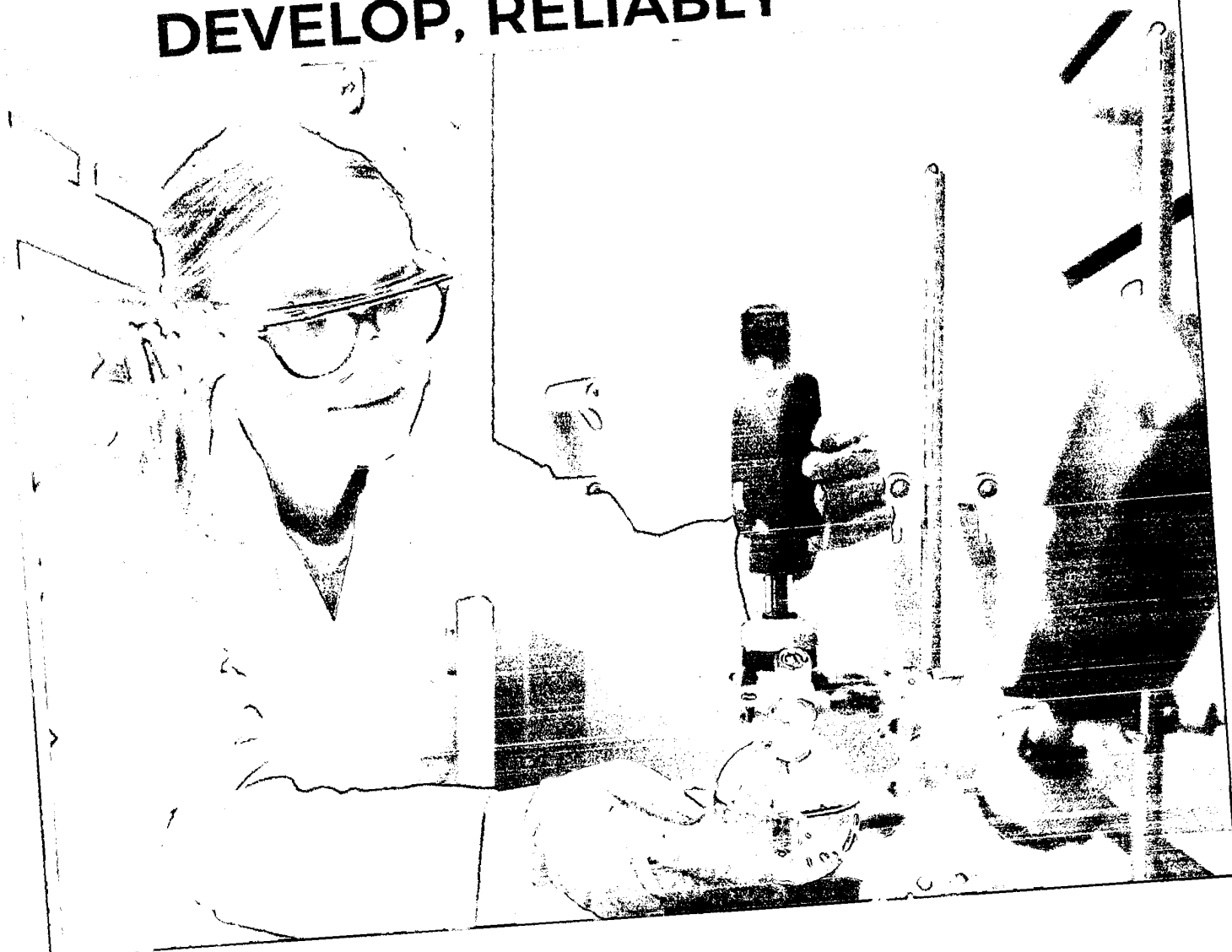


deepmatter™



ANNUAL REPORT 2020

**DISCOVER AND
DEVELOP, RELIABLY**





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WE WANT TO ENABLE
SCIENTISTS TO USE
DATA TO DISCOVER AND
DEVELOP MEDICINES
THAT TRANSFORM
PATIENTS LIVES, RELIABLY
AND COST EFFECTIVELY

HIGHLIGHTS

£1.3m**REVENUE**

(2019: £1.2m)

+10.3%**£2.4m****LOSS FOR THE YEAR**

(2019: £3.0m)

-19.1%**£2.6m****CASH**

(2019: £2.6m)

50+**INDUSTRY
ENGAGEMENTS**

OUR OFFERING AND STRATEGY

DeepMatter is building and commercialising the most powerful data platforms, to enable scientists to easily perform and optimise chemical reactions, by increasingly integrating chemistry with technology. Ultimately this will allow the greater use of artificial intelligence and reaching a point where chemicals can be autonomously synthesised through robotics.

Sitting at the heart of this strategy is a unique perspective and approach to collecting data. DeepMatter has developed data rich platform technologies used by today's expert users, early adopters, and futurists. This includes bringing together cloud-based software, with routinely used laboratory hardware and unique sensor feeds throughout the time-course of a chemical reaction, to collect novel data, in a clean and structured manner, such that machine learning analysis can be applied with confidence to enable actionable knowledge – thereby increasing productivity, discovery and compliance gains.

Being cloud-based, our platforms are designed to enable chemists to work together effectively; sharing the details of their experiments from anywhere and in real-time, so that work is not needlessly duplicated, time and money wasted, and ultimately so new discoveries may be made faster.

Visit: www.deepmatter.io and follow @deepmattergroup

OUR OPPORTUNITY

THE PROBLEM WE ADDRESS

50%

OF SCIENTIFIC LITERATURE IS NOT REPRODUCIBLE

which translates into wasteful spending of nearly

PRODUCTIVITY GAINS ASSOCIATED WITH DigitalGlassware®

\$28bn

WASTEFUL SPENDING ANNUALLY

In the US alone

35%

ESTIMATED PRODUCTIVITY GAIN ACHIEVABLE

for companies by digitising their chemistry testing

50%

INCREASE IN AVERAGE YIELD

80%

REDUCTION IN ERRORS

\$100,000s

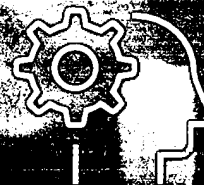
SAVEABLE IN FTE COSTS

THE LAB OF THE FUTURE IS HERE

Digital innovation can deliver great value and revolutionise chemistry by turning data into shareable and usable knowledge, providing a unique perspective using:

Cloud Sharing

Machine Learning



Artificial Intelligence

Our solution, DigitalGlassware®, is at the forefront of this change.

SIGNIFICANT MARKET OPPORTUNITY

Pharmaceutical research is a hugely expensive business so any inefficiency comes with a significant cost



\$811 bn

SALES PER ANNUM

for top 100 Pharma companies



\$179 bn

GLOBAL R&D SPEND



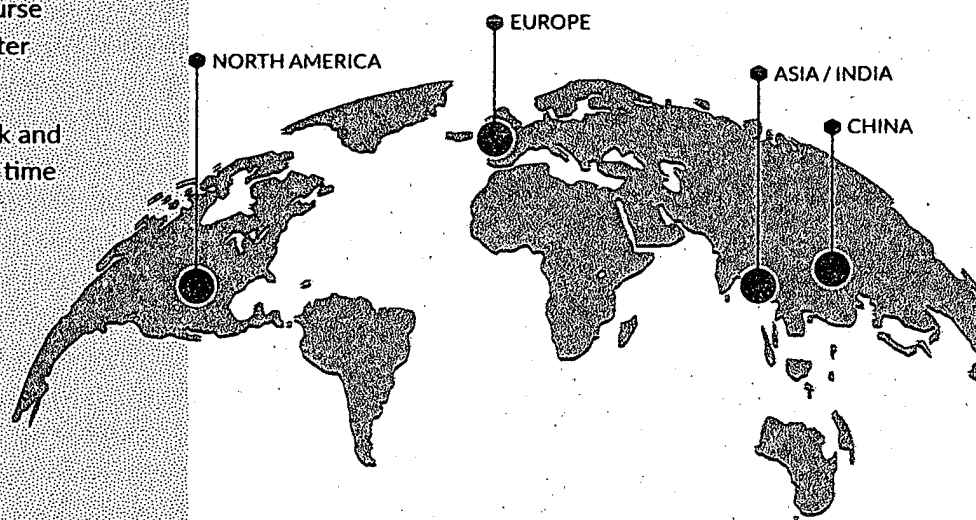
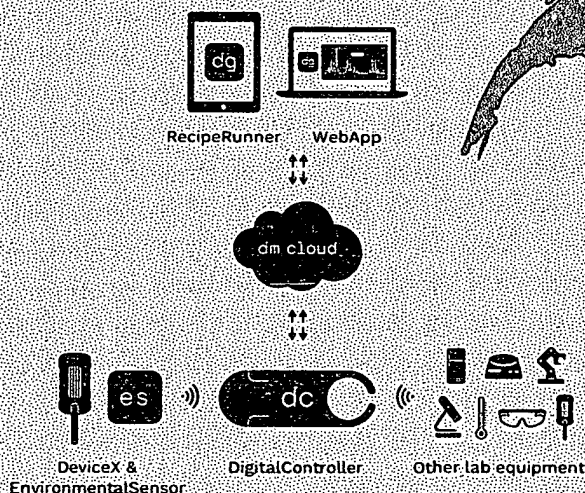
\$2.42 bn

NEW DRUG
DEVELOPMENT

Over 1 year the cost has more than doubled from \$1.19bn

DigitalGlassware® codifies your chemistry. Then it captures & structures time course sensor data improving insights for better productivity and discovery.

Data is captured directly from the flask and stored in the cloud & displayed in real time



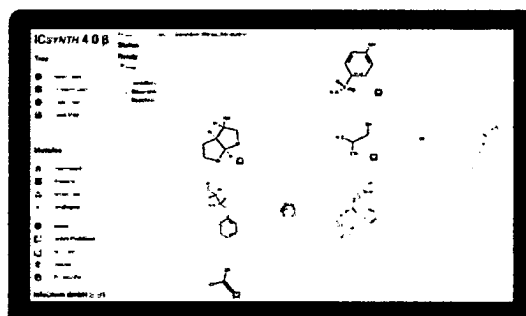
DigitalGlassware® is cloud-based allowing real-time data dissemination across company sites across the globe.

DigitalGlassware® saves time, reduces errors and gives access to never before seen data insights using AI/ML leading to:

**FASTER, BETTER & CHEAPER
MOLECULES**

CUSTOMER CASE STUDIES

**DEEPMATTER IS NOW
WORKING WITH KEY OPINION
LEADERS ACROSS THE
PHARMACEUTICAL INDUSTRY
AND ACADEMIA.**



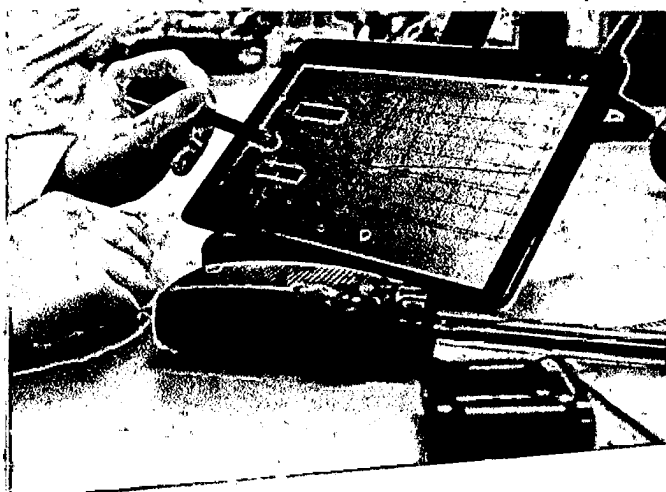
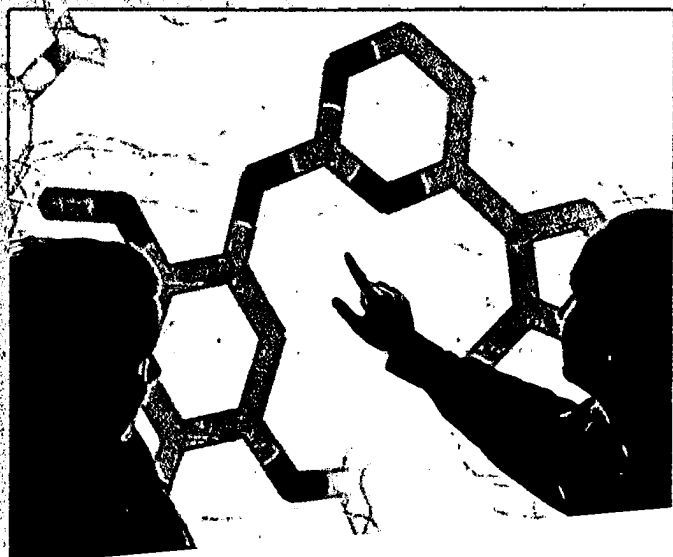
**50+ INDUSTRY
ENGAGEMENTS**

**5 ACADEMIC
ENGAGEMENTS**

This includes 5 of the top 10 Global Pharmaceutical Companies. On the right is a selected example of recent engagements, to see the full list see our RNS announcements at www.deepmatter.io

ICSYNTH

- ICSYNTH customer numbers have more than doubled through the course of 2020
- We have achieved 100% customer renewals, adding to the Group's underlying revenue base
- The new customers include some of the world's leading multi-national pharmaceutical, agrisciences, biotech and contract research organisations (CROs)
- Retrosynthesis is a growing area of the Life Sciences Research & Development space, providing an increasing opportunity for ICSYNTH



ASTRAZENECA

Focused on improving productivity of compound synthesis using digital technologies enabled with machine learning and artificial intelligence

"To get potential new medicines to patients faster, we need to reduce the cycle time for lead identification and optimisation and look forward to working with DeepMatter to assess the potential of DigitalGlassware™ to help with this"

Michael Kossenjans
Associate Director, Discovery Sciences, R&D

CANCER RESEARCH UK

To enhance the reproducibility of its chemistry and accelerate drug discovery

"DeepMatter's technology is some of the most innovative we have seen to date and we look forward to working with them to test its capabilities"

Justin Bower
Joint Head of the Drug Discovery Unit
and Head of Chemistry

Post balance sheet events include a data licensing agreement with Merck and a multi-year contract with Thieme Chemistry for the supply of technical data services and access to the Group's proprietary algorithms

ACADEMIC CASE STUDIES

Our Academic Strategy gives us exposure to experts and key opinion leaders within the big digitisation units in the UK's prestigious Universities focusing primarily on DigitalGlassware®.

On the right are some examples of recent engagements.



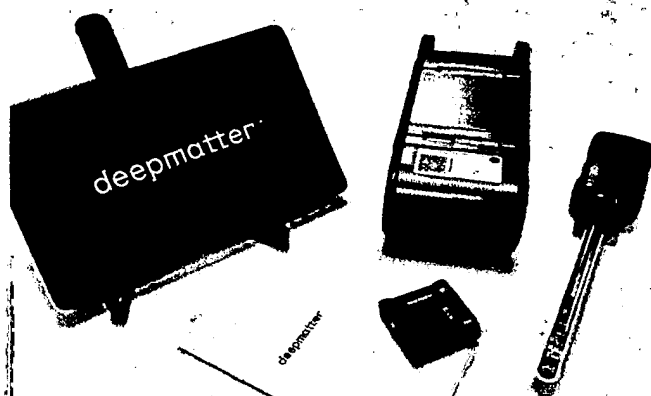
THE UNIVERSITY OF NOTTINGHAM

Data capture and analysis within undergraduate chemistry teaching in their fully Digital Teaching Laboratory.

A second project will be looking at the development of machine learning models of sustainable chemistry for researchers in the pharmaceutical sector and related chemical-based industries.

"DigitalGlassware® is a great fit with this project as its machine learning and AI enabled approach to data delivers greater value and will help to revolutionise chemistry in both productivity gains and the discovery of new insights."

Professor Jonathan Hirst
Professor of Computational Chemistry & Royal
Academy of Engineering Chair in Emerging
Technologies, Faculty of Science



IMPERIAL COLLEGE LONDON

The EPSRC CDT in Next Generation Synthesis & Reaction Technology assembles a multi-disciplinary team of internationally-leading researchers at Imperial College London with academic and manufacturing expertise, augmented by recent investments in state-of-the-art infrastructure, equipment and facilities.

These research projects involve academics across several departments at Imperial, and also collaborations with industry partners.

This EPSRC CDT is closely affiliated with Centre for Rapid Online Analysis (ROAR), which offers state-of-the-art facilities to enable data-centric research in synthesis.

DeepMatter is proud to be an External Industry and Research Partner of the EPSRC CDT.

UNIVERSITY OF LEEDS

The project with their Institute of Process Research and Development (iPRD) is a step in the development of a robotic laboratory, where chemicals will be synthesized with the assistance of artificial intelligence systems.

"Faster capture, manipulation and analysis of data will be key tools in this endeavour and we are delighted to be working with the DeepMatter team to bring these benefits to the iPRD."

Dr. Richard Bourne
Associate Professor

CHAIR'S STATEMENT

I was delighted to be appointed Chair of the Board of this exciting business in November 2020. With an innovative offering, much needed by its industry, a growing roster of blue-chip customers and a passion for great chemistry, I believe DeepMatter has a significant opportunity ahead.

This has, of course, been a challenging year for all. However, I am pleased to report that the Group made significant progress towards its vision to digitise chemistry. Having successfully completed the foundation development of the proprietary DigitalGlassware® platform and integration of the InfoChem offerings following its acquisition in 2019, the focus in 2020 was on the commercialisation of the Group's technologies. This focus delivered growth in user numbers, the development of strategic partnerships and the first steps towards the monetising of the Group's data collections.

INCREASINGLY SUPPORTIVE MARKET ENVIRONMENT

While COVID-19 significantly disrupted the pharma industry, it has also, as with many industries, shone a light on the need for accelerated digitalisation. Typically, in scientific, evidence-based industries, the collection, structuring and sharing of data has taken place in siloed environments, leaving scientists un-empowered to capitalise on the wealth of knowledge created in economically important fields such as drug discovery and development. Digital transformation in recent years had started to lower data sharing barriers on a modest level, however the shift to remote working and increased social distancing as a response to the COVID-19

pandemic has accelerated the rate in which technology is being incorporated into the day-to-day workings of a laboratory. The possibilities to digitally impart knowledge and hands-on experiences in the laboratory to another person, without the requirement of physical proximity, is more attainable now that the industry has been forced to adapt and experience it first-hand.

Throughout the year we have seen an increased awareness of the benefits technology can lend to drug discovery and this trend will only gain further traction in the coming years, providing a growing opportunity for DeepMatter's product offerings and technology platform.

A PASSION FOR GREAT SCIENCE

The passion of the team at DeepMatter is the driving force for this business. Their commitment and genuine passion for improving productivity and discovery of chemical reactions that contribute towards the development of new medicines makes them a great team to be a part of and resonates strongly with our customers. The team swiftly adapted to working remotely in March 2020, continuing to support our customers, develop our offerings, secure new customers and forge new partnerships. On behalf of the Board I would like to thank every single team member for their efforts during the year.

STRENGTHENING OUR BOARD

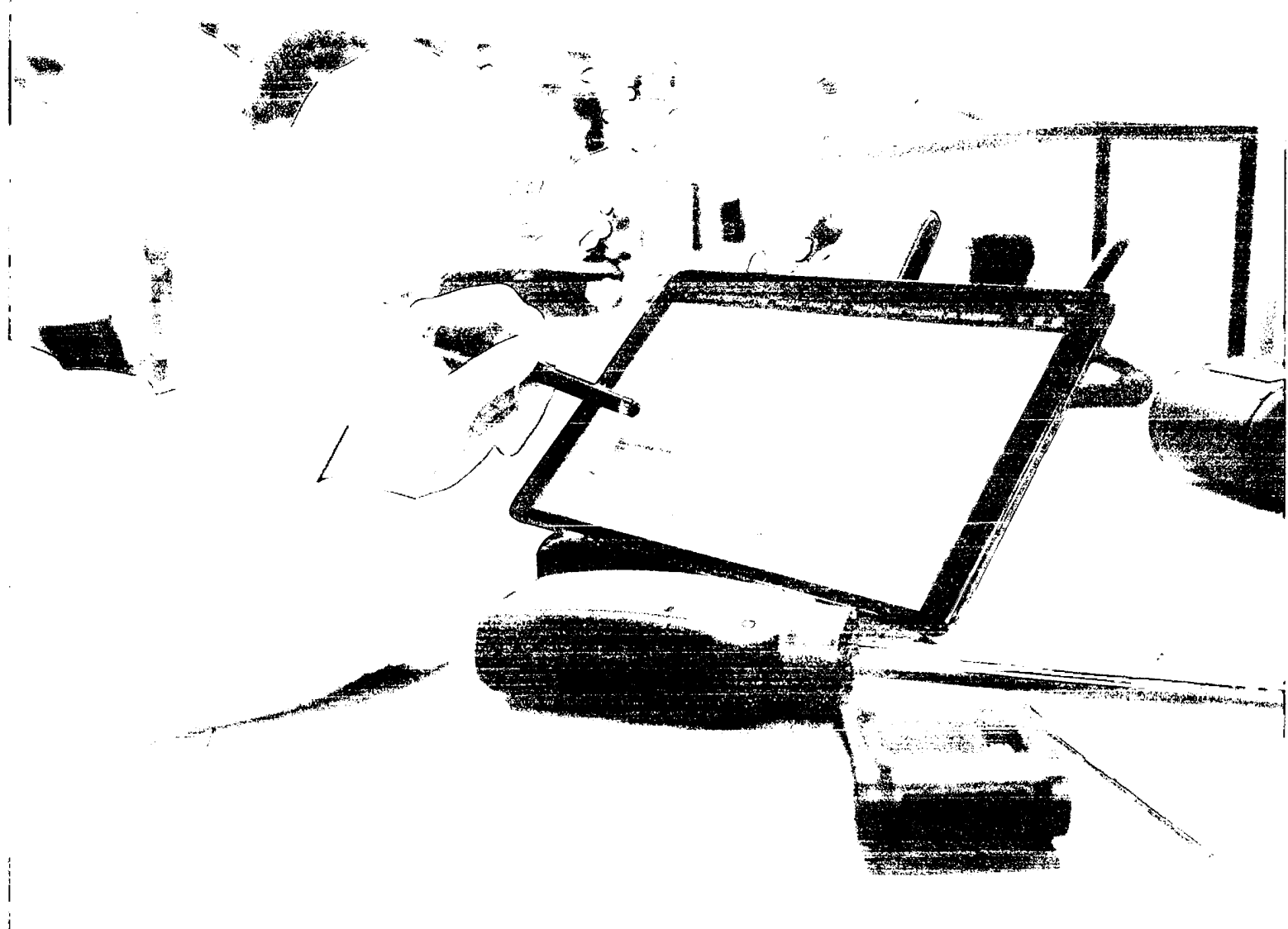
As well as my appointment in November 2020, the Board's expertise was further expanded during the year with the appointment of Fraser Bowson, as Chief Financial Officer and post-period end, the appointment of Mirko Walter as Non-Executive Director. Both Fraser and Mirko bring a wealth of knowledge in their specific fields, with Fraser having accounting experience and exposure to fast-growing software businesses, whilst Mirko's experience in sales and the scientific sector resonates with DeepMatter's long-term strategic goal to commercialise the digitisation of chemistry. Through this strengthening of the Board's expertise, DeepMatter comprises an excellent mix of leadership skills and experience to take the business to the next phase of growth.

POSITIVE OUTLOOK

The Group has a steady base of recurring revenues, a healthy financial position and a clear strategy for growth. The long-term opportunity for DeepMatter is extremely positive, with market conditions indicating the integration of science with technology is accelerating, with the potential to revolutionise the industry. The Group has made progress in the year in developing its user base, particularly within Contract Research Organisations and academic segments, and continues to see healthy growth in its pipeline. The Board therefore looks to the future with confidence.

Karen Bach
Non-Executive Chair

28th May 2021



CHIEF EXECUTIVE'S REVIEW

I am pleased to report the Group has made considerable strategic and operational progress in the year against a challenging market backdrop.

Through a year of major disruption for all industries, but notably for those engaged in laboratory sciences, we maintained our close relationships across our industry and academic customers, grew our user base and partnerships, paving the way for accelerated future growth. Group revenue increased 10% to £1.3m (FY19: £1.2m) and the careful management of our cost base resulted in a narrowing of losses by 19% to £2.4m (FY19: £3.0m). We closed the year with healthy cash balances of £2.6m.

GROUP
REVENUE

REVENUE
INCREASE

STRATEGY: UNLOCKING THE POWER OF DATA IN THE LAB

Our core objective is to integrate chemistry with technology to improve productivity and drug discovery for scientists in any industry where chemicals are manufactured. Following the impact of the Covid-19 pandemic, never has this been more relevant than now. The digital laboratory is leading to a fundamental change in how data is stored, retrieved, analysed and shared in the laboratory environment. It involves integration, innovation, automation and business intelligence and our cloud-based platform, DigitalGlassware®, is at the forefront of this change where we have seen 50% increases in average yield and 80% reduction in errors when using the platform (see Strategy infographic page 2).

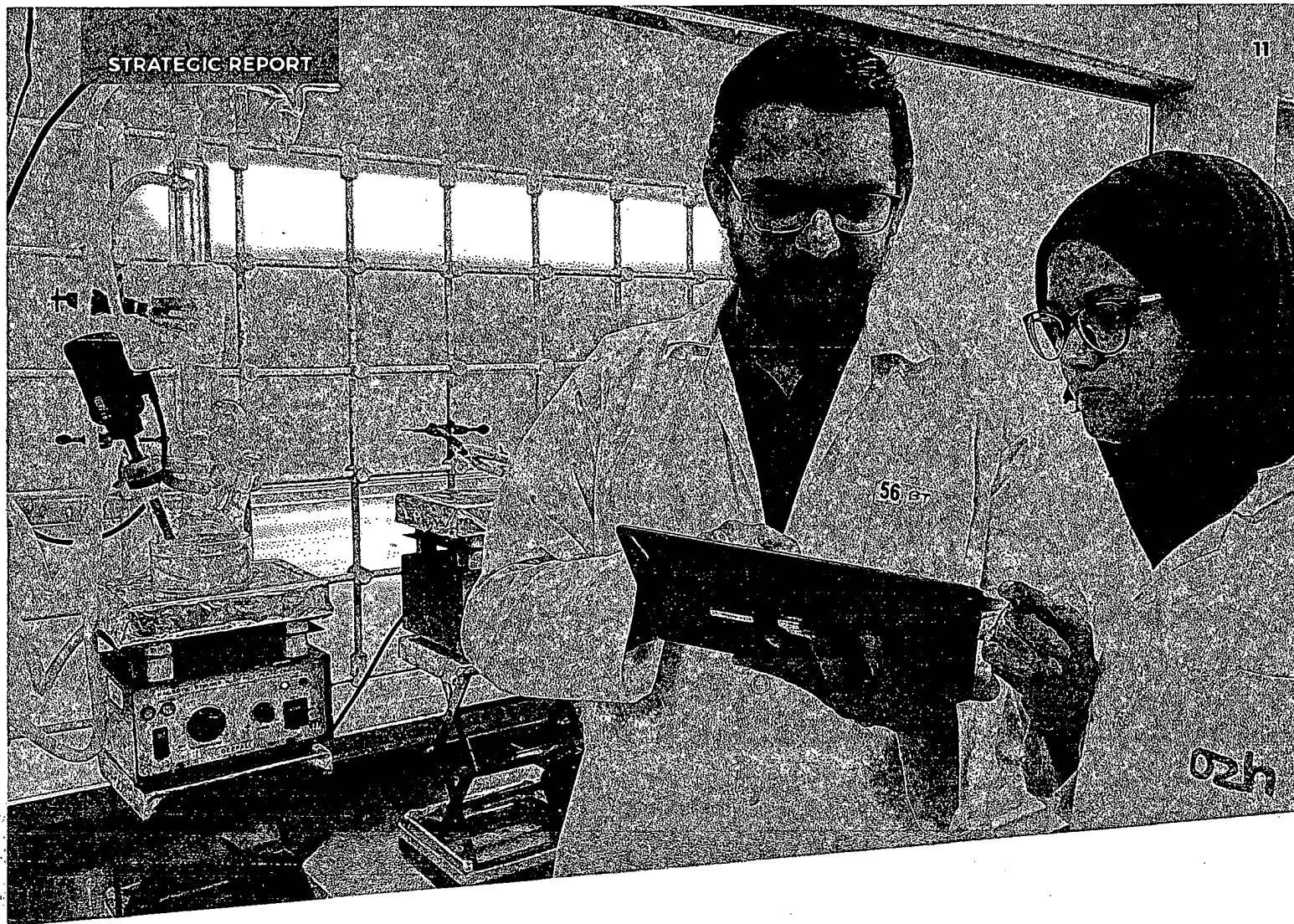
EXPANDED PLATFORM FOR GROWTH

At DeepMatter, we build and sell products that make it easier for scientists to collect scientific data then structure and clean this data allowing them to use it to gain valuable insights. The Group has a range of software, Internet of Lab Things and data products designed to help scientists to easily perform and optimise chemical reactions, to improve productivity and discovery. These products are sold on a recurring revenue model,

globally, to Pharma, Biotech, Contract Research Organisations, Agri-Sciences and Scientific Publishers. DeepMatter also owns chemical structure and reaction databases plus data generated by the DigitalGlassware® platform which it also sells to these organisations. Since 2018 DigitalGlassware® has collected 4.3 billion sensor readings, capturing over 6.3 years of chemistry with over 700 individual chemistry runs.

Owing to what we have experienced in 2020, the market opportunity for integrating chemistry with technology has grown immensely and the direction of travel for lab automation and the digitisation of chemistry remains clear. As labs across the world move away from outdated and inefficient processes, there is an increasing recognition of the speed, efficiency, and lower costs offered by the increased integration of innovative technology with the life sciences, providing a supportive market environment for DeepMatter.

During the year we have focused on acquiring more users, expanding our sales and marketing capabilities, initiating both technology and distribution partnerships and monetising our data. With each trial of DigitalGlassware® we learn more regarding its benefits and best methods of implementation and will continue to refine these in the year ahead.



GROWING OUR USERS

The Group grew revenue by securing more expert users of its retrosynthesis software ICSYNTH, whilst engaging with new customers for our DigitalGlassware® software (see case study infographic page 6). By the end of the year, 50% of the world's Top 10 pharmaceutical organisations were trialling or using DeepMatter products. The Group's user numbers grew by 18% year-on-year."

Contracts secured in the year included a three-year contract with Thieme Chemistry, which is part of the Thieme Group, an award-winning international medical and science publisher, and a deployment of DigitalGlassware® with Cancer Research UK Beatson Institute Drug Discovery Unit.

As the pharma industry continues to seek the means to reduce risk and increase flexibility in their cost-base, we see a growing opportunity in the Contract Research Organisations (CRO's) segment, to whom pharma outsource their research services. Data sharing between these entities across the globe is paramount and the ability of our cloud-based DigitalGlassware® platform to allow chemists to share data in real-time, anywhere in the world means it is ideally suited to meet these data sharing needs. We have expanded our presence in this segment in the year and will continue to do so.

EXPANDING OUR SALES AND MARKETING CAPABILITIES

As pharmaceutical companies begin to embed digitisation across their R&D functions we have recently appointed a dedicated Sales Lead for the Group, alongside our Group Marketing function and are actively pursuing initiatives to increase our sales and marketing footprints in the US, Europe and other geographies, such as India and China as well as other sectors such as CRO's and Agrisciences.

During 2020 we rebranded DeepMatter and brought InfoChem under the DeepMatter brand umbrella whilst focusing on increasing our social engagement and increasing our web traffic by 117%. With a strengthened sales and marketing function, we now have the resources to reach the top 100 global pharmaceutical companies and beyond.

We continued to build relationships with Key Opinion Leaders in the academic sector, that will ultimately create both marketing and IP value in the medium term targeting the big digitisation units in the UK with a focus on DigitalGlassware®.

INITIATING TECHNOLOGY AND DISTRIBUTION PARTNERSHIPS

To ensure the quality of the data within our platform, we continue to expand the range of third-party integrations available in DigitalGlassware®, including hardware sensors, LC-MS and Electronic Lab Notebooks and in 2020 we were delighted to announce plans to interface our DigitalGlassware® platform with the Waters Corporation UNIFI™ Scientific Information System, enhancing the quality and accessibility of data for chemists worldwide.

As well as technology partnerships the success of our efforts to expand our customer base and the userbase of DigitalGlassware® through our network of partners can also be seen in the post-period signing of a co-distribution and marketing agreement with Elemental Machines, expanding our footprint in the US.

THE VALUE OF DIGITALGLASSWARE®

DigitalGlassware® provides value in several ways: making chemistry more reproducible, cutting the costs of that chemistry, increasing the ability to share data and increasing the ability to interrogate data through AI and machine learning, thereby aiding faster drug discovery.

During 2020 we conducted some chemistry with o2h Discovery at their integrated drug discovery platform operating from a state-of-the-art research centre in India, to show DigitalGlassware's value, specifically around improving the reproducibility of a reaction.

We took an industrially relevant reaction to show how the integrated DigitalGlassware® platform defined the method in a standardised, shareable format, then captured and analysed the data allowing the reaction to be modified and optimised.

The two chief findings of this study were that the average reaction yield was significantly increased, and the variability greatly decreased, when using DigitalGlassware®, compared with traditional methods. Directly comparing the reaction runs using the two methods, the average yield was 50% greater when using DigitalGlassware®, with the average errors reduced by 80%.

We are excited by this incredibly strong validation of the platform and believe this data will be a powerful marketing tool for us in 2021.

INCREASED DATA COLLECTION AND INTERROGATION AND MONETISATION

Our Data Science team are now investigating the data captured from the o2h trial and are using Machine Learning algorithms to gain new insights in areas such as optimisation and yield

prediction. Ultimately, we are looking at monetising our aggregated data and believe it will lead to novel IP.

In January 2021 we announced a data licensing agreement with the Life Science business of Merck to provide proprietary chemical structure and reaction data content to Merck's selected application, a further example of the monetising of our data.

SUPPORTIVE MARKET ENVIRONMENT

Covid-19 measures have prompted an increase in interest levels in the ability to digitally collect and remotely share scientific data. Automated chemistry has moved up the priority list for many companies. Automated chemistry and digital data collection and sharing, have the potential to transform our industry, not only increasing productivity, but serving to ensure knowledge and experience can be imparted to the next generation, under whatever circumstances the 'next normal' looks like.

This Digital transformation was in train prior to the Covid-19 pandemic, nevertheless the ability to use digital technologies to discover new (therapeutic) molecules and rapidly share data cross-border is likely now considered prophetic.

We have also seen growing interest in the area of sustainable chemistry, with organisations increasing their investment in this area in order to identify means to reduce the impact on the environment from chemical processes. This is a growing area of opportunity for our platforms, to enable faster investigation and closer collaboration across teams in this research.

CURRENT TRADING & OUTLOOK

While revenue growth in the year under review was dampened by the immediate impacts of the Covid-19 pandemic on our industry, we achieved notable strategic successes and have entered 2021 in a strong position. We will continue to build on the momentum of the second half of 2020 in the current year, particularly targeting the CRO and academic sectors who are proving to be the most successful early adopters of our platform.

We have a growing base of committed recurring revenues and an increased pipeline of opportunities. Our increased sales and marketing capability is delivering results, and we have a strengthened financial basis on which to grow. We therefore look forward to the ongoing execution of our growth strategy

Mark Warne
Chief Executive Officer

28th May 2021

CHIEF FINANCIAL OFFICER'S REVIEW

The Group has produced a solid set of financial results, delivering revenue growth and managing the cost base while continuing to invest in our products and laying the foundations for future growth. At the same time, we have continued to integrate the InfoChem business, ensuring cross Group experience is shared and that functional teams work to share knowledge and form a flexible pool of resource.

REVENUE

Revenue for the year of £1.3m (2019: £1.2m) represents year-on-year growth of 10%. Growth is driven by DigitalGlassware® from sales and paid trials. InfoChem revenue held up well, posting revenue growth despite the COVID pandemic. The number of new ICSYNTH paid evaluations in the second half of the year indicates the pathway to future revenue growth.

OPERATING PERFORMANCE

As a group, product R&D and building sales and marketing capability have been two key areas of focus in 2020.

- R&D costs of £1.6m in 2020 (2019: £1.8m) in addition to which, £0.3m of ICSYNTH development was capitalised in the year. This reflects the continued functionality enhancements being added to DigitalGlassware® and the step change delivered to the ICSYNTH product.
- General and Administration expenses rose slightly to £2.0m (2019: £1.9m) as sales and marketing saw investment as the group looked to build capability for the next stage of commercialisation of DigitalGlassware®.
- The group has been reactive to the COVID 19 pandemic, making use of government employment schemes in both the UK and Germany for a time and managing costs throughout the year.

CAPITALISED SOFTWARE

In addition to further development of the DigitalGlassware® platform, a significant enhancement was made to the ICSYNTH product. The development work on ICSYNTH has been capitalised. A total of £0.3m was capitalised which will be amortised over two years.

RESULT

The Group incurred a total loss after tax for the year ended 31 December 2020 of £2.41 million compared to a loss of £2.98 million in the previous year.

CASH

The Group's overall cash position remained stable year-on-year. This is the combination of the £2.2m gross fund raise in July 2020 offsetting the continued investment in product development and operating costs.

NET ASSETS

The Group continues to benefit from a solid financial position with net assets at 31 December 2020 of £8.90 million compared to £9.08 million at 31 December 2019.

FINANCING ACTIVITIES

The company raised gross proceeds of £2.2m after placing shares at a price 1.5p in July 2020. The successful placing showed that a mix of new and existing investors were willing to back the next phase of the group's development, funding the move from R&D stage towards commercialisation.

The Consolidated Financial Statements have been prepared for the year to 31 December 2020.

Key Group performance indicators are set out below:

	31 Dec 2020	31 Dec 2019
Net assets (£ million)	8.90	9.08
Net asset value per share (pence)	0.96	1.23
Total loss after tax (£ million)	(2.41)	(2.98)
Basic loss per share from continuing operations (pence)	(0.30)	(0.43)
Cash and short-term deposits with banks (£ million)	2.61	2.61

Non-financial KPIs are considered on page 24 of the directors report.

Fraser Benson
Chief Financial Officer

28th May 2021

OUR PRINCIPAL RISKS AND UNCERTAINTIES

The analysis of key performance indicators ("KPIs") is included in the CFO Report section of the Strategic report. The Directors believe that performance should also be measured by achievement against technical and business development milestones.

The Group's risk management objectives and exposure to various risks are detailed in note 22 to the Group financial statements. The key operating risks of the Group and the measures taken to manage these are summarised below.

TECHNOLOGY & DEVELOPMENT RISK

There is a risk that the technology development of DigitalGlassware® is delayed or specific programme targets cannot be met. The Group manages the development of its technology through separate development programmes. Each programme has a specific set of milestones (either internal or external), together with measurable goals and a timeline. Performance against each of these is monitored regularly, depending on the programme requirements. This enables the Group to identify issues at an early stage and take appropriate mitigating actions.

COMMERCIAL SUCCESS AND MARKET ACCEPTANCE OF TECHNOLOGICAL DEVELOPMENT

There can be no assurance that any current or future technology programmes of Deepmatter Limited and InfoChem will be successfully developed into commercially viable products or services. The Group's success will depend on the market's acceptance of its products or services and there can be no guarantee that this will be forthcoming or that alternative competitor technologies are adopted by the market instead.

ATTRACTION AND RETENTION OF KEY EMPLOYEES

The Group depends on its Directors and other key employees and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The Group has attempted to reduce this risk by offering competitive remuneration packages and investment in training, development and succession planning.

INTELLECTUAL PROPERTY

A part of the Group's future development and growth depends on its intellectual property. If intellectual property is inadequately protected, the Group's future success could become adversely affected. The Group may not be able to protect and preserve its intellectual property or to exclude competitors with competing technology products. The Group continues to invest in the protection and expansion of its intellectual property portfolio. In addition, the Group uses internal procedures and controls to identify and capture new intellectual property and to prevent unauthorised disclosure to third parties.

FINANCIAL RISKS

The Group's activities expose it to a number of financial risks including foreign exchange risk, credit risk, interest rate risk and liquidity risk. At present the Group does not use financial derivatives in the normal course of business. The Group's and the Company's financial instruments comprise cash and cash equivalents, trade and other receivables, lease liabilities, equity investments and trade and other payables. The main purpose of these financial instruments is the funding of the Group's activities.

FOREIGN EXCHANGE RISK

The Group's exchange risk is limited to cash balances held within InfoChem and transactions denominated in foreign currencies. The Group seeks to reduce exposure to foreign exchange risk by maintaining the principal cash balances of the Group in Sterling. Exposure to foreign exchange is monitored and kept under review.

CREDIT RISK

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The Group's credit risk is primarily attributable to its cash and cash equivalents and timely receipts from customers. The Group performs credit checks on potential new customers to mitigate this risk and the Group seeks to reduce the credit risk associated with cash by only holding cash with institutions that have good credit ratings.

INTEREST RATE RISK

The Group has no external financing facility, therefore its interest rate risk is limited to the level of interest received on its cash surpluses. Interest rate risk on cash, cash equivalents and short-term deposits is partially mitigated by using an element of fixed-rate accounts and short-term deposits.

LIQUIDITY RISK

The Group seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Group had cash, cash equivalents and short-term deposit balances of £2.61 million as at 31 December 2020 (2019: £2.61 million).

In order to minimise risk to the Group's capital, funds are invested across a number of financial institutions with sound credit ratings. Cash forecasts are updated regularly to ensure that there is sufficient cash available for foreseeable requirements.

Based on the current cash balance at the 31 December 2020, the Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern. The directors may look to raise capital over the next 12 months to further supplement current liquidity or to accelerate the pace of progress along its product development roadmap.

STAKEHOLDER ENGAGEMENT (S172) & ESG

From the perspective of the Board, and as a result of the governance structure for the Group, the matters that it is responsible for considering under Section 172 of the Companies Act 2006 ("s172") have been considered to an appropriate extent by the senior management in relation to the Company.

Such consideration is included in the statements set out below, noting the directors' duty under s172 to act in good faith to promote the success of the Group for the benefit of its shareholders but having regard amongst other matters to the following:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

The key stakeholders have been identified as customers, employees, shareholders, and our communities.

(i) Customers

Throughout the last three years, DeepMatter partnered with a total of seven organisations across three continents as part of its DigitalGlassware® Pioneer Programme (the "Pioneers"). The seven Pioneers include multinational life science companies, research institutions and leading academic institutions. The purpose of the Pioneer Programme was to solicit feedback to guide the testing and enhancement of our technology for use in commercial and academic settings. This Pioneer Programme has provided us with valuable insights, expert feedback and given us confidence that the product is fit for deployment on a wider scale. During 2019 one of the Pioneers converted to a revenue generating contract in the year, strongly advocating the value of the feedback. In 2020 new collaborative trials were added with both academic and commercial organisations again with the aim of providing user feedback and conversions to paying customers.

On an ongoing basis, DeepMatter and Infochem, through their Product Management functions, continue to solicit feedback from all their customers and the wider scientific community, with features and capabilities identified by its customers contributing to the Group's technical and commercial roadmap as deemed appropriate based on resourcing capabilities.

(ii) Employees

Good two-way communication with staff is a key requirement for high levels of engagement, fostering a culture of innovation and helping deliver the Group's operations. We engage with staff by ensuring regular all staff meetings take place, we have started management 1-2-1's, giving individuals time with members of management. The Group has a flat management structure and clear reporting lines, with attendance of key staff at certain Board meetings. We also conduct periodic engagement surveys.

(iii) Shareholders

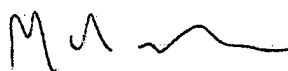
The Group wishes to engage with investors and potential investors to keep them informed of the Group's results and progress and ensure a congruence of objectives between the shareholders and the Board. The company ensures sufficient maintenance of the Group's website is completed and responds to any shareholder enquiries. Periodic investor information and news releases are circulated, and the publishing and posting of the Annual and half-year reports are on time. The Board works to ensure there is engagement with shareholders at the AGM.

(iv) Communities

The Group seeks to minimise the impact of our operations on the environment through the pursuit of good business practices and is committed to:

- continually making improvements by designing and implementing environment management systems in its offices to reduce, reuse and recycle general waste.
- prioritise sourcing sustainable office space; including the use of renewable energy, appropriate choices in our fit outs, and re-using office furniture where possible;
- working collaboratively with contractors and local suppliers to reduce emissions and sourcing locally across our offices and address any issues; such as use of plastic packaging and where possible implement the best sustainable solution.
- continuing to highlight that one of the major benefits of our DigitalGlassware® product is its ability to reduce customers power needs, through data collection resulting in early highlighting of failed reactions and clearer identification of completed reactions.

The Strategic Report has been approved on behalf of the board.



Mark Warne
28th May 2021

CORPORATE GOVERNANCE

The following paragraphs set out the Group's compliance with the 10 principles of the QCA Code for the year ended 31 December 2020:-

1. ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

The Group's business model is the digitisation of chemistry. As part of this process, DeepMatter has successfully developed and operates DigitalGlassware®, a big data analysis platform focused on enabling reproducibility in chemistry. DigitalGlassware® comprises an easy-to-use software interface and sensor array to collect, store and process data generated from chemical experiments. The InfoChem products complement and strengthens the DigitalGlassware® platform, bringing strong cheminformatic capabilities to the Group.

The key challenges and risks faced by the Group are set out on in the Strategic Report within the Group's Annual Report and include early-stage operations, technology and development, commercial success and market acceptance, intellectual property and the attraction and retention of key employees.

The Board believes that it has the right team and strategy in place that is appropriate to the current size and complexity of the Group, in order to deliver the strategic aims of the Group over the medium to long term.

The Board has reviewed the impact of Brexit on the Group and its operations under various scenarios. In summary, the Group's operations and key subcontractors are based in the UK and Germany and most of its sales are priced in GBP and Euros to customers globally. Apart from the effect of any macro-economic impact, the Board does not currently believe that there is a significant impact of Brexit on the Group's operations or financial performance. The Board will keep this matter under review.

DeepMatter is a well-managed business with a robust growth strategy and growing market opportunity. While the COVID-19 pandemic has had some impact on the sales cycle, it is evident the opportunity for the Group's technology is significant and long-term. Our priority during the pandemic has been to ensure the well-being of our teams, and we have moved to remote working across our sites. The Board is confident sufficient measures have been put in place to ensure the progression of the Group through this time and maintains a vigilant focus on costs and the end market.

2. SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position.

Responsibility for investor relations rests with the Chair and Chief Executive, supported by the Board.

The Board has made efforts to ensure effective engagement with both institutional and private shareholders and believes that it has been successful in doing so. The Board encourages shareholders to attend the Company's AGM as a forum to present to and meet with investors and ensures that timely and useful information is included on the Group's website to keep shareholders abreast of corporate developments. In 2020, the Company joined the Investor Meets Company platform, and holds bi-annual meetings that gives investors direct opportunity to ask the management any questions that they feel are important. The Company will continue to engage with the Investor Meets Company platform through 2021 and beyond.

The Group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the interim results statement and the Annual Report and Accounts, trading updates, shareholder circulars, announcements as required by regulation and the annual general meeting (AGM). A range of corporate information (including all DeepMatter announcements) is also available to all stakeholders on our website www.deepmatter.io.

The Chair and Board has ultimate responsibility for reviewing and approving the Company's Annual Report and Accounts and has considered and endorsed the arrangements for their preparation, under the guidance of its Audit Committee. The Directors confirm that the Company's Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders and investors to assess the Group's position and performance, business model and strategy.

The Group maintains a dedicated email address, investor_relations@deepmatter.io, which investors can use to contact the Group, and which is prominently displayed on the Group's website together with the Group's address. The size of the Group does not warrant a dedicated investor relations department, however, all communications received are reviewed and responded to promptly.

3. TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG TERM SUCCESS

Long term success relies upon good relations with a range of different stakeholder groups, both internal (staff) and external (suppliers, customers, regulators and others). The Board aims to understand the needs and expectations of each of the stakeholder groups and engages with them in the manner set out below:

Stakeholder	Reason for engagement	How we engage
Staff	Good two-way communication with staff is a key requirement for high levels of engagement, fostering a culture of innovation and helping deliver the Group's operations.	Regular staff meetings. Flat management structure and clear reporting lines. Attendance of key staff at certain Board meetings. Periodic engagement surveys.
Customers and users	Our success and competitive advantage are dependent on fulfilling customer and user requirements, particularly in relation to quality of service, simplicity and speed of use.	Seek feedback on services and software systems. Obtain fulfilment metrics to measure performance and encourage requests for service enhancements.
Suppliers	Rely on suppliers for a variety of goods and services that are incorporated into our suite of products at InfoChem and our DigitalGlassware® platform	Provide feedback on the quality of goods and services supplied. We operate systems to ensure that supplier invoices are processed and paid properly.
Advisers	The Group's key advisers and suppliers, including the NOMAD, legal advisers and registrar, assist the Group in its operations.	The Group's key advisers attend Board meetings where considered appropriate. Input regarding important transactions and public information is run past key advisers prior to release. DeepMatter has regular contact with its advisers and makes them aware of any relevant developments at the Group as deemed appropriate.
Regulators	The Group recognises the need for regulation and rules for AIM quoted companies in order to maintain markets in which investors can trust and ensure that the Company acts in accordance with best practice.	All appropriate DeepMatter releases and disclosures are filed with and notified to the relevant authorities as required. Any enquiries from regulators are responded to in a complete and timely fashion.
Shareholders	The Group wishes to engage with investors and potential investors in order to keep them informed of the Group's results and progress and ensure a congruence of objectives between the shareholders and the Board.	Maintenance of the Group's website and responding to any shareholder enquiries. Periodic investor information and news releases. Publishing and posting of the Annual and half-year reports and circulars. Engagement with shareholders at the AGM.

4. EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

Risk management at DeepMatter is an integral part of decision making and is embedded in normal business operations. It exists to help protect and safeguard volunteers, employees, clients, Company assets and reputation and to help achieve business objectives. The Group's Board of Directors is responsible for ensuring that the Group maintains an appropriate system of internal control. The system of control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board has prepared a risk register for the Group that identifies key risks in the areas of operational strategy, financial, regulatory, environmental, research and development and the wider macro-economic considerations. All directors are provided with a copy of this register, which is reviewed periodically and updated as and when necessary. The Board considers the risk register when assessing the current status of the Group and its operations as well as the intended strategic aims and progress of the Group. Given the stage of development the Group is currently at, an internal audit function is not deemed required. This will be monitored as the company evolves.

In accordance with the AIM Rules, the Group has adopted a Share Dealing Code in relation to the securities of DeepMatter Group Plc. As such all Board members, PDMRs, and their families are required to gain clearance prior to any dealings in DeepMatter's shares. The Group's staff have been briefed in relation to their responsibilities in this area.

The monitoring and escalation of risks is a company-wide responsibility:

Board of Directors

Determines risk tolerance and ensures the Group maintains appropriate risk management and internal control systems. Oversees the implementation and operation of the risk management procedures and internal control infrastructure.

Audit Committee

Monitors and reviews risk management and internal control systems, ensuring adherence to financial reporting standards. During the year, the Company's Audit Committee, which comprises of Laurence Ede (Chair) and Karen Bach, has continued to focus on the audit of the financial statements and the effectiveness of the controls throughout the Group.

Remuneration Committee

The Remuneration Committee's primary responsibilities are to review the performance of the executive directors of the Company and to determine the broad policy and framework for their remuneration and the terms and conditions of their service and that of senior management (including the remuneration of and grant of options to such persons under any share scheme adopted by the Company). The remuneration committee comprises Karen Bach (Chair) and Laurence Ede.

Management Team

Implements and manages the risk procedures, policies and controls. Supports the development and maintenance of effective compliance and risk management systems.

Employees

Understands, accepts and executes the risk management procedures. Expected to be alert to risks associated with the activities they perform and report inefficiencies, unnecessary or ineffective controls. Encouraged to report, anonymously or otherwise, any security risks or threats they perceive in the operations of the business. On receipt of any such information, the Board shall assess and take remedial action as appropriate in the circumstance.

5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The members of the Board have a collective responsibility and legal obligation to promote the interests of the Group and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair of the Board.

For the year ending 31 December 2020, the Board consisted of five directors of whom two are executive and three are non-executive. Two non-executive directors are independent directors.

On 25 June 2020, James Ede-Golightly stepped down from the Board as Non-executive Chair.

On 19 October 2020, Lauren Lees resigned from the board as Executive Finance Director.

On 1 November, Karen Bach joined the Board as Non-executive Chair, and Fraser Benson joined the Board as Chief Financial Officer.

The Board may appoint additional directors as its business expands. Under the Articles of Association, all Directors must offer themselves for re-election at least once every three years. One third of the Directors retire by rotation at every Annual General Meeting and are eligible for re appointment.

The Board is supported by two committees: audit and remuneration. The Board does not consider that it is of a size at present to require a separate nominations committee, and all members of the Board would be involved in the appointment of any new Directors.

All Directors are required to attend Board and relevant Board Committee meetings and, where possible, the AGM each year and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors as reasonable.

The Board considers Karen Bach and Laurence Ede to be independent Non-Executive Directors and reviews their independence on a regular basis. The Board have not identified any points that potentially impacts his independence.

The Board has a schedule of regular business, financial and operational matters, and each Board committee ensures that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. The Chief Executive is responsible for ensuring that, to inform decision-making, the Directors receive accurate, sufficient and timely information. Board and committee papers are compiled and circulated to Directors prior to meetings. Minutes of each meeting are provided to the Board and every Director is aware of the right to have any concerns minuted and to seek independent advice at the Group's expense where appropriate.

6. ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

All members of the Board bring significant and varied sector experience, and many have board and public markets experience. The Board's members have chemical, technological, financial, regulatory, and venture stage operational experience and two members, Fraser Benson and Karen Bach, are chartered accountants. The Board believes that its blend of relevant experience, skills and personal qualities and capabilities are sufficient to enable it to successfully execute its current strategy. Directors attend seminars and other regulatory and trade events as considered appropriate to ensure that their knowledge remains current.

All Directors have access to the advice and services of the Company Secretary and in the course of their duties, if necessary, are able to take independent professional advice at the Company's expense. Committees have access to such resources as are required to fulfil their duties.

The Board comprises the following directors who are all considered suitable for their roles given their backgrounds and experience as set out in the Company's Annual Report and Accounts.

Karen Bach, Independent Non-Executive Chair

Term of office: Appointed Non-Executive Chair, Chair of Remuneration Committee and member of the Audit Committee in November 2020.

Current external appointments: Amino Technologies Plc, Red Embedded Consulting Limited, Datapharm Limited, Escape Hunt Plc, Purnoma Ltd

Time commitment: 4 days per month.

Mark Warne, Chief Executive

Term of office: Appointed as a Non-Executive Director in September 2015, subsequently took on the role of Executive Chairman in April 2017 and appointed Chief Executive in July 2018.

Current external appointments: Ixico Plc, Open Orphan Plc (to 31 Dec 2020)

Time commitment: Full time.

Fraser Benson, Chief Financial Officer

Term of office: Fraser Benson was appointed as Chief Financial Officer in November 2020.

Current external appointments: None

Time commitment: Full time.

Laurence Ede, Independent Non-Executive Director

Term of office: Laurence Ede was appointed as a Non-Executive Director in April 2017. He is Chair of the Audit Committee and is also a member of the Remuneration Committee.

Current external appointments: Rosa Biotech Limited, Ubiquigent Limited, Manor Road Lettings Limited

Time commitment: 1 to 2 days per month

Bettina Goerner, Non-Executive Director (resigned 9th March 2021)

Term of office: Bettina Goerner was appointed as a Non-Executive Director in March 2019. She was chair of the Remuneration Committee and was also a member of the Audit Committee.

Current external appointments: Nevis GmbH

Time commitment: 1 to 2 days per month

Mirko Walter, Non-Executive Director (appointed 9th March 2021)

Term of office: Mirko Walter was appointed as a Non-Executive Director in March 2021.

Current external appointments: none

Time commitment: 1 to 2 days per month

Directors who served on the Board during the year ending 31 December 2020 and stepped down include:

James Ede-Golightly, Non-Executive Chairman (resigned 25 June 2020)

Term of Office: Appointed as Non-executive Chairman on 21 July 2014.

Lauren Lees, Executive Finance Director (resigned 19 October 2020)

Term of Office: Appointed as Finance Director on 28 June 2019.

7. EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

Whilst the Group does not currently have an externally facilitated appraisal process for Directors, the Chair engages with all Directors to ensure that their individual contribution is relevant and effective and that they are committed members of the Board.

Furthermore, at the end of each Board meeting the Chair and Non-Executive Directors meet to identify areas to provide constructive feedback to the Executive Directors as part of continuous improvement. This process of evaluation will be kept under review and the Board will consider whether formal evaluations are appropriate in the future.

8. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

Our long-term growth is underpinned by our core values, which are considered to be:

1. We place our customer users first and ensure that we understand the current and future needs of those who use our products and services, and always strive to exceed their expectations.
2. We are committed to innovation in what we do and how we do it, by being creative, pragmatic and different.
3. We focus on creating an environment where people want to work and give their best and feel empowered to make a difference.
4. We expect all our directors and employees to respect each other, to act honourably, to follow the law and to conduct business with the highest professional and ethical standards.

We aim for the culture of the Group to be characterised by these values. The Board believes that a culture that is based on these values provides competitive advantage and is consistent with fulfilment of the Group's mission and execution of its strategy.

Our staff handbook and standard operating procedures outline the fundamentals of our values to all staff (including business integrity, anti-bribery, gifts, intellectual property, etc). The Group is committed to providing equal opportunities in employment and the creation of a work environment where everyone is treated with dignity and respect. The Group has developed and implemented policies and processes to ensure that all job applicants and employees receive equal treatment regardless of gender, race, age, disability, sexual orientation, religion or belief, nationality or ethnic origin.

An open culture of discussion is fostered and, given the size of the Group, it is not considered necessary to monitor stakeholder satisfaction through the use of satisfaction or engagement surveys at this stage, other than for staff engagement surveys which are undertaken periodically. A staff performance appraisal and CPD process was implemented in 2019 which encompasses the Group's core values and business model goals, embedding them across the Company laying the foundation for the planned growth and commercialisation of our Digital Glassware™ platform.

9. MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

The Board provides strategic leadership for the Group and operates within the scope of our chosen corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves setting the culture, values and practices that operate throughout the business, and defining the strategic goals that the Group implements in its business plans. The Board defines a series of matters reserved for its decision and has approved terms of reference for its Audit and Remuneration Committees to which certain responsibilities are delegated. The chair of each committee reports to the Board on the activities of that committee.

The Audit Committee monitors the integrity of financial statements, oversees risk management and control and reviews external auditor independence.

The Remuneration Committee sets and reviews the compensation of the Board and reviews proposals regarding employee remuneration.

The Independent Non-Executive Chair has overall responsibility for corporate governance and in promoting high standards throughout the Group. She leads and chairs the Board, ensuring that committees are properly structured and operate with appropriate terms of reference, leads in the development of strategy and setting objectives, and oversees communication between the Group and its shareholders.

The Chief Executive reviews operational matters and the performance of the business and is responsible for significant management decisions. The Chief Executive provides coherent leadership and management of the Group, leads the development of objectives, strategies and performance standards as agreed by the Board, monitors, reviews and manages key risks and strategies with the Board, ensures that the assets of the Group are maintained and safeguarded, leads on investor relations activities to ensure communications and the Group's standing with shareholders and financial institutions is maintained, and ensures that the Board is aware of the views and opinions of stakeholders where relevant.

The Chief Executive is responsible for implementing and delivering the strategy and operational decisions agreed by the Board, making operational and financial decisions required in the day-to-day operation of the Group, providing executive leadership and championing the Group's values.

The Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the Non-Executive Chair and ensure that the Group is operating within the governance and risk framework approved by the Board.

The Chief Executive is responsible for providing clear and timely information to the Board and its committees and supports the Board on matters of corporate governance and risk.

The matters reserved for the full Board include:

- Setting long-term objectives and commercial strategy;
- Approving annual operating and capital expenditure budgets;
- Changing the share capital or corporate structure of the Group;
- Approving half year and full year results and reports;
- Approving dividend policy and the declaration of dividends;
- Approving major investments, disposals, capital projects or contracts;
- Approving resolutions to be put to general meetings of shareholders and the associated documents or circulars; and
- Approving changes to the board structure.

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this Code on an annual basis and revise its governance framework as appropriate as the Group evolves.

10. COMMUNICATE HOW THE COMPANY IS COVERED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

In addition to the investor relations activities described above under the principles item number 2, the Group encourages two-way communication with both its institutional and private investors and respond quickly to all queries received. The Chair and Chief Executive talk regularly with the Group's major shareholders and ensure their views are communicated fully to the Board.

BOARD OF DIRECTORS



MARK WARNE CHIEF EXECUTIVE

Mark Warne was appointed as Chief Executive Officer of the Company on the 2 July 2018. Mark, who joined DeepMatter as a Non-Executive Director in September 2015 also served as its Executive Chairman between April 2017 and July 2018. Mark is widely recognised in the UK and International life sciences sector, having spent almost 10 years at IP Group Plc, a leading intellectual property commercialisation company, where he led the Healthcare team. He managed a portfolio of £330m of net assets in 2016/2017 and represented IP Group on the boards of both listed and private companies. In 2018, concurrent with the integration of Touchstone Innovations into IP Group, Mark became a Partner in the Life Sciences division. He joined IP Group from pre-clinical drug discovery CRO, Exelgen, where he was Managing Director. Mark spent eight years at Exelgen (formerly Tripos Discovery Research) where he also held positions in licensing and strategic affairs, project management and research. He has a PhD in Computational Chemistry, an MSc in Colloid Science and a BSc in Chemistry, all from the University of Bristol. Mark is a Chartered Chemist and member of the Royal Society of Chemistry. He serves as a Non-Executive Director on the boards of Open Orphan Plc and Ixico Plc.



FRASER BENSON CHIEF FINANCIAL OFFICER

Fraser Benson was appointed as Chief Financial Officer of the Company in November 2020. Fraser has 17 years of accounting experience and significant exposure to fast-growing software businesses having worked at Tradeweb Markets Inc., a NASDAQ listed electronic fixed income and derivatives trading platform, for eight years, latterly as Finance Director, Europe and Asia, supporting the Group's international growth. Previous experience includes working with a range of organisations from FTSE 100 companies through to Venture Capital backed businesses across multiple sectors.



KAREN BACH NON-EXECUTIVE CHAIR

Karen brings significant public and private technology expertise, particularly focused on helping young technology businesses deliver on their growth potential, with an understanding of the life sciences through her Non-Executive Directorship at Datapharm Ltd. This is coupled with a strong financial background, having held the CFO role at growing technology businesses; IxEurope Plc, ACS Plc and Kewill Plc; and with blue chip multi-nationals including EDS France, MCI WorldCom, General Motors and Ernst & Young. Karen is currently Chair of Amino Technologies Plc and Consult Red Ltd and Non-Executive Director of Escape Hunt Plc. As well as advising businesses, Karen is a member of the 30% Club, which supports boards to appoint more female directors and increase the pipeline of upcoming female talent at board and senior management levels.

**LAURENCE EDE****NON-EXECUTIVE DIRECTOR**

Laurence Ede was the Managing Director and co-owner of Tocris Bioscience, a company producing chemical compounds for pharmaceutical research, when it was sold to Techne Corporation for £75M in 2011. Mr. Ede had previously led the Management Buyout of Tocris for £14M five years earlier and grew its value by focusing on developing the business to be an increasingly significant provider of products within the life science arena. Mr. Ede is currently a Non-Executive Director of Ubiquigent Ltd, a drug discovery services company and Rosa Biotech Ltd, a biosensor development business. He has a BSc in Chemistry from Reading University and an MBA from the University of Bath.

**BETTINA GOERNER****NON-EXECUTIVE DIRECTOR**

Bettina Goerner is Managing Director, Databases, at Springer Nature, based in Heidelberg, Germany. She oversees product development, portfolio management and commercialisation for the databases and corporate product lines. This spans a portfolio of products relevant to academic institutions and corporations with R&D activity in areas like drug discovery and material sciences. Springer Nature was created as a result of the merger of Nature Publishing Group, Palgrave Macmillan, Macmillan Education and Springer Science+Business Media in May 2015. Bettina graduated in Molecular Biology (MSc) from the International Max Planck Research School after a research stay at the Harvard Institute of Medicine. She first ventured into the corporate world with assignments at McKinsey & Company and INSEAD Business School, before joining Springer Nature in 2008. She was responsible for Springer Nature's open access activities from 2009 to 2013 before moving to her current position. Bettina resigned as a Director of DeepMatter on 9 March 2021.

**MIRKO WALTER****NON-EXECUTIVE DIRECTOR**

Mirko Walter is Vice President Sales at Springer Nature, a research, educational and professional publisher. Mirko oversees a global sales team of account managers and new business specialists with a focus on workflow and data solutions. His team's focus centres on business model and product innovation to optimize R&D workflows together with clients in areas like drug discovery and material sciences. Before joining Springer Nature, Mirko held various business development positions including at McKesson, a S&P 500 company and global leader in healthcare supply chain management solutions.

DIRECTORS' REPORT

REPORTING PERIOD: 1 JANUARY 2020 TO 31 DECEMBER 2020

The Directors present their report and the audited consolidated financial statements for DeepMatter Group Plc ("the Company") and its subsidiaries ("the Group") for the year to 31 December 2020. The Company has four wholly owned subsidiaries, three of which are active trading entities, InfoChem GmbH ("InfoChem"), DeepMatter Limited ("DML") and OpenIO Labs Limited ("OpenIO Labs"). DeepMatter Tech Limited ("DTL") is a dormant subsidiary.

PRINCIPAL ACTIVITIES

The Group's ongoing business activity, undertaken by DML and InfoChem, is that of the digitisation of the chemical space coupled with innovative chemical discovery. The Group continues to make exciting progress in deploying its DigitalGlassware® technology platform, comprising an easy-to-use software interface and a unique, low footprint sensor array, which allows an individual to access reproducible chemistry via internet protocols. An additional summary of the Group's activities is included in the Our Offering and Strategy section on page 1.

Our objectives for 2020, as outlined in our 2019 report and accounts were based around further development of DigitalGlassware® through:

- Organic growth of the User Base, Data Repository and Revenues
- Strategic Partnerships with influencers, sector adjacent hardware and data providers
- Commercial validation of the aggregate data proposition
- Signing more revenue-generating contracts with large pharma
- Enhancing the Platform's capabilities in Research and Process Chemistry and Teaching

We are pleased to report good progress against all these non-financial measures, which is evidenced throughout the report.

BUSINESS REVIEW

A review of Group performance and future prospects is given in the CFO's statement on page 13 and the CEO's Statement on page 10.

SHARE CAPITAL

The share capital of the Company increased in the year through the issue of 143,063,335 ordinary shares to raise funds and 42,800,000 ordinary shares issued in respect of the InfoChem acquisition in 2019.

RESULTS AND DIVIDENDS

The audited consolidated financial statements have been prepared for the year to 31 December 2020. The loss before tax for the year was £2.66 million (2019: £3.36 million). The Directors do not recommend a dividend in respect of the year to 31 December 2020 and no dividends were paid during the year under review or the prior year.

SUBSTANTIAL SHAREHOLDINGS

No single person directly or indirectly, individually or collectively, exercises control over the Company. The Directors are aware of the following persons, who had an interest in 3% or more of the issued ordinary share capital of the Company as at 31 December 2020:

Name	No. of ordinary shares	% holding
IP Group and controlled undertakings	260,159,497	35.32%
Richard Griffiths and controlled undertakings	69,250,000	7.51%
Hargreaves Landsdown Stockbrokers	68,912,915	7.47%
Springer Nature	68,400,000	7.42%
Prof Lee Cronin	57,173,019	6.20%
Robert Quested	42,285,369	4.58%
GU Holdings	39,373,994	4.27%
Interactive Investor	32,971,370	3.57%
Jarvis Investment Management	29,733,125	3.22%

At this date no other person had notified any interest in the ordinary shares of the Company in respect of holdings exceeding the 3% threshold. Richard Griffiths and controlled undertakings notified that on 5th May 2021 their shareholding had reduced to 4.88%.

DIRECTORS AND THEIR INTERESTS

The Directors who have held office during the year and in the subsequent period to the signing of these financial statements were as follows:

- Mark Warne
- Lauren Lees (resigned 19 October 2020)
- Laurence Ede
- James Ede-Golightly (resigned 25 June 2020)
- Bettina Goerner (resigned 9 March 2021)
- Karen Bach (appointed 1 November 2020)
- Fraser Benson (appointed 1 November 2020)
- Mirko Walter (appointed 9 March 2021)

DIRECTORS' REMUNERATION REPORT

The remuneration of the Directors from all Group companies for the year under review is shown below:

DIRECTORS' REMUNERATION

Name of Director	Salaries and fees £'000	Pension Contributions £'000	Total December 2020 £'000	Total December 2019 £'000
Mark Warne	175	7	182	158
Laurence Ede	28	-	28	24
James Ede-Golightly	13	-	13	20
Bettina Goerner	-	-	-	-
Lauren Lees	74	3	77	44
Karen Bach	10	-	10	-
Fraser Benson	22	-	22	-
Michael Bretherton	-	-	-	6
David Cleevely	-	-	-	4
Lee Cronin	-	-	-	4
	322	10	332	260

All Directors have service contracts with one month's notice with the exception of the Chief Executive Officer whose service contract is for six months' notice and Chief Financial Officer whose service contract is for three months' notice. The Directors are all required to put themselves up for re-election periodically in accordance with the Articles of Association and all service contracts and letters of appointment are subject to early termination provisions.

Remuneration for Executive Directors is recommended by the Remuneration Committee and agreed by the Board as a whole. During the year, two Executive Directors benefitted from pension payment contributions of £10,205 (2019: £9,200). At the present time, none of the Executive Directors receive any other benefits and nor do they receive a bonus from the discretionary bonus scheme.

Remuneration for Non-Executive Directors is set by the Board as a whole. Non-Executives do not receive any pension payments or other benefits and nor do they participate in bonus or share option schemes.

DIRECTORS' SHARE OPTIONS

On 18 December 2020, the Board granted an initial award of options to Fraser Benson over 5,000,000 ordinary shares at an exercise price of 2.5 pence. Provided Fraser remains an employee, his options vest over 36 months starting from the 1 March 2021 but subject to specific share price triggers being reached as set out in the table below. All unexercised options lapse after 10 years from the date of grant.

Share Price Trigger (£)	Number of plan shares in respect of which the Options may be exercised
None	1,666,667
0.04	1,111,112
0.06	277,778
0.08	277,778
0.10	277,778
0.12	277,778
0.14	277,778
0.16	277,778
0.18	277,778
0.20	277,775

The share option charge recognised in respect of the options granted to Fraser Benson was £2,000 (2019: £nil) for the year ending 31 December 2020.

On 11 March 2019, the Board granted an award of options to Mark Warne over 25,000,000 ordinary shares at an exercise price of 2.5 pence. Provided Mark remains an employee, his options vest over 36 months starting from the 11 March 2019 but subject to specific share price triggers being reached. All unexercised options lapse after 10 years from the date of grant.

The share option charge recognised in respect of the options granted to Mark Warne was £145,000 (2019: £274,000) for the year ending 31 December 2020.

DIRECTORS' INTERESTS AND INDEMNITY ARRANGEMENTS

Directors' interests in the shares of the Company, including family interests, are disclosed in the section below. No Director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business except in respect of service agreements and share options and as disclosed above and on pages 57-59.

As permitted by the Articles of Association, in accordance with the provisions of the Companies Act 2006 the Company has maintained insurance throughout the year for its Directors and officers against the consequences of actions brought against them in relation to their duties for the Company. The Company has granted no indemnities to any of its Directors against liability in respect of proceedings brought by third parties.

DIRECTORS REMUNERATION REPORT CONTINUED

DIRECTOR DEALINGS IN SHARES OF THE COMPANY

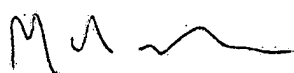
The Company has adopted a model code for Directors' dealings in securities of the Company which is appropriate for a company quoted on AIM. The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and also take all reasonable steps to ensure compliance by the Group's "applicable employees" as defined in the AIM Rules.

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

The beneficial interests of the Directors in the issued share capital of the Company at 31 December 2020 are given below:

	Ordinary shares of £0.0001 each			
	31 December 2020		31 December 2019	
	Number	Percent	Number	Percent
Mark Warne	3,874,808	0.42%	1,541,475	0.21%
Laurence Ede	1,601,586	0.18%	1,201,586	0.16%
Karen Bach	500,000	0.05%	-	-
James Ede-Golightly	1,659,544	0.18%	2,680,249	0.36%

On behalf of the Board



Mark Warne
Chief Executive Officer
28th May 2021

Company Number: 05845469

AUDIT AND RISK COMMITTEE REPORT

THE BOARD

The Board currently comprises a Non-Executive Chair, a Chief Executive Officer, a Chief Financial Officer and two Non-Executive Directors.

For the year ending 31 December 2020, the Board consisted of five directors of whom two are executive and three are non-executive. Two non-executive directors are independent directors.

All Directors are required to attend Board and relevant Board Committee meetings and, where possible, the AGM each year and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors as reasonable. Each Director is required to keep their skill set up to date by attendance at webinars, CPD training and attending relevant corporate update sessions where appropriate.

Meetings held in the 12 months to 31 December 2020 and the attendance of the Directors at these meetings is summarised below:

Position	Independence	Board (9)	Audit (2)	Remuneration (2)	Total	Attendance
Executive Directors						
Mark Warne	No	9/9	-	-	9/9	100%
Fraser Benson (appointed 1 November 2020)	No	1/1	-	-	1/1	100%
Lauren Lees (resigned 19 October 2020)	No	7/7	-	-	7/7	100%
Independent Non-Executive Directors / Committee Members						
Karen Bach (appointed 1 November 2020)	Yes	1/1	1/1	1/1	3/3	100%
Laurence Ede	Yes	9/9	2/2	2/2	13/13	100%
Bettina Goerner	No	9/9	2/2	2/2	13/13	100%
James Ede-Golightly (resigned 25 June 2020)	No	5/5	1/1	1/1	7/7	100%

AUDIT COMMITTEE

The Audit Committee's primary responsibilities are to monitor the integrity of the financial affairs and statements of the Company, to ensure that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on, to review reports from the Company's auditors relating to the accounting and internal controls and to make recommendations relating to the appointment of the external auditors.

The Audit Committee comprises Laurence Ede, who acts as Chair, and Karen Bach. The Chair of the Audit Committee is provided with a comprehensive guide for review of the company's Financial Reporting Cycle by the CFO, which includes advice on nurturing a culture of improvement, timing, planning, reporting on skillset and experience and the use of auditors and follows guidance suitable for Audit committees of AIM quoted companies issued by the FRC and ICAEW(2019).

REMUNERATION COMMITTEE

The Remuneration Committee's primary responsibilities are to review the performance of the Executive Directors of the Company and to determine the broad policy and framework for their remuneration and the terms and conditions of their service and that of senior management (including the remuneration of and grant of options to such persons under any share scheme adopted by the Company). The Remuneration Committee comprises Karen Bach, who acts as Chair, and Laurence Ede. The remuneration of Non-Executive Directors is set by the Board as a whole.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

INTERNAL CONTROL

The Board is responsible for maintaining a sound system of internal control. The Board's measures are designed to manage, but not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss.

Some key features of the internal control system are:

- (i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board which meets at least four times per year;
- (ii) The Group has operational, accounting and employment policies in place;
- (iii) The Board actively evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks; and
- (iv) There is a clearly defined organisational structure and well-established operational and financial reporting and control systems.

Going concern

As in previous years the Group has continued to utilise its cash resources to fund losses whilst the DigitalGlassware® platform is commercialised and the sales pipeline is being established.

The Group continues to actively seek new business opportunities and progress discussions with our existing partners. At the year end, the timing and value of new revenue contracts remains uncertain. However, discussions are progressing and are expected to result in additional new revenues for the Group.

The cash balance at the 31 December 2020 was £2.6m. Based on its current expenditure, the Directors have a reasonable expectation that the Group has adequate resources to be a going concern.

The Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, the financial statements do not include any adjustments which would be required if the going concern basis of preparation was deemed to be inappropriate. However, if the Group is unable to deliver upon its proposed revenue projections, or alternatively proposed cost reductions, there is limited headroom in the current forecasts and as such there is considered a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Post balance sheet event

Bettina Goerner indicated her intention to stand down as a Non-Executive director in line with her resignation from Springer Nature, whom she had represented on the board since the

acquisition of Infochem in 2019. This also comes at the end of the two year period post acquisition where Springer Nature have the right to board level representation.

Mirko Water agreed to join the board as Non-Executive director, replacing Bettina Goerner. Mirko is also an employee of Springer Nature.

Risk management

The Group's risk management objectives and exposure are detailed in the Strategic Report on pages 17 and 18 and in note 22 of the financial statements.

Employment policy

When applicable, the Directors are committed to continuing involvement and communication with employees on matters affecting both the employees and the Group.

The Group supports employment of disabled people wherever possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

Creditor payment policy

The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not have a standard code of conduct that deals specifically with the payment of suppliers.

At the end of the year outstanding invoices for the Group and Company represented 11 days purchases (2019: 24 days).

Annual General Meeting

The next Annual General Meeting will take place at 13:00 on the 24 June at the Group's registered office; St Brandon's House, 29 Great George Street, Bristol, BS1 5QT. Given the COVID-19 pandemic and rules on gatherings, we would ask that shareholders do not attend in person but vote by proxy.

Voting rights

On a show of hands at a general meeting of the Company every holder of shares present in person and entitled to vote, and every proxy duly appointed by a member entitled to vote, has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every share held.

Further details regarding the Annual General Meeting can be found in the Notice of Annual General Meeting at the back of this document. None of the shares carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Company's transfer agent not later than 48 hours (not counting non-working days) before the meeting.

Statement of 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 prepared the Group and parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 the affairs of the Company and of the Group and of the profit or loss of the Group for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable the Directors to ensure that any financial statements comply with the requirements of the Companies Act 2006. They are also responsible, as a matter of general law, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for ensuring that they meet their responsibilities under the AIM rules.

The Directors are responsible for the maintenance and integrity of the company's website (www.deepmatter.io), and legislation in the UK governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

Independent Auditors

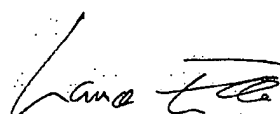
The independent auditors, Nexia Smith & Williamson, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the AGM.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company and the Group's auditor was unaware. Each Director has taken all the steps that the director ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company and the Group's auditor was aware of that information.

This information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Approved by order of the Board



Laurence Ede
28th May 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEEPMATTER GROUP PLC

OPINION

We have audited the financial statements of Deepmatter Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

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;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 4 to the financial statements concerning the group and parent company's ability to continue as a going concern.

The group reported a loss of £2.4 million for the year. Further funding arrangements may be required to allow it to continue to meet its liabilities as they fall due for the next 12 months if the forecast revenues and proposed future cost reductions are not achieved. Uncertainties exist over the quantum and timing of

future revenue streams and the level and timing of future cost reductions.

This condition, as further explained in note 4 to the group financial statements, indicates the existence of a material uncertainty which may cast significant doubt upon the parent company and group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Notwithstanding the above, 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.

The main procedures performed on the going concern assessment made by management were as follows:

- Challenging and assessing the appropriateness of significant assumptions used in the detailed budgets and forecasts prepared by management for the period ended 31 May 2022;
- Comparing the forecast results to those actually achieved in the 2021 financial period so far;
- Reviewing bank statements to monitor the cash position of the group post year end;
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity; and
- Reviewing the disclosures made by the directors in the financial statements in respect of the application of the going concern basis.

Emphasis of matter – valuation of goodwill, intangible assets and parent company's investments in subsidiaries and intercompany receivables

We draw attention to the disclosures made in note 15 to the group financial statements concerning the valuation of goodwill and intangible assets and the disclosures made in notes C2 and C4 to the parent company financial statements concerning the valuation of investments in subsidiaries and of the intercompany receivables respectively.

In the group financial statements, the valuation of £4.8 million of goodwill and £1.7 million of intangible assets are dependent upon the future cash flows generated by the subsidiary companies, which are themselves dependent on the value and timing of product sales, obtaining regulatory approval and products being taken to market, including their successful commercialisation.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Similarly, the carrying value of investments in subsidiary companies of £7.6 million and intercompany receivables of £6.5 million are also dependent on these future cash flows.

The ultimate outcome of these matters cannot presently be determined, and the financial statements do not reflect any provision that may be required if the cash flows generated by the subsidiary companies is not as forecast.

Our opinion is not modified in respect of these matters.

KEY AUDIT MATTERS

We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and, in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

GOODWILL AND INTANGIBLE ASSET IMPAIRMENT – GROUP ONLY

Key audit matter description

As explained further in note 15, the group recognises goodwill and other intangible assets in respect of its prior year acquisitions. Management are required to undertake impairment reviews on an annual basis, in line with accounting standards.

This presents an area of audit risk, given the uncertainty over the value and timing of future cash flows and the amortisation period assigned. For this reason, we have considered this an area of key audit focus.

RESPONSE TO KEY AUDIT MATTER

We discussed the cash flow forecasts prepared by management in their impairment calculation for each CGU. The main procedures performed on the calculations, the intangible assets workings and areas where we challenged management were as follows:

- testing the quality of management forecasting by comparing cash flow forecasts for prior periods to actual outcomes;
- in conjunction with our internal valuation specialists, we assessed the appropriateness of the assumptions that had the most material impact; the main focus was on forecast costs and the discount factor used as the assumptions made by

management regarding revenue were deemed more uncertain, as referred to above in the Emphasis of Matter paragraph; market conditions were also considered by comparing the market capitalisation to the assets of the business;

- reviewing the amortisation charged during the year for intangible assets, to ensure it has been calculated in accordance with the group's amortisation policy and consideration of whether the amortisation period is appropriate in light of future plans of the Group;
- reviewing the value of the intangible assets against the impairment reviews undertaken by management and determining whether there is any indication that the assets might be impaired; and
- considering the appropriateness of the disclosures made in the financial statements in respect of these assets and the impairment reviews undertaken.

PARENT COMPANY INVESTMENT IN SUBSIDIARIES AND INTERCOMPANY RECEIVABLES – PARENT COMPANY ONLY

Key audit matter description

As explained further in notes C2 and C4 to the parent company financial statements, the valuation of the investment balance related to subsidiary companies and intercompany receivables are linked to the assessment of goodwill and the intangible assets on consolidation. This presents an area of audit risk, given the uncertainty and value of future sales used to determine the cash flow projections upon which conclusion was reached that the values are deemed recoverable. For this reason, we have considered this an area of key audit focus.

RESPONSE TO KEY AUDIT MATTER

We discussed the cash flow forecasts and budgets prepared by management in their impairment calculation. The main procedures performed on the calculation and areas where we challenged management were as follows:

- testing the quality of management forecasting by comparing cash flow forecasts for prior periods to actual outcomes;
- testing the appropriateness of the assumptions that had the most material impact; the main focus was on forecast costs and the discount factor used as the assumptions made by management regarding revenue were deemed more uncertain, as referred to above in the Emphasis of Matter paragraph; in challenging these assumptions, actual results, external market conditions and progression of the business against milestones set were taken into account; reference to market conditions was considered by comparing the market capitalisation to the assets of the business;

INDEPENDENT AUDITOR'S REPORT CONTINUED

- reviewed management's assessment of the value of the investments against the impairment indicators of IAS 36 and determining whether there is any indication that the investments might be impaired;
- reviewing the expected credit loss assessment made of the inter-company receivables under IFRS 9; and
- considering the appropriateness of the disclosures made in the financial statements in respect of these investments and intercompany receivable balances.

GOING CONCERN – PARENT AND GROUP

Details of the work undertaken and conclusions reached in respect of this matter are included in the 'Material uncertainty related to going concern' section above.

REVENUE RECOGNITION – GROUP ONLY

Key audit matter description

The group's revenues are required to be recognised in accordance with the requirements of IFRS 15. Due to the nature of revenue recognition of the group in respect of the various performance obligations within contracts, and the estimates and judgement involved in determining the amount of revenue to recognise each year, we have considered this an area of key audit focus.

RESPONSE TO KEY AUDIT MATTER

The main procedures performed on the revenue recognised and areas where we challenged management were as follows:

- A sample of contracts with customers were obtained and reviewed against the steps referenced by IFRS 15. Assessment of management's accounting treatment were performed on each contract sampled in respect of:-
 - contracts identified;
 - performance obligations identified;
 - determination and allocation of transaction price for each of those; and
 - determination of revenue recognition method for satisfying those performance obligations.

Management were challenged on judgements made.

The revenue recognised in the year was assessed against the criteria specified in the standard that demonstrates control has passed to the customer:

- Performing tests of detail on revenue to ensure the correct amount is recognised in the correct period; and
- considering the appropriateness and completeness of the disclosures made in the group financial statements in relation to this matter.

OUR APPLICATION OF MATERIALITY

The materiality for the group financial statements as a whole ("group FS materiality") was set at £445,000. This has been determined with reference to the benchmark of the group's net assets, which we consider to be one of the principal considerations for members of the company in assessing the group's performance. FS materiality represents 5% of the group's net assets as presented on the face of the Consolidated Statement of Financial Position.

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £289,250. This has been determined with reference to the benchmark of the parent company's net assets, which we consider to be one of the principal considerations for members of the company in assessing the parent company's performance. Materiality represents 2% of net assets as presented on the face of the Company Statement of Financial Position. This materiality level was capped at performance materiality of the group.

Performance materiality for the group financial statements was set at £289,250, being 65% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits. It was set at 65% to reflect the fact that few misstatements were expected in the current period but acknowledged that there is an element of judgement and estimation required in the preparation of the financial statements.

Performance materiality for the parent company financial statements was set at £188,000, being 65% of parent FS materiality. We judged this level to be appropriate based on our understanding of the company and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits. It was set at 65% to reflect the fact that few misstatements were expected in the current period but acknowledged that there is an element of judgement and estimation required in the preparation of the parent company financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

AN OVERVIEW OF THE SCOPE OF THE AUDIT

Of the group's five reporting components, we subjected two to audits for group reporting purposes and two to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component.

The remaining component was a dormant company.

The components within the scope of our work covered 100% of group revenue, 100% of group profit before tax, and 100% of group net assets.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 the parent company and their 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 29 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.

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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

We obtained a general understanding of the group's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We also drew on our existing understanding of the group's industry and regulation.

We understand that the group complies with requirements of the framework through:

- Outsourcing payroll and tax compliance to external experts for certain components.
- Subscribing to relevant updates from external experts to ensure internal procedures and controls are up to date and making changes as necessary.
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the group:

- The Companies Act 2006 and IFRS in respect of the preparation and presentation of the financial statements; and
- AIM rules and the Market Abuse Regulations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Manipulation of the financial statements through the use of manual journal entries; and
- Key areas of judgement and estimation required in relation to the capitalisation of development costs, the amortisation of intangible assets, revenue recognition and the key inputs for impairment reviews.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of journal entries, selected through applying specific risk assessments based on the processes and controls surrounding journal entries;

- Testing of a sample of revenue transactions to underlying documentation;
- Challenging management regarding the assumptions used in the estimates identified above, with consultation with internal specialists, as appropriate (see also the Key Audit Matters above).

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.

 **Nexia
Smith & Williamson**

Kelly Jones

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

28th May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Continuing operations			
Revenue from contracts with customers	7	1,319	1,196
Cost of providing services		(433)	(667)
Gross profit		886	529
Research and development costs	11	(1,596)	(1,787)
Share based payments	23	(167)	(278)
Administrative costs		(1,980)	(1,850)
Other income	11	187	-
Operating loss		(2,670)	(3,386)
Finance income – net	9	13	23
Loss before tax		(2,657)	(3,363)
Taxation	10	244	346
Loss from continuing operations		(2,413)	(3,017)
Discontinued operations			
Profit from discontinued operations	25	-	22
Profit on disposal of discontinued operations	25	-	14
Net result from discontinued operations		-	36
Loss for the year		(2,413)	(2,981)
Other comprehensive income			
<i>Amounts which may be reclassified to profit or loss</i>			
Currency translation differences on foreign operation		53	7
Total comprehensive loss for the year attributable to:			
The Company's equity shareholders		(2,360)	(2,974)
Loss per share attributable to the equity holders of the Company:			
Basic and diluted loss per share from continuing operations (pence)	20	(0.30)	(0.43)

The notes on pages 39 to 60 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	At 31 December 2020 £'000	At 31 December 2019 £'000
Assets			
Non-current assets			
Intangible assets and goodwill	15	6,517	6,633
Investments		3	3
Plant and equipment	13	25	41
Right-of-use assets	14	61	182
		6,606	6,859
Current assets			
Trade and other receivables	16	454	432
Income tax asset	10	214	172
Cash and cash equivalents	17	2,606	2,607
		3,274	3,211
Liabilities			
Current liabilities			
Trade and other payables	18	(598)	(464)
Lease liabilities	14	(64)	(123)
		(662)	(587)
Net current assets		2,612	2,624
Non-current liabilities			
Lease liabilities	14	-	(61)
Deferred tax	10	(318)	(341)
Total non-current liabilities		(318)	(402)
Total net assets		8,900	9,081
Shareholders equity			
Called up share capital	19	92	74
Share premium	21	10,200	7,136
Merger reserve	21	5,971	5,971
Shares to be issued reserve	21	204	1,274
Foreign currency translation reserve	21	60	7
Retained deficit	21	(7,627)	(5,381)
Total equity attributable to shareholders of the Company		8,900	9,081

The financial statements were approved by the Board of Directors on 28th May 2021 and were signed on its behalf by:



Fraser Benson
Chief Financial Officer

Company Number: 05845469

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained deficit £'000	Shares to be issued reserve £'000	Foreign currency translation reserve £'000	Total equity £'000
Balance at 31 December 2018	55	3,287	5,334	(2,678)	204	-	6,202
Loss for the year to 31 December 2019	-	-	-	(2,981)	-	-	(2,981)
Currency translation differences	-	-	-	-	-	7	7
Total comprehensive loss for the year to 31 December 2019	-	-	-	(2,981)	-	7	(2,974)
<i>Transactions with owners:</i>							
Issue of shares for cash	16	3,849	-	-	-	-	3,865
Shares to be issued and issuable on acquisition of subsidiary	3	-	637	-	1,070	-	1,710
Share based payment charge	-	-	-	278	-	-	278
Balance at 31 December 2019	74	7,136	5,971	(5,381)	1,274	7	9,081
Loss for the year to 31 December 2020	-	-	-	(2,413)	-	-	(2,413)
Currency translation differences	-	-	-	-	-	53	53
Total comprehensive loss for the year to 31 December 2020	-	-	-	(2,413)	-	53	(2,360)
<i>Transactions with owners:</i>							
Issue of shares for cash	14	1,998	-	-	-	-	2,012
Deferred consideration shares issued	4	1,066	-	-	(1,070)	-	-
Share based payment charge	-	-	-	167	-	-	167
Balance at 31 December 2020	92	10,200	5,971	(7,627)	204	60	8,900

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Cash flows from operating activities			
Operating loss from continuing operations		(2,670)	(3,386)
Operating profit from discontinued operations	25	-	29
Depreciation and amortisation charges	11	580	558
Share based payments charge	23	167	278
Operating cash outflows before movement in working capital		(1,923)	(2,521)
Decrease in inventories		-	74
(Increase) in trade and other receivables		(22)	(51)
Increase /(decrease) in trade and other payables		134	(247)
Cash used in operations		(1,811)	(2,745)
Interest received	9	17	28
Net cash used in operating activities		(1,794)	(2,717)
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(6)	(12)
Capitalisation of intangible assets	15	(277)	-
Cash and bank in subsidiary at acquisition net of cash payment		-	265
Net cash (used in) / generated by investing activities		(283)	253
Cash flows from financing activities			
Proceeds from the issue of share capital		2,151	4,005
Transaction costs arising from issue of share capital		(138)	(140)
Payment of lease liabilities	14	(129)	(107)
Taxation received	10	172	289
Net cash generated by financing activities		2,056	4,047
Net increase in cash and cash equivalents		(21)	1,583
Cash and cash equivalents at beginning of year		2,607	1,086
Effects of exchange rate changes on cash and cash equivalents		20	(62)
Cash and cash equivalents at end of year		2,606	2,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

DeepMatter Group Plc ("the Company") is a public limited company incorporated, registered and domiciled in England and Wales and its shares are publicly traded on AIM, a market operated by the London Stock Exchange. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") for the year ended 31 December 2020. The Company has four wholly owned subsidiaries, three of which are active trading entities, InfoChem GmbH ("InfoChem"), DeepMatter Limited ("DML") and OpenIOLabs Limited ("OpenIOLabs"). DeepMatter Tech Limited ("DTL") is a dormant subsidiary.

The address of the registered office is given on the inside front cover of this report. The nature of the Group's activities is set out in the About Us section, Strategic Report and Directors' Report.

2. BASIS OF PREPARATION

These consolidated and Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention and all values have been rounded to the nearest thousand, except where otherwise indicated. The functional currency of the Group is Sterling.

The preparation of financial statements in accordance with international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed in note 6.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations noted below.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Amendments have been made to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to the definition of material. The amendments clarify the definition of what is material to the financial statements and how to apply the definition.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. BASIS OF CONSOLIDATION

The Consolidated Financial Statements incorporate the results of the Company and its subsidiaries. Control is achieved where the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions and balances arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

4. GOING CONCERN

Information on the business environment and the factors underpinning the Group's future prospects and product portfolio are included in the CEO's Statement, Strategic Report and the Directors' Report. The cash balance at the 31 December 2020 was £2.6m and the group have performed prudent scenario analysis on revenue and cost performance. These demonstrate that the Group can meet its liabilities as they fall due without further funding.

After making appropriate enquiries, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, the financial statements do not include any adjustments which would be required if the going concern basis of preparation was deemed to be inappropriate. However, if the Group is unable to deliver upon its proposed revenue projections, or alternatively proposed cost reductions, there is limited headroom in the current forecasts and as such there is considered a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE FROM CONTRACTS WITH CUSTOMERS

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to exchange for those goods or services.

Revenue is recognised at the fair value of the consideration received or receivable for the sale of services in the ordinary course of business and is shown net of Value Added Tax. The Group primarily earns revenues from the sales of software licenses and software consulting services.

A proportion of the contracts consist of multiple performance obligations and are bundled contracts. The performance obligations in bundled contracts were identified and an estimate was made of the fair value of the transaction price. Details of the estimates made, and obligations identified is included within critical estimates and judgements in note 6.

The following revenue recognition policies are used for InfoChem.

- Software licenses are recognised immediately where the performance obligation is satisfied upon the delivery of the license to the customer.
- Hosted software licenses are recognised in line with the satisfaction of the performance obligation over the license term under the output method and revenue not yet earned is accounted for within deferred income.
- Post contract support and maintenance contracts are deferred over the contractual term. Revenue is recognised using the output method based on the passage of the contractual term.
- Consulting projects are recognised on completion of the relevant performance obligations. Applying the output method, revenue is recognised as the performance obligation is met.

Deepmatter Limited's sales of DigitalGlassware® consist of a bundled monthly software license and hardware fee. Revenue is invoiced and recognised monthly using the output method over the contractual term.

Amounts included in deferred income are expected to be recognised within one year and are included within current liabilities.

SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Foreign currency translation

As required by IAS 21, the results and financial position of all Group entities that have a functional currency different from the presentation currency are translated in the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity in the foreign currency translation reserve.

Leases

A right of use asset and a lease liability has been recognized for all leases except leases of low value assets and those with a duration of 12 months or less. These are further explained in note 14. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Group will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Additional leases were acquired upon acquisition of InfoChem in March 2019 and were recognised under IFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED**Taxes****Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Sales tax

Revenues, expenses and assets and liabilities are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or goods or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Research and development

Research costs are charged against income as they are incurred. Certain development costs are capitalised as intangible assets, when it is probable that future economic benefits will flow to the Group. Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for impairment at each balance sheet date.

The criteria for recognising development expenditure as an asset are:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among many other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- That the Group has available to it adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- That the Group can reliably measure the expenditure attributable to the intangible asset during its development.

Development costs relating to ICSYNTH have been capitalised in the year ending 31 December 2020 as a result of the above criteria being met. Amortisation is calculated to write down the value of the intangible development on a straight-line basis over the useful life of the functionality:

- Software Development Intangible 2 years

No development costs for DigitalGlassware® have been capitalised as intangible assets to date.

Intangible assets

Intangible assets which arise on consolidation are stated at their fair value, net of amortisation and any provision for impairment. Amortisation is calculated to write off the value of all intangible assets to estimated residual value on a straight-line basis over their expected useful lives as follows:

- Patent costs and licensing rights 20 years
- Customer relationships 10 years
- Technology platform 1-2 years
- Technology database 5 years

Amortisation is included within administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Plant and equipment

Plant and equipment are stated at cost, net of depreciation and any provision for any impairment. Depreciation is calculated to write off the cost of all plant and equipment to estimated residual value on a straight-line basis over their expected useful lives as follows:

- Plant and machinery 4 years
- Fixtures and fittings 4-5 years
- Computer and IT equipment 3 years
- Right-of-use assets Over the term of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Income.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised as an expense immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Goodwill

Goodwill arising on consolidation of subsidiaries represents the excess of fair value of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. Any impairment is charged to the consolidated statement of comprehensive income.

Investments

Investments in subsidiaries are stated at cost less any impairment in value. Any impairment is charged to the Company income statement.

Other Investment assets are accounted for as fair value through other comprehensive income. Gains or losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or determined to be impaired, at which time the cumulative gain or loss previously recognised directly in equity, is included in the profit or loss for the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED**Financial assets and liabilities**

IFRS 9 states the requirements for the classification and measurement of financial assets and financial liabilities, the impairment of financial assets, and general hedge accounting.

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Subsequent to initial recognition, assets are measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short-term deposits of less than three months. The Group's funds are held for the purpose of funding the future growth of the business. Deposits are placed with banks and financial institutions with a sound credit rating, and such investments are regularly reviewed by the Board.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment share option transactions, whereby employees rendered services as consideration for equity instruments (equity-settled transactions).

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee.

Share options are valued at the date of grant using the Monte Carlo model or by applying Binomial probability modelling and are charged to operating profit over the overall vesting period of the award with a corresponding credit to retained earnings.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate, share premium.

Government Grants (Furlough & Kurzarbeit)

The use of the UK Government Coronavirus Job Retention Scheme (Furlough) and German Government Kurzarbeit (short work scheme) leads to income being received from government bodies. The payments are accounted for on an accruals basis and the payments are not netted against the employee costs in the financial statements. The company did not use any other forms of government Coronavirus assistance.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. 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 addressed below.

CRITICAL ACCOUNTING ESTIMATES**Impairment of tangible and intangible assets**

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2020 and 2019 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions.

As a result of the acquisition of InfoChem, goodwill is monitored by the Directors at the level of the two operating segments of DeepMatter and InfoChem.

DeepMatter

It is Management's assessment that the CGU of DeepMatter includes both the Group's investment in Deepmatter Limited and in OpenIOLabs as the technology platform acquired upon acquisition of OpenIOLabs in 2017 is used within the DeepMatter CGU.

The value-in-use calculations in respect of DeepMatter use cash flow projections based on financial budgets approved by the Directors covering a five-year period. Cash flows beyond the five year periods are extrapolated using a multiplier of 10. The pre-tax discount rate applied was 12.0%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Based on the CGU calculation for DeepMatter, the directors have considered whether there are any indicators of impairment to the goodwill figure of £4,123,000 which arose on the acquisition of DML in 2015 and the carrying amount of the intangible of £614,000 (2019: £650,000) related to the intangible technology license agreement held by OpenLOLabs and which arose on the acquisition of that company in 2017. The Directors concluded that no impairment charge is required at 31 December 2020.

The directors acknowledge, however, that whilst the CGU of DeepMatter is still at an early stage of development, there is considerable uncertainty regarding the valuation of the above goodwill of £4,123,000 and the further £614,000 (2019: £650,000) attributed to the intangible technology licence agreement being used by DeepMatter, based on any estimate of the net present value of DeepMatter's future cash flows.

InfoChem

The CGU of InfoChem encompasses the trade of InfoChem which was acquired on the 15 March 2019.

The value-in-use calculations in respect of InfoChem use cash flow projections based on financial budgets approved by the Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using a multiplier of 10. The pre-tax discount rate applied was 12%.

Based on the CGU calculation for InfoChem, the directors have considered whether there are any indicators of impairment to the goodwill figure of £720,000 which arose on the acquisition of InfoChem and the carrying amount of the intangibles of £974,000 (2019: £1,046,000) related to the intangible technology assets and customer relationship asset which arose upon acquisition. The Directors concluded that no impairment charge is required at 31 December 2020. The directors acknowledge, however, that there is considerable uncertainty regarding the valuation of the above goodwill of £720,000 and the further £974,000 attributed to the intangible assets, based on any estimate of the net present value of InfoChem's future cash flows.

Revenues - InfoChem

A proportion of the contracts with customers include bundled performance obligations. In allocating the transaction price to the relevant performance obligations, the following estimates were made:

- Post Contract Support (PCS) includes bug fixing and minor compatibility updates. The transaction price allocated to PCS was estimated to be 15% of the contract value. This is consistent with the transaction price in contracts where PCS is sold as a single performance obligation.
- Service warranty obligations reflect service level agreements (SLAs) agreed with customers. The transaction price allocated

to service warranty obligations was estimated to be 15% of the contract value. This is consistent with the transaction price in contracts where a service warranty obligation is sold as a single performance obligation.

INTER-COMPANY BALANCES

To support working capital requirements, loans are provided to Group subsidiary companies. The Directors consider these inter-company balances to be recovered through the on-going trade of the subsidiaries which is based on the forecast underlying cashflows of these companies for which uncertainty remains over whether these will be achieved.

Inter-company loans are considered repayable on demand and no interest is payable on these loans.

JUDGEMENTS

Going Concern

The Directors have modelled a number of different revenue outcomes for the year ahead. In line with this, cost run rates have been modelled and discretionary costs have been quantified and different cost scenarios established. Based on the year end cash balance of £2.6m, and the scenarios considered, the Directors have a reasonable expectation that the Group will have sufficient funding to meet its commitments and are of the opinion it is a going concern. However, if the Group is unable to deliver upon its proposed revenue projections, or alternatively proposed cost reductions, there is limited headroom in the current forecasts and as such there is considered a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Revenues

In adopting IFRS 15 'Contracts with Customers', judgements were made by the Directors as to the timing of the satisfaction of performance obligations and the amounts allocated to performance obligations.

The following judgements were made in respect of the timing of the satisfaction of performance obligations:

- Software licenses which are delivered by a license key are determined to satisfy the performance obligation at the point of delivery and revenue is recognised immediately;
- Hosted Software licenses are determined to satisfy the performance obligation over the contractual license term;
- Post contract support and maintenance is delivered throughout the license term and is determined to satisfy the performance obligation over the contractual license term; and
- Consulting work is recognised on completion of the relevant performance obligation as agreed with the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Short term evaluation trials of software products by customers are recognised as one performance obligation as it is determined that the customer is required to experience all aspects of the evaluation to fully assess the software.

The Directors have determined that minor warranty obligations are not a separate performance obligation and are a quality guarantee. The term of the guarantee is one year and is effective throughout the license term which is 12 months. As a result, no warranty provision under IAS 37 has been calculated as the license term end dates are concurrent with the 31 December 2020.

There are no customer contracts in the Group which are determined to contain a significant financing component.

Estimate of useful life of acquired intangible assets

Upon acquisition of InfoChem on the 15 March 2019, intangible assets were identified and restated to their fair values. The Directors made a judgement in respect of the expected useful lives of the intangible assets acquired and an appropriate amortisation charge is made. The useful economic life of the intangibles was estimated as follows:

- | | |
|--------------------------|------------|
| • Customer relationships | 10 years |
| • Technology platform | 1 -2 years |
| • Technology database | 5 years |

The Directors acknowledge, however, the actual useful life may be shorter or longer than the estimates made, depending on technical innovations and competitor actions.

Capitalisation of internally developed software

Distinguishing the research and development phases of a software product and determining whether the requirements for the capitalisation of development costs are met requires judgement. The Directors will assess whether a project meets the recognition criteria as set out in IAS 38 based on an individual project. Where the criteria are not met, the research and development expenditure will be expensed in the Consolidated Statement of Comprehensive Income. Where the recognition criteria are met, the items will be capitalised as an intangible asset. The Directors judgment was that development of ICSYNTH met the criteria. The Group is now able to accurately track the cost of development which was not possible previously. Amortisation for ICSYNTH started from July and the intangible will be amortised over 2 years.

The Directors judgment was that development of DigitalGlassware® did not currently meet the criteria for capitalisation. While feedback and engagements with academic and corporate customers continue to be positive, the directors consider the confirmation of a market will be more clearly demonstrable later in 2021 when some further development milestones have been achieved.

Leasing

In determining the lease term under IFRS 16, the Directors consider all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lessee's incremental borrowing rate applied to the lease liabilities was 3.5% (2019 3.5%)

7. SEGMENTAL REPORTING

The Chief Operating Decision Maker has been identified as the Chief Executive Officer ("CEO") of the company. The Group has two operating segments and the CEO reviews the Group's internal reporting which recognises these two segments in order to assess performance and allocate resources. The Group has determined its reportable segments which are also its operating segments based on these reports. The Group currently has two operating and reportable segments being DeepMatter and InfoChem;

- DeepMatter – this segment owns, develops and is in the early stage of commercially exploiting intellectual property, software, hardware and data analysis capabilities (including machine learning) combined as a visionary, disruptive platform called DigitalGlassware®, enabling step changes in productivity and discovery for scientists in the pharma and life science sectors.
- InfoChem – this segment develops and commercialises cheminformatics software to handle, store and retrieve chemical structures and reactions for application in pharma, life sciences and scientific publications. The segment has industry established market leading tools for the production of synthesis planning and reaction prediction solutions and the automatic extraction of scientific information from text and images.

Information regarding the operation of the reportable segments is included below. The CEO assesses the performance of the operating segments based on revenue and a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) before any allocation of Group overheads, charges for share based payment and costs associated with acquisitions. This segment EBITDA is used to measure performance as the CEO believes such information is most relevant in evaluating the results of the segment.

The Group's EBITDA for the year has been calculated after deducting the Group overheads from the EBITDA of the two segments as reported internally. Group overheads include the cost of the Board, listing costs, all the costs of running the premises in Glasgow and Munich, Group marketing, finance and legal and professional fees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

The segment information is prepared using accounting policies consistent with those of the Group as a whole.

The non-current assets are reviewed by the chief operating decision-maker in reviewing the carrying value of goodwill and intangibles for indicators of impairment. Segment non-current assets are measured in the same way as in the financial statements and the assets are allocated based on the operations of the segment and the physical location of the asset.

The current assets and non-current and current liabilities of the Group are not reviewed by the chief operating decision-maker on a segment basis and therefore none of the Group's current assets and current and non-current liabilities are segmental assets and liabilities and are all unlocated for segmental disclosure purposes. For that reason, the Group has not disclosed details of these segmental assets and liabilities.

In the year to 31 December 2020, the Group had 2 customers that exceeded 10% of total revenue, being 18% and 13% (2019: 3 customers that exceeded 10% of total revenue, being 21% and two each at 17%).

All segments are continuing operations.

REVENUE FROM CONTRACTS WITH CUSTOMERS BY GEOGRAPHIC LOCATION

	Year ended 31 December 2020			Year ended 31 December 2019		
	External £'000	Internal £'000	Total £'000	External £'000	Internal £'000	Total £'000
Germany	692	-	692	576	-	576
Switzerland	171	-	171	347	-	347
United Kingdom	162	-	162	157	-	157
North America	174	-	174	103	-	103
Rest of the world	120	-	120	13	-	13
Revenue for the period	1,319	-	1,319	1,196	-	1,196

The revenues reported above are both by destination and origin.

REVENUE FROM CONTRACTS WITH CUSTOMERS BY OPERATING SEGMENT

	Year ended 31 December 2020			Year ended 31 December 2019		
	External £'000	Internal £'000	Total £'000	External £'000	Internal £'000	Total £'000
DeepMatter	83	-	83	40	-	40
InfoChem	1,236	-	1,236	1,156	-	1,156
Revenue from contracts with customers	1,319	-	1,319	1,196	-	1,196

LOSS BY OPERATING SEGMENT

	Year ended 31 December 2020			Year ended 31 December 2019		
	EBITDA before share based payments and acquisition costs £'000	Depreciation, amortisation, acquisition costs & share based payments £'000	Operating Profit/(loss) £'000	EBITDA before share based payments and acquisition costs £'000	Depreciation, amortisation, acquisition costs & share based payments £'000	Operating Profit/(loss) £'000
DeepMatter	(993)	(101)	(1,094)	(1,295)	(78)	(1,373)
InfoChem	213	(511)	(298)	(108)	(481)	(589)
Group overheads	(1,299)	-	(1,299)	(1,104)	0	(1,104)
Acquisition costs	-	-	-	-	(42)	(42)
Other income	-	-	187	-	-	-
Share based payments	-	(167)	(167)	-	(278)	(278)
Loss before tax and interest	(2,079)	(779)	(2,670)	(2,507)	(879)	(3,386)
Group interest and tax	-	-	257	-	-	369
Discontinued operations after tax	-	-	-	-	-	22
Profit on disposal of discontinued operation	-	-	-	-	-	14
Loss for the period	-	-	(2,413)	-	-	(2,981)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

NON-CURRENT ASSETS BY SEGMENT

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
DeepMatter		
UK	5,585	4,965
Germany	-	-
InfoChem		
UK	-	-
Germany	1,018	1,891
Total non-current segment assets	6,603	6,856
Unallocated:		
Financial assets at fair value through other comprehensive income	3	3
Total non-current assets as per the statement of financial position	6,606	6,859

8. EMPLOYEE BENEFIT EXPENSE

	2020 £'000	2019 £'000
Salaries and fees	2,136	2,069
Social security costs	365	303
Pension costs	50	48
Share based payments (note 23)	167	278
	2,718	2,698

The average monthly number of employees of the Group was:

	2020 No.	2019 No.
Directors	5	5
Technical, scientific and administrative staff	36	33
	41	38

DIRECTORS' EMOLUMENTS

The following disclosures are in respect of the emoluments paid to the Directors of the Company

	2020 £'000	2019 £'000
Salaries and fees	322	251
Pension contributions	10	9
Share based payments	147	278
Directors remuneration	479	538
Social security costs	39	29
Key Management personnel remuneration	518	567

9. FINANCE INCOME AND EXPENSE

	2020 £'000	2019 £'000
Finance income		
Bank interest receivable	17	28
Finance expense		
Interest charge for lease liabilities	(4)	(5)
Net finance income	13	23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. TAXATION

	2020 £'000	2019 £'000
Current Tax		
UK Corporation tax credit on continuing operations	214	172
UK tax credit on discontinued operations (note 25)	-	(7)
Total UK corporation tax credit	214	165
Deferred income tax		
Deferred tax credit	30	174
Total deferred tax credit	30	174
Total tax credit	244	339

The tax credit in the consolidated statement of comprehensive income for the year is detailed below. Current tax credit is lower than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £'000	2019 £'000
Loss before tax on continuing operations	(2,657)	(3,363)
Profit before tax on discontinued operations	-	43
Loss before tax on total operations	(2,657)	(3,320)
Loss multiplied by the average standard rate of corporation tax in the UK of 19% (2019: 19%)	(505)	(631)
Effects of:		
Expenses not deductible for tax	39	67
R&D tax credits received in respect of prior periods *	(214)	(172)
Utilisation of tax losses	2	(7)
Prior year adjustment	-	7
Difference in overseas tax rates	(42)	(76)
Deferred tax not recognised on losses carried forward	477	473
Total tax credit	(244)	(339)
Tax credit on continuing operations	(244)	(346)
Tax charge on discontinued operations	-	7
Total tax credit	(244)	(339)

*The tax credit accounted for in 2020 was received in January 2021 and is shown as an income tax asset at the 31 December 2020 year end

DEFERRED TAX

Deferred Tax Assets

The balance comprises temporary timing difference attributable to:

	2020 £'000	2019 £'000
Fair value adjustment to revenues	-	4
Deferred tax assets	-	4

Deferred Tax Liabilities

The balance comprises temporary timing difference attributable to:

	2020 £'000	2019 £'000
Intangible assets	(318)	(345)
Deferred tax liabilities	(318)	(345)
Net deferred tax liabilities	(318)	(341)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED**Deferred Tax Losses**

The losses available for carry forward at 31 December 2020 comprise those of the Company and its four subsidiaries, DeepMatter, DeepMatter Technology, InfoChem, and OpenIOLabs and amount to £12,435,000 at 31 December 2020 (2019: £10,290,000). No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

	2020 £'000	2019 £'000
Tax losses carried forward	2,439	1,960
Share based payment charge	85	53
Deferred tax assets (unrecognised)	2,524	2,013

Change in Corporation Tax rate

The Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. These changes are not included above as the Finance Bill 2021 was not substantively enacted by the year end. Accordingly, unrecognised deferred tax assets and liabilities have been calculated at the tax rate of 19% (2019: 17%).

11. OPERATING COSTS

	2020 £'000	2019 £'000
Operations		
Employee benefit expense (see note 8)	2,718	2,698
Depreciation of property, plant and equipment (See note 13)	23	26
Depreciation of right-of-use assets (see note 14)	121	107
Amortisation of intangible assets (See note 15)	436	419
Operating lease costs	-	31
Loss on disposal of property, plant and equipment (See note 13)	-	6
Research and development costs	1,596	1,787
Foreign exchange gains and losses	1	1
Other income (see below)	187	-

The company made use of Government schemes to help reduce costs in the early stage of the COVID 19 pandemic. In the UK the Government Furlough scheme contributed towards the salaries of employees not working by £77,000. In Germany the Kurtzarbeit scheme allowed employees to work less hours flexibly and the company was reimbursed for the time not working by £110,000.

12. AUDITORS' REMUNERATION

During the year the Company obtained the following services from the Company's auditor.

	2020 £'000	2019 £'000
Continuing operations		
Fees payable to the Company's auditor:		
- The audit of the Company and consolidated accounts	28	25
- The audit of the Company's subsidiaries	28	25
- The provision of non-audit services	-	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. PLANT AND EQUIPMENT

Cost	Plant & machinery £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2018	10	2	42	54
On acquisition	194	49	68	311
Additions	-	-	12	12
Disposal	(78)	(3)	(57)	(138)
Foreign currency translation	1	-	1	2
At 31 December 2019	127	48	66	241
Additions	-	6	-	6
Foreign currency translation	8	-	4	12
At 31 December 2020	135	54	70	259
Depreciation				
At 31 December 2018	5	-	20	25
On acquisition	180	32	67	279
Charge for the year	7	5	14	26
Disposal	(73)	(3)	(56)	(132)
Foreign currency translation	1	-	1	2
At 31 December 2019	120	34	46	200
Charge for the year	7	4	12	23
Foreign currency translation	8	-	3	11
At 31 December 2020	135	38	61	234
Net Book Value				
At 31 December 2018	5	2	22	29
At 31 December 2019	7	14	20	41
At 31 December 2020	0	16	9	25

14. LEASES

This note provides information where the Group is a lessee.

14(A) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position shows the following amounts relating to leases:

	2020 £'000	2019 £'000
Right-of-use assets		
Buildings	34	126
Hardware	20	41
Vehicles	7	15
Total	61	182
Lease liabilities		
Current	64	123
Non-Current	-	61
Total	64	184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

14(B) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	2020 £'000	2019 £'000
Depreciation charge for right-of-use assets		
Buildings	91	81
Hardware	22	19
Vehicles	8	7
Total	121	107
Interest expenses (included in finance cost)	4	5

The total cash outflow for leases in 2020 was £129,000 (2019: £107,000)

14(C) THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases the following assets;

- **UK office** – The Group leases an office in the UK for the operations of DML. The lease commenced on the 1 October 2019 and has a fixed term of 24 months.
- **German office** – An office is leased in Munich for the operations of InfoChem. The lease commenced on the 15 March 2019 and had a fixed term of 16 months, ending in July 2020. The office is now used on a rolling short term agreement.
- **Servers** – Hardware servers are leased to support operational activity. The lease term commenced on the 1 November 2017 ran for an initial 36 months, renewing for an additional 12 months in November 2020. The term auto renews for a period of 12 months if notice of termination is not served.
- **Vehicles** – Vehicles are leased over 3-year contractual terms. Vehicles leases were acquired on the acquisition of InfoChem.

The lease agreements above do not impose any covenants and leased assets may not be used as security for borrowing purposes.

IFRS 16 was adopted in 2019, prior to this, the Group only had operating lease contracts with terms of less than or equal to 12 months. Under IFRS 16 leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentive receivable; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's weighted average incremental borrowing rate of 3.5% is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments in respect of the offices based on rent reviews which are not included in the lease liability until they take effect. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of hardware equipment.

15. INTANGIBLE ASSETS

	Patents & Licences £'000	Customer Relationships £'000	Technology Assets £'000	Goodwill £'000	Total £'000
Cost					
At 31 December 2018	845	-	-	4,123	4,968
Acquisition of subsidiary	-	378	1,029	720	2,127
Foreign currency translation	-	(1)	(4)	(3)	(8)
At 31 December 2019	845	377	1,025	4,840	7,087
Capitalisation of Development	-	-	277	-	277
Foreign currency translation	-	22	44	-	66
At 31 December 2020	845	399	1,346	4,840	7,430
Amortisation					
At 31 December 2018	54	-	-	-	54
Amortisation for year	44	31	344	-	419
Foreign currency translation	-	(1)	(18)	-	(19)
At 31 December 2019	98	30	326	-	454
Amortisation for year	44	37	355	-	436
Foreign currency translation	-	2	21	-	23
At 31 December 2020	142	69	702	-	913
Net Book Value					
At 31 December 2018	791	-	-	4,123	4,914
At 31 December 2019	747	347	699	4,840	6,633
At 31 December 2020	703	330	644	4,840	6,517

In 2019, InfoChem was acquired for a consideration of £2.031m and intangible assets were recognised upon determining the fair value of the net assets. Technology assets totalling £1,029,000 were recognised at the date of acquisition reflecting core cheminformatics technologies and customer relationships were valued at £378,000. The details of the intangible assets acquired, and their estimated useful economic lives are as follows:

- £261,000 reflecting technology which extracts chemical meta-data from papers and patents with multi-lingual support. The technology asset is being amortised over a 2-year economic useful life.
- £175,000 assigned in respect of the ICSYNTH technology platform which has been amortised over a 1-year economic useful life.
- £593,000 assigned to license rights for a chemical reaction database which is being amortised over a 5-year economic useful life.
- £378,000 has been assigned to customer relationships due to recurring software license sales is being amortised over a 10-year economic useful life.

In 2020 two releases of ICSYNTH development have been capitalised totalling £277,000. This will be amortised over a 2-year economic life.

The only other licence assets held at 31 December 2020 are that of a technology licence agreement with the University of Glasgow, which is being amortised over a 20 year useful economic life, together with licences relating to a one-point-of-control technology asset platform developed by OpenIO Labs, which are also being amortised over a 20 year useful economic life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED**CASH GENERATING UNITS (CGUs)**

The Group tests goodwill and intangible assets allocated to cash generating units annually by comparing the recoverable amount of the unit with the carrying amount of the unit. The recoverable amount is determined based on estimated value in use calculated using a discounted cash flow model which is dependent on the timing and amount of forecast sales and when relevant regulatory approvals are achieved.

For the year ending 31 December 2020, the Group has identified two cash generating units within the Group. The CGU of DeepMatter encompasses the trade of DML and the remaining technology assets of OpenLOLabs. The CGU of InfoChem encompasses the trade of InfoChem.

DeepMatter CGU

Where practical, forecasts are prepared over the expected life cycle of the Group's proposed products based on management's current project plans for the next five years. The forecasts are not based on past experience owing to the early stage development of the project. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model (a pre-tax discount rate of 12% has been used) as well as the expected future cash flows and the multiple of year five cash flows used in determining the estimated terminal value at that date (a multiple of 10 has been used). The Group have considered sensitivities in regard to the assumptions used and have reviewed both the discount factor and multiple of earnings. A variation in the discount rate of 22.3% would be required to indicate an impairment on the carrying value of goodwill and intangible asset of £4,826,000.

The Directors acknowledge that whilst both DML and OpenLOLabs are still at an early stage of development, there is material uncertainty regarding the valuation of this goodwill based on any estimate of the net present value of the subsidiary entities' future cash flows. This material uncertainty arises because of the unpredictability of the timing and amount of any revenue cash flow receipts or the full cost base cash outflows required to generate such revenues.

InfoChem CGU

Forecasts are prepared covering the next five years and are prepared based on management's current project plans for the next five years. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model (a pre-tax discount rate of 12% has been used) as well as the expected future cash flows and the multiple of year five cash flows used in determining the estimated terminal value at that date (a multiple of 10 has been used). The Group have considered sensitivities in regard to the assumptions used and have reviewed both the discount factor and multiple of earnings. A variation in the discount rate of 20.7% or a drop of 7.4 in the terminal exit multiplier would be required to indicate an impairment on the carrying value of goodwill and intangible asset of £1,691,000.

The Directors acknowledge that whilst InfoChem is an established company with recurring revenue streams, there is material uncertainty regarding the valuation of this goodwill and intangible assets based on any estimate of the net present value of the subsidiary entity's future cashflows. This material uncertainty arises due to the unpredictability of the timing of revenues and uncertainty regarding the commercialisation of the technologies acquired.

The Directors will continue to review the progress of the subsidiary entities in following the Group roadmap to the digitisation of chemistry and the pursuit of opportunities to commercialise its platform technology. In the event that any impairment to goodwill is in fact required in the future, this would result in a non-cash impairment charge through the consolidated statement of comprehensive income and with a corresponding reduction to intangible assets and goodwill in the statement of financial position.

16. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Current:		
Trade receivables	387	289
Other receivables	38	111
Prepayments	29	32
Total Trade and Other receivables	454	432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AGEING OF TRADE RECEIVABLES

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Gross carrying amount of trade receivables	302	77	12	16	407
Impairment provision	-	-	(10)	(10)	(20)
Net carrying value of trade receivables	302	77	2	6	387

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. There was a provision of £20,000 (2019: £4,000) for impairment in respect of trade receivables at the 31 December 2020. The credit quality of those trade receivables not past due and not impaired is considered good.

17. CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Cash at bank and in hand	2,606	2,607
Denominated in UK Sterling	2,374	2,415
Denominated in Euros	232	192
Cash at bank and in hand	2,606	2,607

18. TRADE AND OTHER PAYABLES

	2020 £'000	2019 £'000
Current:		
Trade payables	37	24
Social security and other taxes	81	57
Accrued expenses and other creditors	253	288
Deferred Income	227	95
Total Trade and Other payables	598	464

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30-45 day terms.

The Directors consider that the carrying amounts of trade and other payables approximates to their fair values.

19. CALLED-UP SHARE CAPITAL

Allotted, issued and fully paid ordinary shares of £0.0001:	No. of Shares	£'000
At 31 December 2019	736,533,946	74
Issue of placing shares on 17th July 2020	142,563,335	14
Issue of deferred revenue shares on 15th September 2020	42,800,000	4
Issue of subscription shares on 27th October 2020	500,000	0
At 31 December 2020	922,397,281	92

The deferred consideration shares issued to Springer Nature on the 15th September 2020 and admitted to trading on 21st September 2020, relate to the acquisition of Infochem GmbH on 15th March 2019.

No share options were exercised in the year ending 31 December 2020 (2019 Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED**20. LOSS PER SHARE**

Basic loss per share is based on the loss after tax for the year and the weighted average number of ordinary shares of £0.0001 each in issue during the year. Diluted loss per share is calculated by adjusting the average number of ordinary shares in issue during the period to assume conversion of all dilutive potential ordinary shares. The Company had a total of 31,814,821 potentially issuable dilutive ordinary shares in existence at the 31 December 2020 period end, (2019: 74,015,278), comprised of 9,814,821 share options and 22,000,000 deferred consideration shares issued in relation to the acquisition of OpenIO Labs. The 31,814,821 potentially issuable dilutive shares have not been included in the calculations below due to their potential issuance having an effect to reduce loss per share attributable to equity holders.

	2020	2019
Loss per share		
Loss attributable to equity holders of the Group (£'000)	(2,413)	(2,981)
Weighted average number of dilutive shares in issue	814,397,444	699,838,689
Basic and diluted loss per share (pence)	(0.30)	(0.43)

21. RESERVES

Details of the movements in reserves are given in the Statement of Changes in Equity. 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 a premium.

During the year, the reserve increased by £2.0m following a placing of shares with a nominal value of £0.01m. The increase to the share premium account was offset by £0.1m of costs incurred in raising the proceeds of £2.1m.

The reserve also increased by £1.1m as a result of the issue of 42.8m shares as deferred consideration relating to the acquisition of InfoChem in 2019.

MERGER RESERVE

The merger reserve arose on the acquisition of Deepmatter Limited under section 612 of the Companies Act 2006 as shares with a nominal value of £0.002m were issued for a total of £4.9m as consideration.

The reserve was further increased in November 2017 upon the acquisition of OpenIO Labs as shares with a nominal value of £0.002m were issued for a total of £0.46m as consideration.

In 2019, the reserve increased further upon the acquisition of InfoChem as shares with a nominal value of £0.003m were issued for a total consideration of £0.64m.

SHARES TO BE ISSUED RESERVE

The shares to be issued reserve arose on the acquisition of OpenIO Labs and has been used to record the fair value at the acquisition date of the 22 million potentially issuable deferred consideration shares in connection with that acquisition.

The reserve increased further in 2019 to record the fair value of the 42.8 million potentially issuable deferred consideration shares in connection with the acquisition of InfoChem. These shares were issued in September 2020 again reducing the reserve.

RETAINED DEFICIT RESERVE

The reserve relates to the cumulative results made by the Group in the current and prior periods.

In the current period the reserve decreased by the Group's loss for the year and increased by the share based payment charge for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve arose on the acquisition of InfoChem. The results and financial position of InfoChem are translated into the Group's presentation currency as follows;

- Assets and liabilities are translated at the closing rate at the date of the statement of financial position; and
- Income and expenses are translated at average exchange rates.

All resulting exchange differences are recognised in the foreign currency translation reserve.

22. FINANCIAL RISK MANAGEMENT

OBJECTIVES, POLICIES AND PROCESSES

The Board has overall responsibility for the determination of the Group's risk management objectives and policies, as laid out in the Strategic Report. The following information lays out the exposure the Group has to financial instruments.

CAPITAL RISK MANAGEMENT

The Group's capital is comprised of issued ordinary shares of £0.0001 per share and reserves. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders. This is achieved through careful investment of surplus cash balances and tight budgetary control.

SIGNIFICANT ACCOUNTING POLICIES

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 5 to the financial statements.

Categories of financial instrument

	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Financial assets at fair value through OCI £'000	Total £'000
At 31 December 2019				
Investments	-	-	3	3
Trade and other receivables	432	-	-	432
Cash and cash equivalents	2,607	-	-	2,607
Trade and other payables	-	(464)	-	(464)
Current lease liabilities	-	(123)	-	(123)
Non-current lease liabilities	-	(61)	-	(61)
Net Total	3,039	(648)	3	2,394

At 31 December 2020

Investments	-	-	3	3
Trade and other receivables	454	-	-	454
Cash and cash equivalents	2,606	-	-	2,606
Trade and other payables	-	(598)	-	(598)
Current lease liabilities	-	(64)	-	(64)
Non-current lease liabilities	-	-	-	-
Net Total	3,060	(662)	3	2,401

All financial liabilities for both the Group and the Company are payable on standard business terms. The amounts reflected above represent the Group's maximum exposure to credit risk for such loans and receivables. There were no out of term financial assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due through having insufficient resources. The Group has a cash balance of £2.61m at 31 December 2020 and the Directors are confident that through management and monitoring of working capital levels, it will be able to meet its liabilities as they fall due.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions only independently rated parties with sound credit ratings are used. For credit exposures to customers the Group assesses the likelihood of payment from various factors including external credit ratings, financial records and other relevant factors.

Interest Rate Sensitivity

The interest rate sensitivity of the consolidated loss for the year and equity to a reasonably possible change in interest rates of 1% with effect from the beginning of the year is illustrated below. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's cash and cash equivalents held at the balance sheet date. All other variables are held constant. Note that the impact of a fall in rates is limited to the amount of interest earned during the year.

	Year to 31 December 2020		Year to 31 December 2019	
	+1% £'000	-1% £'000	+1% £'000	-1% £'000
Interest Rate Sensitivity				
Loss for year	26	(17)	18	(18)
Equity	26	(17)	18	(18)

23. SHARE-BASED PAYMENTS

The company operates a share option scheme for the benefit of employees and share options are granted to certain eligible employees. The exercise price of the options is equal to the market price of the shares on the date of grant. All options are equity settled and usually vest over a period of up to 3 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. The options are accounted for as equity settled share based payment transactions. Options are forfeited if the employee leaves the Group before the options vest.

The table below shows the current active options holders and the date and number of options issued.

Option Holder	Date of issue	Number of Options
Mark Warne	11th March 2019	25,000,000
Fraser Benson	18th December 2020	5,000,000
Alan Dunn	30th September 2020	5,000,000
Steve Coles	12th January 2017	1,666,667

On 11 March 2019, options were granted to Mark Warne over 25,000,000 ordinary shares at an exercise price of 2.5 pence, reflecting the 2.5 pence issue price of the placing of shares issued between the 12 and 13 March 2019 to raise gross cash proceeds of £4 million. Provided Mark remains an employee, his options vest over 36 months starting from the 30th September 2021 but subject to specific share price triggers being reached.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Share Price Trigger (£)	Number of plan shares in respect of which the options may be exercised
None	3,750,000
0.04	3,750,000
0.06	3,750,000
0.08	3,750,000
0.10	3,750,000
0.12	1,250,000
0.14	1,250,000
0.16	1,250,000
0.18	1,250,000
0.20	1,250,000

On 30th September 2020, options were granted to Alan Dunn, COO, over 5,000,000 ordinary shares at an exercise price of 2.5 pence, in line with the scheme approved in 2019 for Mark Warne. Provided Alan remains an employee, his options vest over 36 months starting from 30th September 2020 but subject to specific share price triggers being reached.

Share Price Trigger (£)	Number of plan shares in respect of which the options may be exercised
None	1,666,667
0.04	1,111,112
0.06	277,778
0.08	277,778
0.10	277,778
0.12	277,778
0.14	277,778
0.16	277,778
0.18	277,778
0.20	277,775

On 18th December 2020, options were granted to Fraser Benson, CFO, over 5,000,000 ordinary shares at an exercise price of 2.5 pence, in line with the scheme approved in 2019 for Mark Warne. Provided Fraser remains an employee, his options vest over 36 months starting from 1st March 2021 but subject to specific share price triggers being reached.

Share Price Trigger (£)	Number of plan shares in respect of which the options may be exercised
None	1,666,667
0.04	1,111,112
0.06	277,778
0.08	277,778
0.10	277,778
0.12	277,778
0.14	277,778
0.16	277,778
0.18	277,778
0.20	277,775

All unexercised options lapse after 10 years from the date of grant. No other employees have been granted share option awards in 2020.

At the start of 2020, four other employees held options over 1,736,667 shares granted as part of the 2017 scheme. Three of these employees left the company and their rights were forfeited by the end of the year. One employee, who has options over 1,666,667 (which were fully vested at the end of October 2019), was still an employee at the end of the year. These were granted at an exercise price of 2.13 pence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 31 December 2020, there were 36,666,667 (2019: 26,736,667) share options in issue at a weighted average exercise price ("WAEP") of 2.48 pence as illustrated in the following table of movements in share options during the year:

	2020		2019	
	Number	WAEP pence	Number	WAEP pence
Outstanding at 1 January	26,736,667	2.48	1,816,667	2.13
Granted during the year	10,000,000	2.50	25,000,000	2.50
Exercised during the year	-	-	-	-
Forfeited	(70,000)	2.13	(80,000)	2.13
Lapsed	-	-	-	-
Outstanding at 31 December	36,666,667	2.48	26,736,667	2.48

Of the 36,666,667 share options outstanding, 9,814,821 were exercisable as at 31 December 2020 (2019: 9,215,278).

The fair value at grant date has been determined using a binomial tree or Monte Carlo approach that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option. The model inputs for options granted are as follows:

	Granted on 18th December 2020	Granted on 30th September 2020	Granted on 11 March 2019	Granted on 1 December 2017
Expected share price volatility	71%	71%	62%	68%
Risk free interest rate	0.4%	0.3%	1.4%	2.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%
Weighted average exercise price (pence)	2.5	2.5	2.5	2.13
Weighted average share price at date of grant (pence)	1.8	1.6	3.7	2.13

The expected life of the options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The fair value of equity-settled share options granted are recognised as an expense in the statement of comprehensive income over the assumed period to exercise of the award, with a corresponding credit to retained earnings. The expense so recognised in the year ended 31 December 2020 amounted to £167,000 (2019: £278,000).

24. RELATED PARTIES AND DIRECTORS' TRANSACTIONS

GROUP

Bettina Goerner served on the Board of the Company as a Non-Executive Director throughout 2020. Bettina Goerner continues to serve as a Managing Director of Springer Nature and no amounts were paid to Springer Nature in respect of Bettina Goerner's services in the year ending 31 December 2020.

The Group recognised sales of £166,000 (2019: £246,000) in respect of the 'Services Agreement' between InfoChem and Springer Group companies. There was £nil outstanding at the end of the year (2019: £17,000).

The Group paid £nil (2019: £108,000) in respect of the receipt of administrative services as agreed in the 'Transition Services Agreement' between InfoChem and Springer Nature AG & Co KGaA and Springer-Verlag GmbH. There were no amounts outstanding at the end of the year (2019: £nil).

The Group has paid companies that are part of IP Group, a significant shareholder, £50,000 in respect of the provision of recruitment / administrative services (2019: £20,620). There were no amounts outstanding at the end of the year (2019: £nil).

The Group paid £600 in respect of the receipt of staff entertainment to Escape Hunt PLC (2019: nil). Karen Bach is a Non-Executive Director of Escape Hunt PLC. There was no balance outstanding at the end of the year (2019: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

KEY EMPLOYEES

At the year-end, the Directors did not consider any employees to be key management to the Group other than the Chair, Executive Directors and Non-Executive Directors who served during the period. Details of the remuneration paid to key management is disclosed in note 8.

25. DIVESTMENT OF SCANNING ION CONDUCTANCE MICROSCOPE (“SICM”) TRADE

On 15 January 2019, the SICM trade of OpenIOLabs was sold to Scientific Digital Imaging Plc by way of an asset purchase agreement for a cash consideration of £49,220 and which after allowing for the net assets sold and the costs of disposal, generated a profit of approximately £14,000 on disposal. OpenIOLabs was acquired in November 2017 to complement the strategic digitisation of chemistry operations of the Group by securing its one point of control technology platform developed to bridge the language and compatibility gap between various hardware and software systems. The SICM trade has never been part of the continuing operations of the Group.

The results of the discontinued SICM operations, which have been separately disclosed after tax in the Group's consolidated statement of comprehensive income, were as follows:

	2020 £'000	2019 £'000
Revenue	-	-
Expenses	-	(7)
Other income	-	36
Profit before tax	-	29
Attributable tax charge	-	(7)
Net profit attributable to discontinued operations	-	22

26. POST BALANCE SHEET EVENT

The directors are unaware of any events after the reporting period.

27. ULTIMATE CONTROLLING PARTY

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	At 31 December 2020 £'000	At 31 December 2019 £'000
Assets			
Non-current assets			
Investments	C2	7,626	7,605
		7,626	7,605
Current assets			
Trade and other receivables	C4	6,531	4,975
Cash and cash equivalents		2,266	2,318
		8,797	7,293
Liabilities			
Current liabilities			
Trade and other payables	C5	(89)	(89)
Net current assets		8,708	7,204
Net assets		16,334	14,809
Shareholders equity			
Called up share capital	19	92	74
Share premium	21	10,200	7,136
Merger reserve	21	5,971	5,971
Shares to be issued reserve	21	204	1,274
Retained earnings		(133)	354
Total equity attributable to shareholders of the Company		16,334	14,809

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The parent Company's loss for the year to 31 December 2020 was £654,000 (2019: £797,000).

The financial statements were approved by the Board of Directors on 28th May 2021 and were signed on its behalf by:



Fraser Benson
Director

Company Number: 05845469

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Shares to be issued reserve £'000	Total equity £'000
Balance at 31 December 2018	55	3,287	5,334	873	204	9,753
Total comprehensive loss for the year to 31 December 2019	-	-	-	(797)	-	(797)
Transactions with owners:						
Share based payment charge	-	-	-	278	-	278
Issue of shares for cash	16	3,849	-	-	-	3,865
Shares issued and issuable on acquisition of subsidiary	3	-	637	-	1,070	1,710
Balance at 31 December 2019	74	7,136	5,971	354	1,274	14,809
Total comprehensive loss for the year to 31 December 2020	-	-	-	(654)	-	(654)
Transactions with owners:						
Share based payment charge	-	-	-	167	-	167
Issue of shares for cash	14	1,998	-	-	-	2,012
Deferred consideration issued	4	1,066	-	-	(1,070)	-
Balance at 31 December 2020	92	10,200	5,971	(133)	204	16,334

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

Amounts are in £'000 unless otherwise stated

	2020 £'000	2019 £'000
Loss before tax	(654)	(797)
Share based payment charge	147	278
Finance Income	(6)	(22)
Net impairment losses on financial assets	-	197
Operating cash outflows before movements in working capital	(513)	(344)
Increase in trade and other receivables	(1,556)	(1,884)
Decrease in trade and other payables	(1)	(43)
Cash used in operations	(2,070)	(2,271)
Interest received	6	22
Net cash used in operating activities	(2,064)	(2,249)
Payment for acquisition of subsidiary	-	(321)
Investment in subsidiary undertaking	-	(4)
Cash used in investing activities	-	(325)
Proceeds from the issue of share capital	2,150	4,005
Transaction costs arising from issue of share capital	(138)	(140)
Cash from financing activities	2,012	3,865
(Decrease) / Increase in cash and cash equivalents	(52)	1,291
Cash and cash equivalents at beginning of year	2,318	1,027
Cash and cash equivalents at end of year	2,266	2,318

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

C1. BASIS OF PREPARATION

The Company separate financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention and all values have been rounded to the nearest thousand, except where otherwise indicated. The Company's functional currency is Sterling.

The principal accounting policies adopted are the same as for those set out in the Group financial statements.

C2. INVESTMENTS

	Notes	Shares in subsidiary undertakings £'000	Other Investments £'000	Total £'000
Cost				
At 31 December 2018		5,566	3	5,569
Additions		5	-	5
Acquisition of subsidiary		2,031	-	2,031
At 31 December 2019		7,602	3	7,605
Additions		21	-	21
At 31 December 2020		7,623	3	7,626
Impairment				
At 31 December 2018		-	-	-
Impairment		-	-	-
At 31 December 2019		-	-	-
Impairment		-	-	-
At 31 December 2020		-	-	-
Net Book Value				
At 31 December 2018		5,566	3	5,569
At 31 December 2019		7,602	3	7,605
At 31 December 2020		7,623	3	7,626

The directors have considered whether there are any indicators of impairment to the Shares in Subsidiary Undertakings investment figure of £7,623,000 and concluded that no impairment charge is required.

The directors acknowledge, however, that there is considerable uncertainty regarding the valuation of this investment balance based on any estimate of the net present value of the future cash flows of the two Cash Generating Units of DeepMatter and InfoChem. See note 15 to the Group financial statements for further details.

As at 31 December 2020, details of the Company's subsidiaries are as follows:

Name of Company	Holding	% of shares held	Nature of business	Registered Office Address
Deepmatter Limited (incorporated in Scotland)	Ordinary	100	Digitisation of chemical space and chemical discovery	38 Queen Street, Glasgow, Scotland, G1 3DX
OpenIOLabs Limited (incorporated in England & Wales)	Ordinary	100	Open source one point of control systems	St Brandon's House, 29 Great George Street, Bristol, BS1 5QT
InfoChem GmbH (incorporated in Munich, Germany)	Ordinary	100	Digitisation of chemical space and chemical discovery	Aschauer Str. 30, 81549 München, Germany
Deepmatter Tech Limited (incorporated in England & Wales)	Ordinary	100	Dormant subsidiary	St Brandon's House, 29 Great George Street, Bristol, BS1 5QT

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED**C3. INFORMATION REGARDING PARENT COMPANY EMPLOYEES**

The only employees of the parent company are 5 (2019: 6) of the 7 Directors who served during the year. Details of the Directors' emoluments paid to those Directors is as follows:

	2020 £'000	2019 £'000
Salaries and fees	253	208
Pension contributions	8	8
Share Based Payments	147	278
Directors remuneration	408	494
Social security costs	30	23
Key Management remuneration	438	517

C4. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Current:		
Intercompany receivables	6,505	4,969
Other receivables	13	-
Prepayments	13	6
	6,531	4,975

The Directors acknowledge that there is uncertainty over recoverability of the intercompany receivables balance, as it relies upon the underlying future trading performance of the subsidiaries, which cannot be forecast with a high degree of accuracy.

C5. TRADE AND OTHER PAYABLES

	2020 £'000	2019 £'000
Current:		
Trade payables	25	15
Social security and other taxes	16	7
Accrued expenses	47	54
Other payables	1	13
	89	89

The Directors consider that the carrying amounts of trade and other payables approximates to their fair values.

C6. SHARE CAPITAL

The movement in share capital for the Company is detailed in note 19 to the Group financial statements.

C7. OTHER RESERVES

The movement on all other company reserves is detailed in the statement of changes in equity.

C8. RELATED PARTY TRANSACTIONS

For the period ending 31 December 2020, the intercompany receivable increased by £1.5m to £6.5m (2019: £5.0m). This increase is reflective of the investment made in progressing the DigitalGlassware® platform.

£152,000 (2019: £219,000) was recognised by the Company in respect of recharges to Group entities. £68,000 was outstanding from Group entities at the end of the year (2019: £53,000).

Further details of the related party transactions and balances are included in note 24 to the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C9. FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial risk and capital management is managed at a Group level, which is considered appropriate given the similar nature of both the Group and Company statements of financial position. Please refer to note 22 to the Group financial statements.

CATEGORIES OF FINANCIAL INSTRUMENT

	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Financial assets at fair value through OCI £'000	Total £'000
At 31 December 2019				
Investments	-	-	3	3
Trade and other receivables	4,975	-	-	4,975
Cash and cash equivalents	2,318	-	-	2,318
Trade and other payables	-	(89)	-	(89)
Net Total	7,293	(89)	3	7,207
At 31 December 2020				
Investments	-	-	3	3
Trade and other receivables	6,531	-	-	6,531
Cash and cash equivalents	2,266	-	-	2,266
Trade and other payables	-	(89)	-	(89)
Net Total	8,797	(89)	3	8,711

All financial liabilities for the Company are payable within one year.

IMPAIRMENT OF FINANCIAL ASSETS

The Company applies IFRS 9 to measuring expected credit losses relating to intercompany loans advanced to Group Companies.

The loss allowance recognised in the year was £nil (2019: £197,000)

Impairment losses on receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS

Karen Bach	Non-Executive Chair
Mark Warne	Chief Executive Officer
Fraser Benson	Chief Financial Officer
Laurence Ede	Non-Executive Director
Mirko Walter	Non-Executive Director

SECRETARY

Fraser Benson

REGISTERED OFFICE

St Brandon's House
29 Great George Street
Bristol BS1 5QT

BROKER AND NOMINATED ADVISOR

Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

AUDITOR

Nexia Smith & Williamson
Portwall Place
Portwall Lane
Bristol BS1 6NA

REGISTRAR AND TRANSFER AGENT

Neville Registrars
Neville House
Steelpark Road
Halesowen B62 8HD

COMPANY NUMBER

05845469 (England and Wales)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("Meeting") of DeepMatter Group Plc (the "company") will be held at St Brandon's House, 29 Great George Street, Bristol, BS1 5QT at 13.00 pm on Wednesday 30th June.

Currently, a quorum of two shareholders is required to attend in person, to be satisfied by the Chairman of the Meeting (the "Chairman") and another Director or the Company Secretary, although should the Government relax this requirement, or other measures be necessary, alternative arrangements will be considered.

We are keen to welcome shareholders in person to our 2021 Annual General Meeting this year, particularly given the constraints we faced in 2020 due to the COVID-19 pandemic. We are therefore proposing to hold the Annual General Meeting at St Brandon's House, 29 Great George Street, Bristol, BS1 5QT and to welcome the maximum number of shareholders we are able within safety constraints and in accordance with government guidelines in place at the time.

However, given the constantly evolving nature of the situation, we want to ensure that we are able to adapt these arrangements efficiently to respond to changes in circumstances. On this basis, should the situation change such that we consider that it is no longer possible for shareholders to attend the meeting, we will notify all shareholders who have indicated their intention to attend via email and also put a message on the investor section of the website. We will notify shareholders of the change by positing a message on the investor section of the website. Should we have to change the arrangements in this way, it is likely that we will not be in a position to accommodate shareholders beyond the minimum required to hold a quorate meeting which will be achieved through the attendance of employee shareholders.

Attendance at the meeting

Shareholders intending to attend the Annual General Meeting, should this be possible, are asked to register their intention as soon as practicable by emailing AGM@deepmatter.io.

Proxies

Given the uncertainty around whether shareholders will be able to attend the Annual General Meeting, because of tighter restrictions due to a change in the situation with the COVID-19 pandemic, we encourage all shareholders to complete their proxy forms, with all votes to be routinely dealt with by way of a poll. Shareholders may ask questions in advance of the meeting by emailing AGM@deepmatter.io, with responses to be set out on the Company's investor website at www.deepmattergroup.io following the publication of the results of the AGM. Questions must be received no later than 13.00 pm on Monday 28th June 2021.

ORDINARY BUSINESS

1. Report and accounts

To receive and consider the Directors' Report, the audited consolidated Financial Statements and Independent Auditors' Report for the year ended 31 December 2020.

2. Re-appointment of a director

To consider and, if thought fit, to approve the re-appointment of Karen Bach as a director of the Company, who retires pursuant to the Article 134 of the Articles of Association of the Company (the "Articles") and who is recommended by the board of directors of the Company (the "Board") for re-appointment.

3. Re-appointment of a director

To consider and, if thought fit, to approve the re-appointment of Mirko Walter as a director of the Company, who retires pursuant to the Article 129 of the Articles and who is recommended by the Board of directors of the Company for re-appointment.

4. Re-appointment of a director

To consider and, if thought fit, to approve the re-appointment of Fraser Benson as a director of the Company, who retires pursuant to the Article 129 of the Articles and who is recommended by the Board of directors of the Company for re-appointment.

5. Re-appointment of auditors

To consider and, if thought fit, to approve the re-appointment of Nexia Smith & Williamson as independent auditors of the Company and to authorise the Board to determine their remuneration.

**NOTICE OF ANNUAL GENERAL MEETING
CONTINUED****SPECIAL BUSINESS**

As special business to consider and, if thought fit, pass the following resolutions, of which resolutions 6 will be proposed as an ordinary resolution and resolution 7 will be proposed as special resolution:

6. Directors' authority to allot shares

- 6.1. That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot and make offers to allot Relevant Securities (as defined below):
 - 6.1.1. comprising equity securities (as defined by section 560 of the 2006 Act) up to an aggregate nominal amount of £61,493.15 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 6.1.2 below) in connection with an offer by way of a rights issue:
 - (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - 6.1.2. in any other case, up to an aggregate nominal amount of £23,981.28 such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 6.1.1 above in excess of £37,511.87, provided that (unless previously revoked, varied or renewed) this authority shall expire 15 months from the date of passing this resolution, or, if earlier, the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution save that the Company may before such expiry make an offer or enter into an agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
- 6.2. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.
- 6.3. For the purposes of this resolution, a "Relevant Security" is:
 - 6.3.1. a share in the Company other than a share allotted pursuant to:
 - (i) an employee share scheme (as defined by section 1166 of the 2006 Act);
 - (ii) a right to subscribe for a share or shares in the Company where the grant of the right itself constituted a Relevant Security under paragraph 6.3.2 below; or
 - (iii) a right to convert securities into a share or shares in the Company where the grant of the right itself constituted a Relevant Security under paragraph 6.3.2 below.
 - 6.3.2. any right to subscribe for or to convert any security into a share or shares in the Company other than a right to subscribe for or convert any security into a share or shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act).
- 6.4. References to the allotment of "Relevant Securities" in this resolution shall be construed accordingly.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

7. Disapplication of statutory pre-emption rights

7.1. That subject to the passing of resolution 6 above, the Directors of the Company be authorised and empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 6 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power is limited to:

7.1.1. the allotment of equity securities in connection with an offer by way of a rights issue:

- (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

7.1.2. the allotment of equity securities (otherwise than pursuant to paragraph 6.1.1 above) up to a maximum aggregate nominal amount of £18,447.95.

7.2. This authority shall expire 15 months from the date of passing this resolution, or, if earlier, the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution, provided that the Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

7.3. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

On behalf of the Board



Fraser Benson
7 June 2021

DeepMatter Group Plc
St Brandon's House
29 Great George Street
Bristol
BS1 5QT

**NOTICE OF ANNUAL GENERAL MEETING
CONTINUED****EXPLANATORY NOTES****Entitlement to attend and vote**

1. The Company specifies that only those members registered on the Company's register of members at:
 - 13.00 p.m. on 28 June 2021; or,
 - if this Meeting is adjourned, at 13.00 p.m. on the day two working days prior to the adjourned meeting (not counting non-working days),

shall be entitled to vote at the Annual General Meeting (the "Meeting").

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting (the "Chairman") or another member of the Company who will be in attendance at the Meeting as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint another member of the Company that will be in attendance at the Meeting (not the Chairman) and give your instructions directly to them.
4. A vote withheld will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy may vote or abstain from voting at his or her discretion. Your proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed (although no voting indication need be given if you wish your proxy to exercise their discretion) and signed;
- sent or delivered to Neville Registrars, Neville House, Steelpark Road, Halesowen, B62 8HD; and received by Neville Registrars no later than 13.00 p.m. on 28 June 2021.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a copy of such power or authority certified notarially or in some other way approved by the board of directors of the Company) must be included with the proxy form.

Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Appointment of proxy through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must, in order to be valid, be transmitted so as to be received by Neville Registrars (ID 7RA11) no later than 48 hours before the time fixed for the AGM (not counting non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form but have not retained a copy of the blank proxy form, please contact Neville Registrars, Neville House, Steelpark Road, Halesowen, B62 8HD.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a copy of such power or authority certified notarially or in some other way approved by the board of directors of the Company) must be included with the revocation notice.

The revocation notice must be received by Neville Registrars no later than 13.00 pm on 28 June 2021. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Issued shares and total voting rights

10. As at 6 p.m. on 1 June 2021, the Company's issued ordinary share capital comprised 922,397,281 ordinary shares of £0.0001 each. Each ordinary share carries the right to one vote at a general meeting of the Company.

Quorum

11. The quorum for the Meeting is not less than two shareholders present either in person or by proxy. The majority required for the passing of each of the ordinary resolutions is a simple majority of the total number of votes cast on each such ordinary resolution. The majority required for the passing of each of the special resolutions is three-quarters of the total number of votes cast on each such special resolution.
12. At the Meeting the votes may be taken on the resolutions by a show of hands or on a poll. On a show of hands every shareholder whether present in person or by proxy has one vote. On a poll every shareholder who is present, in person or by proxy, shall have one vote for every ordinary share held. A shareholder entitled to more than one vote need not use all of their votes or cast all of their votes in the same way.
13. To allow effective constitution of the meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

**NOTICE OF ANNUAL GENERAL MEETING
CONTINUED**

Documents on display

14. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (weekends excepted) from the date of this notice until and for 15 minutes prior to and during the Meeting:

- copies of the service contracts of executive directors of the Company;
- copies of letters of appointment of the non-executive directors of the Company.

NOTES

1. The first part of the document is a list of the names of the people who were present at the meeting.