakings see note 8.

11. Debtors: amounts falling due within one year

	2020 £000's	2019 £000's
Other receivables	77	—
Prepayments	18	17
Other taxes and social security	6	15
	101	32

Financial assets measured at amortised costs comprise other receivables.

12. Creditors: amounts falling due within one year

	2020 £000's	2019 £000's
Trade creditors	14	21
Other creditors	3	—
Accruals	188	61
	205	82

Financial liabilities measured at amortised costs comprise trade creditors and accruals.

13. Called up share capital

	2020 £000's	2019 £000's
Issued and fully paid:		
14,916,122 ordinary shares of 5p each (2019: 78,561,866)	746	3,928

On 24 August 2020, a share re-organisation took place. This had the effect of consolidating each ten existing ordinary shares into one new ordinary share. Four additional existing 5p ordinary shares were issued to ensure that the ordinary shares were exactly divisible by ten. The nominal value of the new ordinary shares is 5p. The number of new ordinary shares of 5p once the share re-organisation became effective was 7,856,187.

On 25 August 2020, the Company issued 3,521,480 of 5p ordinary shares at 65p per share to acquire 100% of the share capital in EMV Capital at a cost of £2,289k. On the same date the Company issued a further 3,538,455 of 5p ordinary shares via a placement at 65p per share respectively, raising net funds of £2,117k.

Further details of new ordinary shares issued during the prior year are shown in note 27 of the Consolidated Financial Statements.

Share options

Details of outstanding share options over ordinary shares of 5p each at 31 December 2020 are shown in note 32 of the Consolidated Financial Statements.

Notes to the Parent Company Financial Statements continued

14. Reserves

A description of each reserve is set out below.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Capital redemption reserve

This reserve relates to the nominal value and share premium amounts for shares repurchased or cancelled, as required under the Companies Act 2006.

Equity investment reserve account

Equity investment reserve is used to record the cumulative net gains and losses in fair value of quoted and unquoted equity securities.

Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

15. Related party transactions

The following balances are due to NetScientific plc from fellow non-wholly owned subsidiary undertakings:

	Amount due (to)/from as at 2020 £000's	Amount due from as at 2019 £000's
Glycotest, Inc.	(3)	—
EMV Capital	40	—
ProAxis Limited	232	105

The following management fees were charged by NetScientific plc to fellow non-wholly owned subsidiary undertakings:

	2020 £000's	2019 £000's
Glycotest, Inc.	111	—
EMV Capital	33	—
ProAxis Limited	68	—

15. Related party transactions continued

Interest was charged by NetScientific plc to the following non-wholly owned subsidiary undertakings:

	2020 £000's	2019 £000's
Vortex BioSciences, Inc.	—	79
Wanda, Inc.	—	15
Glycotest, Inc.	—	7
ProAxis Limited	1	5

Other related parties have been disclosed in note 33 to the Consolidated Financial Statements.

Company Information

Directors:	J Clarkson I Iliev S Smith C Sparrow
Secretary:	S Crowe
Registered Office:	Anglo House Bell Lane Office Village Bell Lane Amersham Buckinghamshire HP6 6FA
Registered Number:	08026888 (England and Wales)
Auditors:	BD0 LLP Arcadia House Maritime Walk Ocean Village Southampton Hampshire SO14 3TL
Solicitors:	UK Trowers & Hamlin LLP 3 Bunhill Row London EC1Y 8YZ US Wilentz, Goldman & Spitzer PA 90 Woodbridge Center Drive Suite 900 Woodbridge New Jersey 07095-0958 USA
Nominated Advisor and Broker:	WH Ireland Ltd 24 Martin Lane London EC4R 0DR



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