Registered in England and Wales number 11556598

GENINCODE UK LTD

Group Annual Report and Financial Statements

Period from incorporation on 6 September 2018 to 31 December 2019

Contents

GENINCODE UK LIMITED
DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period from incorporation on 6 September 2018 to 31 December 2019.

Principal Activities

The principal activity of the Group is to develop and commercialise clinical genetic tests to provide predictive analysis of risk to a patient's health based on their genes.

Business review and future developments

The Directors do not recommend a final ordinary dividend for the period.

Directors and directors' interests

The directors who held office during the period and subsequently were as follows:

Jordi Puig Gilberte (appointed on 06 September 2018)
Matthew Heaton Walls (appointed on 06 September 2018)

With regard to the appointment and replacement of Directors, the Company is governed by its articles of association, the Companies Act and related legislation.

Directors' interests

The Directors held the following beneficial interests in the shares of GEN inCode UK Ltd at the date of this report:

	Ordinary shares of £1 each	Issued share capital %
Matthew Walls	21,525	28.15%
Jordi Puig Gilberte	22,665	29.64%

Events after the reporting date

Events after the reporting period are described in Note 17 to the financial statements.

Financial Risk management

Details of financial risk management are provided in note 3 to the accounts.

Political and charitable contributions

The Group made no charitable or political contributions during the year.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company and the Group as a whole currently have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at the date of this report:

	%
David Evans	8.68%
Equipos Medicos – Biologicos, SA	9.35%
Jordi Puig Gilberte	29.64%
Matthew Walls	28.15%
Santi – 1990 SL	9.33%
Sonia Rodriguez Clemente	8.24%
Philip Chesterfield	3.30%

Statement of Disclosure to the Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes 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.

Auditors appointment

Jeffreys Henry LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

By order of the Board

Matthew Walls
Executive Chairman and Chief Executive Officer
06 August 2020

GENINCODE UK LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 and of the profit or loss of the Group and the Parent Company for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU or UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors confirms that, to the best of their knowledge:

The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Matthew Walls
Executive Chairman and Chief Executive Officer
06 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEN INCODEUK LTD FOR THE PERIOD ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of GEN inCode UK Ltd (the 'company') and the 'group' for the period from incorporation to 31 December 2019 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows, company 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 Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Materiality uncertainty related to going concern

We draw your attention to note 2 of the financial statement, which material uncertainties in relation to going concern status of the group. There is a material uncertainty that COVID-19 may cast significant doubt on the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue. The directors have reviewed the results to June 2020 and have assessed the forecast for a period of 12 months from the date of approval of these accounts, and consider going concern basis of accounting to be appropriate. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEN INCODEUK LTD FOR THE PERIOD ENDED 31 DECEMBER 2019

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and 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.

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEN INCODEUK LTD FOR THE PERIOD ENDED 31 DECEMBER 2019

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.

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

Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the group and the parent company in conducting our audit. Out audit opinion is consistent with the additional report to the audit committee.

Use of this report

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

Sanjay Parmar
Senior Statutory Auditor
For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street
London EC1V 9EE
06 August 2020

GENINCODE UK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Period ended 31 December 2019 £
Revenue	4	1,921,989
Cost of sales		(861,067)
Gross profit		1,060,922
Administrative expenses		(1,565,517)
Operating loss	**5**	**(504,595)**
Finance expense	7	(7,970)
Loss before corporation tax		**(512,565)**
Corporation tax credit	8	108,840
Loss for the period		**(403,725)**
Other comprehensive income, net of tax		
Exchange differences arising on translating foreign operations		(3,880)
Total comprehensive income		**(407,605)**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019 £
Non-current assets		
Intangible assets	9	95,092
Property, plant and equipment	10	7,418
Total non-current assets		**102,510**
Current assets		
Trade and other receivables	11	301,430
Financial Assets	12	107,563
Cash and cash equivalents	13	85,149
Total current assets		**494,142**
Total assets		**596,652**
Current liabilities		
Trade and other payables	14	937,298
Total current liabilities		**937,298**
Total liabilities		**937,298**
Net liabilities		**(340,645)**
Equity		
Share capital	15	66,960
Retained deficit	16	(407,605)
Total equity		**(340,645)**

These financial statements were approved and authorised for issue by the board of directors on 06 August 2020 and were signed on its behalf by:

Matthew Walls
Executive Chairman and Chief Executive Officer
Company number: 11556598

The accompanying notes are an integral part of these financial statements.

GENINCODE UK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
On incorporation	**45,000**	-	-	**45,000**
Shares issued	21,960	-	-	**21,960**
Loss for the period	-	-	(407,605)	**(407,605)**
Equity as at 31 December 2019	**66,960**	**329,800**	**(407,605)**	**(340,645)**

Share capital represents share capital issued at par.
Retained deficit represents accumulated losses.

The accompanying notes are an integral part of these financial statements.

	Period ended 31 December 2019 £
Cash flows from operating activities	
Loss before taxation	(512,564)
Adjustments for:	
Finance costs	7,970
Depreciation and amortization	21,164
Operating loss before working capital changes	**(483,430)**
Cash used in operations	
Increase in trade and other receivables	(297,789)
Increase in trade and other payables	598,486
Interest paid	(7,970)
Net cash outflow from operating activities	**(190,703)**
Investing activities	
Purchase of property, plant and equipment	(8,932)
Purchase of intangible assets	(114,742)
Net cash flows used in investing activities	**(123,674)**
Financing activities	
Issue of ordinary shares (net of issue expenses)	61,449
Proceeds from issue of convertible loan notes	338,812
Net cash flows from financing activities	**400,261**
Net change in cash and cash equivalents	**85,883**
Cash and cash equivalents at the beginning of the period	-
Exchange (losses) on cash and cash equivalents	(734)
Cash and cash equivalents at the end of the period	**85,149**

The accompanying notes are an integral part of these financial statements.

1. General information

GEN inCode UK Ltd (the "Company") is a private limited company incorporated and domiciled in England and Wales. The registered office of the Company is One, St. Peters Square, England, M2 3DE. The registered company number is 11556598.

The Company was incorporated on 06 September 2018.

The Company's principal activity is the development and commercialisation of clinical genetic tests, to provide predictive analysis of risk to a patient's health based on their genes.

The consolidated financial statements comprised of the Company and its subsidiary (together referred to as "the Group") as at and for the period from incorporation on 6 September 2018 to 31 December 2019. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation
These are the first financial statements to have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Basis of consolidation
The consolidated financial statements include the results of the Company and its subsidiaries ("the Group") as if they formed a single entity for the full period or, in the case of acquisitions, from the date control is transferred to the Group. The Company controls an entity, when the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Going concern
During August 2020, the Group raised £3 million before deduction of fees payable for lawyers, brokers and advisers.

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements.

The forecast contains certain assumptions about the performance of the business including growth in future revenue, the cost model and margins, and importantly the level of cash recovery from trading. The directors are aware of the risks and uncertainties facing the business, but the assumptions used are the Directors' best estimate of the future development of the business.

2. Accounting policies (continued)

After considering the forecasts and the risks, the Directors have determined that COVID-19 may impact the Groups' ability to continue as a going concern, given that the majority of its key customers are based within the EU. Currently the potential impacts of COVID-19 are uncertain and therefore currently there is still a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Foreign currency

The functional currency of the Company is Sterling Pound (£) and its subsidiary is in Euros (€). The presentational currency of the Company is £ because a significant amount of its transactions is in £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised when control of the products has been transferred to the customer. Control is considered to have transferred once products have been received by the customer unless shipping terms dictate any different. Revenues exclude intra-group sales and value added taxes and represent net invoice value less estimated rebates, returns and settlement discounts. The net invoice value is measured by reference to the fair value of consideration received or receivable by the Group for goods and services supplied.

Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

Operating leases

Rentals payable under operating leases are charged against the statement of comprehensive income on a straight-line basis over the lease term.

IFRS 16 Leases

The future adoption of 'IFRS 16: Leases' from 1 January 2019, provides for a new model of lessee accounting in which all leases, other than short-term and small-ticket-item leases, will be accounted for by the recognition on the statement of financial position of a right-to-use asset and an associated lease liability, with the subsequent amortisation of the right-to-use asset over the lease term. However, as the Company currently has no material leases other than short-term, the expected impact of the adoption of IFRS 16 is immaterial.

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, except for investment properties and freehold land, evenly over their expected useful lives, calculated at the following rates:

Machinery	12%
Equipment	25%

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired, and its value reduced by recognising an impairment provision.

Intangible assets

(i) Patents and licenses costs

The Group has purchased patents and licences during the period from incorporation on 6 September 2018 to 31 December 2019. The costs incurred in obtaining these patents and licenses have been capitalised. Amortisation is charged as follows:

Patents	Over estimated economic life of 10 years
Licences	20% (estimated useful life of 5 years)

The Patents and license costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(ii) Software costs

The Group has purchased software during the period from incorporation to 31 December 2019. The costs incurred in obtaining the software have been capitalised as the Group is confident that the software will be successful.

Amortisation is charged on a straight-line basis at 25% over the useful life of the related asset. Software costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares
- Retained deficit: losses accumulated to the end of the period

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial instruments
IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification
The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made *an irrevocable election at the time of initial recognition to account for the equity investment at fair value through* other comprehensive income (FVOCI).

The Group classifies financial assets as at amortised costs only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition
Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments
Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

d) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Taxation
Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate.

Taxation (continued)
Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, 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 will not reverse in the foreseeable future.

Recognition of the deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the difference can be utilised.

Deferred tax is calculated based on rates enacted or substantively enacted at the reporting date and expected to apply when the related deferred tax asset is realised, or liability settled.

Changes in accounting policies and disclosures
(a) New, amended standards, interpretations not adopted by the Company:

Standard	**Description**	**Effective date**
IFRS 17	Insurance contracts	* 1 January 2021
IFRIC 23	Uncertainty over income tax treatments	1 January 2019
Amendments to IFRS 3	Business Combinations	* 1 January 2020

* subject to EU endorsement.

Management has not yet fully assessed the impact of these standards but does not believe they will have a material impact on the financial statements.

Summary of critical accounting estimates and judgements
The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- **Useful lives of depreciable assets**

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account of residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Summary of critical accounting estimates and judgements (continued)

- **Intangible assets**

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets.

- **Taxation**

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. The carrying values of current tax are disclosed separately in the statement of financial position.

3. Financial Risk Management

Financial instruments by category

Financial assets	**2019**
	£
Cash and cash equivalents	85,149
Trade receivables	295,750
Other receivables	5,680
Financial assets	107,563
Financial assets	**494,142**

Financial liabilities	**2019**
	£
Trade payables	386,479
Accruals	162,975
Other payables	1,449
Tax payable	47,583
Convertible loans	338,812
Trade and other payables	**937,298**
Financial liabilities at amortised costs	**937,298**

Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value which also approximates the fair values of those short-term financial instruments. Therefore, no separate disclosure for fair value hierarchy is required for them. The disclosure on fair value hierarchy does not apply to the financial leases.

The Group's activities expose it to a variety of financial risks, mainly credit risk, liquidity risk and interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

3. Financial Risk Management (continued)

Liquidity risk
The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

Interest rate risk
The Company's interest-bearing assets comprise of only cash and cash equivalents. As Company's interest-bearing assets do not generate significant amounts of interest; changes in market interest rates do not have any significant direct effect on its income.

The maturity of borrowings and other financial liabilities (representing undiscounted contractual cash-flows) is as follows:

2019	**Within 1 year**
	£
Trade and other payables	937,298
Total	937,298

Capital risk management
The Group's capital management objectives are to ensure the Group's ability to continue as a going concern; and provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

To meet these objectives, the Company reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Company through to profitability and positive cash flow.

All working capital requirements are financed from existing cash resources.

4. Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date.

	2019
	£
Revenue from contracts with customers	**1,921,989**
Primary Geographic Markets	
Chile	13,611
France	46,468
Italy	351,871
Jordan	443
Mexico	9,431
Peru	7,588
Spain	1,196,101
UAE	377
Uruguay	7,101
Colombia	2,037
Netherlands	276,523
United Kingdom	10,438
Total revenue per geographical markets	**1,921,989**

5. Loss from operations

	2019 £
Loss is stated after charging:	
Cost of inventory	861,067
Staff costs	534,960
Social security	113,838
Royalty expense	76,837
Operating expenses - External service	545,189
Directors fees	166,538
Depreciation and amortisation	21,569

6. Employees and directors

The average number of employees (including directors) during the period was made up as follows:

	2019 Number
Directors (including non-executive directors)	2
Employees	10
Total	12

The cost of employees (including directors) during the period was made up as follows:

	2019 £
Salaries and wages (including directors)	701,498
Social security costs	113,838
Staff costs	**815,336**

Key management personnel compensation

The compensation of key management personnel, principally directors of GEN inCodeUK Ltd for the period were as follows:

	2019 £
Directors fees	166,538
Total	**166,538**

The above remuneration of directors includes the following amounts paid to the highest paid Director:

	2019 £
Highest paid Director	114,538

7. Finance expense

	2019
	£
Convertible loan interest expense	7,970
Total finance expense	**7,970**

8. Tax expense

	2019
	£
Current tax credit	
GEN inCode SL	(108,840)
GEN inCode UK Limited	-
Total tax credit	(108,840)

The charge for the year can be reconciled to the loss in the consolidated statement of comprehensive income as follows:

	2019
	£
Loss before taxation	**(512,564)**
Tax at the UK corporation tax rate of 19%	**(97,387)**
Movement in unrecognised deferred tax asset	11,671
Permanent differences	17,698
Spanish deferred tax recognised in excess of UK deferred tax	(41,570)
Other temporary timing differences not recognised	748
Tax for the year	**(108,840)**

Factors affecting current and future taxation

As at 31 December 2019, the Parent Company had tax losses available for carry forward of approximately £61k and the GEN inCode SL has tax losses of approximately €487k. The Company has not recognised deferred tax assets of £11,182 relating to carried forward losses. These deferred tax assets have not been recognised as the Company's management considers that ability to utilise the losses in the near future has been deemed uncertain.

9. Intangible assets

	Software	Patents & Licences	Total
	£	£	£
Cost			
Additions	52,121	62,621	114,742
At 31 December 2019	**52,121**	**62,621**	**114,742**
Amortisation			
Charge for the period	11,570	8,080	19,650
At 31 December 2019	**11,570**	**8,080**	**19,650**
Net book value			
At 31 December 2019	**40,551**	**54,541**	**95,092**

10. Property Plant and Equipment

	Machinery	Other equipment	Total
	£	£	£
Cost			
Additions	4,268	4,664	8,932
At 31 December 2019	**4,268**	**4,664**	**8,932**
Depreciation			
Charge for the period	532	982	1,514
At 31 December 2019	**532**	**982**	**1,514**
Net book value			
At 31 December 2019	**3,736**	**3,682**	**7,418**

11. Trade and other receivables

	2019
	£
Trade receivables	295,750
Other receivables	5,680
Total trade and other receivables	**301,430**

General terms for settlement of debt with clients are generally 30 days from the date of invoice for private entities and 60 days with public entities.

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

12. Financial assets

	Note	2019
		£
Financial assets		1,870
Deferred tax asset	8	105,693
Total financial asset		**107,563**

13. Cash and cash equivalents

	2019
	£
Cash at bank and in hand	85,149

Where cash at bank earns interest, interest accrues at floating rates based on daily bank deposit rates.
The fair value of the cash & cash equivalent is as disclosed above.
For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown above.

14. Trade and other payables

	2019
	£
Trade payables	386,479
Accruals	162,975
Tax payable	47,583
Convertible loans	338,812
Other payables	1,449
Total trade and other payables	**937,298**

General terms for settlement of debt are 60 days in general, after the invoice has been remitted from supplier.

Convertible loans are unsecured and carry interest at 2% per annum up to the date of conversion. These loan notes were converted to ordinary shares post year end on 28 January 2020.

The carrying value of trade and other payables classified at amortised cost approximates fair value.

15. Share capital

	Authorised Ordinary shares of £1 each	
	Number	**Nominal value**
		£
On incorporation	45,000	45,000
Issued during the year	21,960	21,960
At 31 Dec 2019	**66,960**	**66,960**

On 6 September 2018 ordinary shares were at issued at £1 each for a total consideration of £45,000.

Further 21,960 shares were issued on 14 February 2019 at par value for a total consideration of £21,960.

A shareholder's agreement between Matthew Walls and Jordi Gilberte Puig following incorporation required Matthew Walls to acquire 16,035 shares at nominal value dated February 2019 from Jordi Gilberte Puig.

All shares of the Company rank pari passu in all respects.

16. Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital	Amount subscribed for share capital fully paid.
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.

17. Capital commitments

There is no capital expenditure contracted at this year-end reporting.

18. Related Party Transactions

During the period the Company entered into the following transactions with related parties:

			2019
Related party	**Transaction**	**Note**	**£**
GEN inCode SL	Royalties receivable from GEN inCode SL	2	101,674
	Intercompany transactions	1	398,902
Matthew Walls	Executive director fees	3	52,000
Jordi Puig Gilberte	Non-executive director fees	4	114,538

1. Intercompany transactions relate to a loan issued to GEN inCode SL during the year and intercompany receivables from the sale of royalties to GEN inCode SL.
2. Royalties relate to recognition of amounts due under inter group licensing contract .
3. Mr. Matthew Walls is an executive director of GEN inCode UK Ltd. The fees are payable for services provided during the period and £46k remained outstanding at the year end.
4. Mr. Jordi Puig Gilberte is an executive director of GEN inCode UK Ltd. The fees are payable for services provided during the period and €20k remain outstanding at the year end.

19. Events after the reporting date

The Parent Company has raised additional funding of £400,000 during January 2020 to allow the Group to be liquid and meets its working capital requirements.

Convertible loan notes of £338,812 were converted to 4,448 shares post year end on 28 January 2020.

20. Ultimate controlling party

Jordi Puig Gilberte, Chief Operating Officer and Matthew Walls, Chief Executive Officer are considered the ultimate controlling parties due to their significant shareholdings in the Company.

21. Income statement analysis

	2018	2019	From incorporation to 31 December 2019
	£	£	£
Revenue from contracts with customers	163,204	1,451,950	1,615,154
Revenue from services	142,866	163,969	306,835
Total revenue	**306,070**	**1,615,919**	**1,921,989**
Cost of sales	(97,377)	(763,690)	(861,067)
Total cost of sales	**(97,377)**	**(763,690)**	**(861,067)**
Gross profit	**208,693**	**852,229**	**1,060,922**
Staff costs	(68,934)	(466,026)	(534,960)
Social security	(11,840)	(101,998)	(113,838)
Operating costs – External service	(105,239)	(439,950)	(545,189)
Operating costs – Tax	(13,387)	(71,932)	(85,319)
Depreciation and amortisation	(3,213)	(18,356)	(21,569)
Other costs	-	(11,804)	(11,804)
Directors fees	(48,473)	(118,065)	(166,538)
Travel expenses	(5,547)	(11,094)	(16,641)
Royalty expense	(5,474)	(71,363)	(76,837)
Foreign exchange	1,708	5,470	7,178
Total administrative expenses	**(260,399)**	**(1,305,118)**	**(1,565,517)**
Operating loss	**(51,706)**	**(452,889)**	**(504,595)**
Finance expenses			
Interest convertible loans	(1,993)	(5,977)	(7,970)
Total finance expenses	**(1,993)**	**(5,977)**	**(7,970)**
Loss before corporation tax	**(53,699)**	**(458,866)**	**(512,565)**
Corporate tax credit	6,947	101,893	108,840
Total loss after tax	**(46,752)**	**(356,973)**	**(403,725)**

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	Period ended 31 December 2019 £
Revenue	3	101,674
Gross profit		101,674
Administrative expenses		(159,075)
Operating loss	**4**	**(57,401)**
Finance expense	5	(7,970)
Loss before corporation tax		**(65,371)**
Corporation tax expense	6	-
Loss for the period		**(65,371)**

The accompanying notes are an integral part of these financial statements.

GENINCODE UK LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019 £
Non-current assets		
Investment	7	2,561
Intangible assets	8	54,418
Total non-current assets		**56,979**
Current assets		
Trade and other receivables	9	404,581
Cash and cash equivalents	10	24,489
Total current assets		**429,070**
Total assets		**486,049**
Current liabilities		
Trade and other payables	11	484,460
Total liabilities		**484,460**
Net assets		**1,589**
Share capital	12	66,960
Retained deficit	12	(65,371)
Total equity		**1,589**

These financial statements were approved and authorised for issue by the board of directors on 06 August 2020 and were signed on its behalf by:

Matthew Walls
Executive Chairman and Chief Executive Officer

Company Registration Number: 11556598

The accompanying notes are an integral part of these financial statements.

GENINCODE UK LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Share capital	Share premium	Retained deficit	Total
	£	£	£	£
On incorporation	45,000	-	-	**45,000**
Shares issued during the year	21,960			**21,960**
Loss for the year	-	-	(65,371)	**(65,371)**
Equity as at 31 December 2019	**66,960**	**329,800**	**(65,371)**	**1,589**

Share capital represents share capital issued at par.
Retained deficit represents accumulated losses.

The accompanying notes are an integral part of these financial statements.

GENINCODE UK LIMITED
COMPANY STATEMENT OF CASH FLOWS

	Period ended 31 December 2019
	£
Cash flows from operating activities	
Operating loss before taxation	(65,371)
Adjustments for:	
Foreign exchange gain	(6,831)
Amortisation	8,068
Interest payable	7,970
Operating loss before working capital changes	**(56,164)**
Changes in working capital	
Decrease in trade and other receivables	(168)
Increase/(decrease) in trade and other payables	145,649
Interest paid	(7,970)
Net cash outflow from operating activities	**81,347**
Investing activities	
Acquisition of subsidiary	(2,561)
Purchase of intangible assets	(62,486)
Net cash flows used in investing activities	**(65,047)**
Financing activities	
Loans issued to subsidiary undertakings	(398,902)
Proceeds from issue of convertible loan notes	338,812
Proceeds from issue of share capital	61,449
Net cash flows from financing activities	**1,359**
Net change in cash and cash equivalents	**17,659**
Exchange (losses)/gains on cash and cash equivalents	6,830
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	**24,489**

1. Accounting policies

The accounting policies that are applicable, as set out in note 2 to the consolidated financial statements have been applied together with the following accounting policies below that have been consistently in the preparation of these GEN inCode UK Ltd ("the Company") financial statements.

Basis of preparation

The financial statements of GEN inCode UK Ltd have been prepared in accordance with the International Financial Reporting Standard ("IFRS") as adopted by the European Union. The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006.

Investment in subsidiaries

Investments are initially recorded at cost including directly attributable acquisition costs. Investments are reviewed for impairment if events or changes in circumstances indicate that the fair value of the investment may be less than the carrying value. The Company reviews the expected future cash flows from its subsidiaries in line with the risks surrounding the subsidiary to confirm the fair value of the investment.

Taxation

The accounting policy for taxation is disclosed in note 2 to the consolidated financial statements.

Critical accounting estimates and judgments

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 as follow:

- Impairment of investment. This is detailed in the accounting policy Investment in subsidiaries above.

2. Company income statement

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own income statement. The Company's loss for the year was £54,726 and is included within the consolidated statement of comprehensive income.

3. Revenue

	2019
	£
Royalties receivable (Spain)	101,674
Total revenue	**101,674**

4. Loss from operations

	2019
	£
Loss is stated after charging:	
Legal fees	12,459
Directors fees	52,000
Amortisation	8,068
Royalty expense	76,837

5. Finance expense

	2019
	£
Convertible loan interest expense	7,970
Total finance expense	**7,970**

6. Tax expense

	2019
	£
Current tax on profits for the year	-
Tax expense	-

The charge for the year can be reconciled to the loss in the Company statement of comprehensive income as follows:

	2019
	£
Loss before taxation	**(65,371)**
Tax at the UK corporation tax rate of 19%	**(12,420)**
Movement in unrecognised deferred tax asset	**11,671**
Expenses not allowable for tax purposes	**1,534**
Other temporary timing differences not recognised	**(785)**
Tax for the year	**-**

Factors affecting current and future taxation

As at 31 December 2019, the Company had tax losses available for carry forward of approximately £61k. The Company has not recognised deferred tax assets of £11,671 relating to carried forward losses. These deferred tax assets have not been recognised as the Company's management considers that ability to utilise the losses in the near future has been deemed uncertain.

7. Investment in subsidiaries

	2019
	£
Cost	
Additions	2,561
At 31 December 2019	**2,561**

Details of the Company's subsidiaries at 31 December 2019 are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
GEN inCode S.L.	Spain	Ordinary shares	100%	Medical and scientific research

8. Intangible assets

	Patents
	£
Cost	
Additions	62,486
At 31 December 2019	**62,486**
Amortisation	
Charge for the period	8,068
At 31 December 2019	**8,068**
Net book value	
At 31 December 2019	**54,418**

9. Trade and other receivables

	2019
	£
Intercompany receivable	398,902
Other receivables	5,679
Total trade and other receivables	**404,581**

All amounts are due within three months. No amounts are past due.

10. Cash and cash equivalent

	2019
	£
Cash at bank and in hand	24,489

11. Trade and other payables

	2019
	£
Trade payables	64,257
Convertible loan notes	338,811
Accruals	81,392
Total trade and other receivables	**484,460**

12. Share capital and reserves

For details of share capital see note 15 of the consolidated financial statements.
For details of reserve see note 16 of the consolidated financial statements.

13. Related Party Transactions

During the period the Company entered into the following transactions with related parties:

Related party	Transaction	Note	2019 £
GEN inCode SL	Royalties receivable from GEN inCode SL		101,674
	Intercompany receivable	1	398,902
Matthew Walls	Executive director fees	2	52,000

1. Intercompany transactions relate to a loan issued to GEN inCode SL during the year and intercompany receivables from the sale of royalties to GEN inCode SL.
2. Mr. Matthew Walls, an executive director of GEN inCode UK Ltd. The fees accrued were for his consultancy/travel expense incurred for services provided in 2018 and 2019.

14. Commitments
The Company has no lease or capital commitments at the end of the reporting period.

15. Contingent liabilities
The Company has no contingent liabilities.

16. Ultimate controlling party
Jordi Puig Gilberte is considered the ultimate controlling party due to his significant shareholding in the Company.

17. Events after the reporting date
For details of events after the reporting date see note 20 of the consolidated financial statements.

GENINCODE UK LIMITED
OFFICERS AND ADVISORS

Directors:	Matthew Walls (Executive Chairman and Chief Executive Officer) Jordi Puig Gilberte (Chief Operating Officer)
Registered office:	One, St. Peters Square Manchester M2 3DE
Auditors:	Jeffreys Henry LLP 5-7 Cranwood Street Finsgate London EC1V 9EE
Solicitors:	Addleshaw Goddard Milton Gate 60 Chiswell Street London EC1Y 4AG
Company Number:	11556598
Website:	https://www.genincode.com/