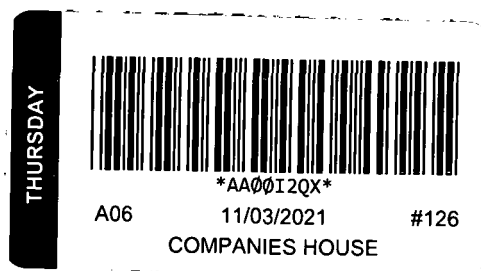

MORVUS TECHNOLOGY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020



MORVUS TECHNOLOGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2020

The directors are responsible for preparing the Directors' 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with 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.

MORVUS TECHNOLOGY LIMITED
REGISTERED NUMBER:05115093

BALANCE SHEET
AS AT 31 OCTOBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	5	5,001,000	5,000,100
		<u>5,001,000</u>	<u>5,000,100</u>
Current assets			
Debtors: amounts falling due within one year	6	27,590	385,783
Cash at bank and in hand		246,912	91,007
		<u>274,502</u>	<u>476,790</u>
Creditors: amounts falling due within one year	7	(2,100,072)	(2,217,119)
Net current liabilities		<u>(1,825,570)</u>	<u>(1,740,329)</u>
Net assets		<u><u>3,175,430</u></u>	<u><u>3,259,771</u></u>
Capital and reserves			
Called up share capital	8	261,604	258,430
Share premium account	9	28,223,316	27,788,089
Capital contribution reserve	9	602,971	602,971
Shares to be issued	9	-	190,000
Profit and loss account	9	(25,912,461)	(25,579,719)
Shareholders' funds		<u><u>3,175,430</u></u>	<u><u>3,259,771</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

J Beatson-Hird
JBeatson-Hird (Feb 23, 2021 14:44 GMT)

J D Beatson-Hird
Director

Date: 23/02/2021

The notes on pages 4 to 10 form part of these financial statements.

MORVUS TECHNOLOGY LIMITED

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

	Called up share capital £	Share premium account £	Cap contribut rese
At 1 November 2018	256,030	27,407,975	602,3
Comprehensive income for the year			
Loss for the year	-	-	
Contributions by and distributions to owners			
Shares to be issued	-	-	
Shares issued during the year	2,400	380,114	
At 1 November 2019	258,430	27,788,089	602,3
Comprehensive income for the year			
Loss for the year	-	-	
Contributions by and distributions to owners			
Share issued during the year	3,174	435,227	
At 31 October 2020	261,604	28,223,316	602,3

MORVUS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

1. General information

Morvus Technology Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 05115093). The registered office address is Aberllech, Pentre Bach, Brecon, Wales, LD3 8UB.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Exemption from preparing consolidated financial statements

The Company, and the group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Going concern

The Company made a loss after tax for the year of £332,742 (2019: £676,306) and had net current liabilities of £1,825,570 (2019: £1,740,329) at 31 October 2020.

The directors have prepared cash flow forecasts for the 12-month period from the date of their approval of the financial statements. These forecasts do not currently include additional support from investors but the directors recognise that they may become reliant on additional cash in order to meet future debts as they fall due since the forecasts rely on income from third parties which is uncertain.

The directors have concluded that these circumstances represent a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors are confident that they have a number of probable investment sources and other strategies, and therefore consider that it is appropriate to prepare the financial statements on a going concern basis. The financial statements therefore do not include any adjustments that would result if the Company was unable to continue as a going concern.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

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

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

2.7 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Investments in unlisted shares are classified as basic financial instruments. They are initially measured at transaction price and subsequently measured at fair value, with changes in fair value being recognised in profit or loss.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate 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 and bank overdrafts which are an integral part of the Company's cash management.

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.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.8 Taxation

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

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

MORVUS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimations and judgements are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities of the Company are outlined below:

Valuation of investments

At each reporting date, the valuation of investments is reviewed to identify indicators of impairment. The directors consider that the valuation of £5,001,000 is appropriate at 31 October 2020.

4. Employees

The average monthly number of employees, excluding directors, during the year was 1 (2019: 1).

5. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 November 2019	5,000,100
Additions	1,000
	<hr/>
At 31 October 2020	5,001,100
	<hr/>
Impairment	
Charge for the year	100
	<hr/>
At 31 October 2020	100
	<hr/>
Net book value	
At 31 October 2020	5,001,000
	<hr/> <hr/>
At 31 October 2019	5,000,100
	<hr/> <hr/>

MORVUS TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

6. Debtors: Amounts falling due within one year

	2020 £	2019 £
Share debtors	-	215,000
Amounts owed by group undertakings	4,314	-
Other debtors	2,893	13,172
Prepayments and accrued income	20,383	27,569
Tax recoverable	-	130,042
	<u>27,590</u>	<u>385,783</u>

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	1,914,075	1,914,075
Trade creditors	117,218	183,773
Amounts owed to group undertakings	1,000	100
Other taxation and social security	3,162	4,176
Other creditors	64,617	114,995
	<u>2,100,072</u>	<u>2,217,119</u>

8. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
261,604,224 (2019: 258,429,797) Ordinary shares of £0.001 each	<u>261,604</u>	<u>258,430</u>

During the year, 3,173,349 (2019: 2,400,000) Ordinary £0.001 shares were issued for cash consideration of £405,000 (2019: £382,514) and conversion of debt to the value of £33,400 (2019: £14,400).

MORVUS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

9. Reserves

Share premium account

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 contribution reserve

This reserve relates to the nominal value of shares that the Company has bought back.

Shares to be issued

This reserve is used to record the aggregate amount or value amounts collected for the Company's shares which have not been formally issued at the year end.

Profit and loss account

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

10. Share-based payments

On 18 October 2016, the directors resolved to grant share options to seven option holders under an HMRC Unapproved Share Option Scheme.

A total of 14,417,468 options were allotted with an exercise price of £0.001. 20% of these options vested on issue with 20% vesting annually thereafter until the close of the option period, being 18 October 2021.

On 27 November 2019, the directors resolved to create 13,058,824 warrants. The warrants were allotted with an exercise price of £0.001 with an exercise period ending on 27 November 2022.

On 19 December 2019 the directors resolved to create 27.5 million options under an HMRC Unapproved Share Options Scheme. On 19th December, 2.5 million options were issued to one option holder with an option price of £0.001. These options are exercisable until 19 December 2022.

On 11 August 2020 the Remuneration Committee resolved to allot 25 million options to four options holders with an exercise price of £0.001. 80% of these options vested on issue with 20% vesting on the first anniversary of the allotment with the exercise period ending on 11 August 2025.

On 20 October 2020, 4,227,489 previously allotted options lapsed.

MORVUS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

11. Related party transactions

During the period Morvus Technology Limited undertook the following related party transactions:

The Company was charged £12,000 (2019: £12,000) in relation to directors' services by IP Group PLC (of which D G Baynes is a director). At the year end, Morvus Technology Limited owed £Nil (2019: £Nil).

During the year, Morvus Technology Limited invoiced Morex Development Partners LLP (an LLP in which Morvus Technology Limited is a member) £Nil (2019: £4,500) for management and cost recharges. An amount of £Nil (2019: £4,500) was written off as a bad debt in the year.

At the year end, the Company owed £20,852 (2019: £20,852) in relation to directors' services by Men's Health Ltd (of which Prof M G Wylie is a director).

The Company was charged £18,000 (2019: £21,600) in relation to directors' services by Urodoc Limited (of which Prof M G Wylie is a director). At the year end, Urodoc Limited was owed £10,800 (2019: £10,800).

The Company was charged £82,404 (2019: £78,000) in relation to directors' services and expenses by Norwood Capital Ltd (of which J D Beatson-Hird is a partner). At the year end, Norwood Capital Ltd was owed £31,200 (2019: £26,000).

At the year end, the Company owed £11,000 (2019: £11,000) in relation to management services performed by J C Phillips.

During the year, Pelythera Pharma Limited was dissolved and an amount of £100 owed was written off.

The Company was charged £42,000 (2019: £50,400) in relation to rent and additional expenses by Aberllech Estates Ltd (of which Mr J Beatson-Hird is a partner). At the year-end, Aberllech Estates Ltd was owed £25,200 (2019: £25,200).

The Company was charged £9,000 (2019: £10,000) in relation to directors' services provided by Prostratex (of which Mr T Phillips is a director). This amount was paid entirely in the form of equity.

During the year the Company invoiced Gordian Pharma Limited (a company in which Morvus Technology Limited is a controlling shareholder) £100,684 for management and cost recharges. At the year end, the Company was owed £4,314 by Gordian Pharma Limited and owed £1,000 to Gordian Pharma Limited in relation to unpaid share capital.

12. Controlling party

The directors do not consider there to be an ultimate controlling party.

MORVUS TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

13. Auditor's information

The auditor's report on the financial statements for the year ended 31 October 2020 was unqualified.

In their report, the auditor emphasised the following matter without qualifying their report:

We draw attention to note 2.3 in the financial statements, which indicates that at 31 October 2020 the Company was reliant on income from third parties, the amount of which would dictate if additional support from investors would be required to enable it to meet its liabilities as they fall due.

As stated in note 2.3, these conditions represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 23/02/2021
behalf of Nexia Smith & Williamson.

by Andrew Edmonds (Senior Statutory Auditor) on