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**SKIN ANALYTICS LIMITED**

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**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 MARCH 2023**

**SKIN ANALYTICS LIMITED**  
**REGISTERED NUMBER: 07919560**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2023**

	Note	2023 £	2023 £	2022 £	2022 £
<b>FIXED ASSETS</b>					
Intangible assets	4		7		7
Tangible assets	5		<b>23,568</b>		33,548
			<b>23,575</b>		33,555
<b>CURRENT ASSETS</b>					
Stocks		<b>81,777</b>		116,788	
Debtors: amounts falling due within one year	7	<b>2,217,633</b>		924,467	
Cash at bank and in hand		<b>1,688,684</b>		3,295,927	
		<b>3,988,094</b>		4,337,182	
Creditors: amounts falling due within one year	8	<b>(1,680,393)</b>		(767,602)	
<b>NET CURRENT ASSETS</b>			<b>2,307,701</b>		3,569,580
<b>NET ASSETS</b>			<b>2,331,276</b>		3,603,135
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		<b>5</b>		4
Share premium account			<b>13,837,563</b>		10,670,954
Foreign exchange reserve			<b>1,798</b>		2,405
Profit and loss account			<b>(11,508,090)</b>		(7,070,228)
			<b>2,331,276</b>		3,603,135

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

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

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

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

**N Daly**  
**Director**  
Date: 24 July 2023

The notes on pages 5 to 14 form part of these financial statements.

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**SKIN ANALYTICS LIMITED**  
**REGISTERED NUMBER: 07919560**

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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2023**

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**SKIN ANALYTICS LIMITED**  
**REGISTERED NUMBER: 07919560**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2023**

	Note	2023 £	2023 £	2022 £	2022 £
<b>FIXED ASSETS</b>					
Intangible assets	4		7		7
Tangible assets	5		23,568		33,315
Investments	6		8		8
			23,583		33,330
<b>CURRENT ASSETS</b>					
Stocks		81,777		116,788	
Debtors: amounts falling due within one year	7	2,212,203		922,699	
Cash at bank and in hand		1,684,148		3,276,630	
		3,978,128		4,316,117	
Creditors: amounts falling due within one year	8	(1,697,721)		(765,790)	
<b>NET CURRENT ASSETS</b>			2,280,407		3,550,327
<b>NET ASSETS</b>			2,303,990		3,583,657
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		5		4
Share premium account			13,837,563		10,670,954
Profit and loss account			(11,533,578)		(7,087,301)
			2,303,990		3,583,657

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

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**SKIN ANALYTICS LIMITED**  
**REGISTERED NUMBER: 07919560**

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**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2023**

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

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

**N Daly**  
**Director**

Date: 24 July 2023

The notes on pages 5 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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**1. GENERAL INFORMATION**

Skin Analytics Limited is a private limited company incorporated in England and Wales. Its registered office is Salisbury House, Station Road, Cambridge, CB1 2LA. The principal place of business is 4th Floor, Kingsbourne House, 229-231 High Holborn, London, WC1V 7DN.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

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

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

The following principal accounting policies have been applied:

**2.2 BASIS OF CONSOLIDATION**

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

**2.3 GOING CONCERN**

The directors have considered the Group's obligations, not only to its shareholders, but also to its employees and other creditors as a whole, and has concluded that it is appropriate to prepare the financial statements on a going concern basis.

In making their assessment management have prepared detailed forecasts for the parent Company, and its subsidiaries, with consideration given to the current macroeconomic conditions. These forecasts show that the Group and Company will be able to operate without the need for additional funding for a period of at least 12 months from the date of approval of the financial statements.

Given the liquidity of the parent Company at the date of signing the financial statements, together with the forecasts prepared, the directors believe that the Group is adequately placed to manage its business risks successfully and that the Group and Company will be able to continue in operational existence for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.4 FOREIGN CURRENCY TRANSLATION**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

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

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

**2.5 TURNOVER**

Turnover comprises the fair value of the consideration received or receivable for the provision of AI supported dermatology solutions. Turnover is shown exclusive of Value Added Tax.

Turnover is recognised in line with the terms of the contract.

**2.6 OPERATING LEASES**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.7 RESEARCH AND DEVELOPMENT**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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

**2.8 GOVERNMENT GRANTS**

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

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

**2.9 INTEREST INCOME**

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

**2.10 PENSIONS**

**DEFINED CONTRIBUTION PENSION PLAN**

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

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

**2.11 TAXATION**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.12 INTANGIBLE ASSETS**

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

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

**2.13 TANGIBLE FIXED ASSETS**

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

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

Depreciation is provided on the following basis:

Office equipment	-	33%	straight line
Computer equipment	-	33%	straight line

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

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

**2.14 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.15 STOCKS**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.16 DEBTORS**

Short term debtors are measured at transaction price, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.17 CASH AND CASH EQUIVALENTS

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

2.18 CREDITORS

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

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 42 (2022 - 34).

4. INTANGIBLE ASSETS

Group and Company

	Intellectual property £
<b>COST</b>	
At 1 April 2022	7
At 31 March 2023	7
<b>NET BOOK VALUE</b>	
At 31 March 2023	7
At 31 March 2022	7

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**5. TANGIBLE FIXED ASSETS****Group**

	Office equipment £	Computer equipment £	Total £
<b>COST</b>			
At 1 April 2022	7,996	51,168	59,164
Additions	4,550	8,085	12,635
Disposals	-	(4,056)	(4,056)
Exchange adjustments	(6)	14	8
At 31 March 2023	<u>12,540</u>	<u>55,211</u>	<u>67,751</u>
<b>DEPRECIATION</b>			
At 1 April 2022	7,763	17,853	25,616
Charge for the year on owned assets	4,801	17,832	22,633
Disposals	-	(4,056)	(4,056)
Exchange adjustments	(24)	14	(10)
At 31 March 2023	<u>12,540</u>	<u>31,643</u>	<u>44,183</u>
<b>NET BOOK VALUE</b>			
At 31 March 2023	<u>-</u>	<u>23,568</u>	<u>23,568</u>
<b>At 31 March 2022</b>	<u>233</u>	<u>33,315</u>	<u>33,548</u>

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SKIN ANALYTICS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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5. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Computer equipment £
<b>COST</b>	
At 1 April 2022	50,592
Additions	8,085
Disposals	(4,056)
	<hr/>
At 31 March 2023	54,621
	<hr/>
<b>DEPRECIATION</b>	
At 1 April 2022	17,277
Charge for the year on owned assets	17,832
Disposals	(4,056)
	<hr/>
At 31 March 2023	31,053
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 March 2023	<hr/> <hr/> 23,568
At 31 March 2022	<hr/> <hr/> 33,315

SKIN ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

6. FIXED ASSET INVESTMENTS

Company

Investments in  
subsidiary  
companies  
£

COST OR VALUATION

At 1 April 2022

8

At 31 March 2023

8

7. DEBTORS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	1,626,994	496,518	1,626,994	496,518
Other debtors	32,391	12,835	26,961	11,067
Prepayments and accrued income	107,247	305,027	107,247	305,027
Tax recoverable	451,001	110,087	451,001	110,087
	<u>2,217,633</u>	<u>924,467</u>	<u>2,212,203</u>	<u>922,699</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	135,340	136,753	132,875	133,840
Amounts owed to group undertakings	-	-	32,316	4,423
Other taxation and social security	237,113	185,526	237,113	184,834
Other creditors	30,814	20,609	18,291	17,979
Accruals and deferred income	1,277,126	424,714	1,277,126	424,714
	<u>1,680,393</u>	<u>767,602</u>	<u>1,697,721</u>	<u>765,790</u>

Included within other creditors are amounts due to defined contribution pension schemes of £18,006 (2022 - £18,535).

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**SKIN ANALYTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**9. SHARE CAPITAL**

	2023 £	2022 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
22,791,691 (2022 - 22,791,691) A Ordinary shares of - £0.0000001 each	2.28	2.28
353,678 (2022 - 353,678) B Investment shares of -£0.0000001 each	0.04	0.04
25,066,261 (2022 - 19,334,889) Series A1 shares of -£0.0000001 each	2.51	1.93
3,307,799 (2022 - 2,110,050) Series A2 shares of -£0.0000001 each	0.33	0.21
	<hr/> 5.16	<hr/> 4.46

On 10 October 2022, 5,731,372 Series A1 shares of £0.0000001 were issued at a premium of £0.457. Total consideration of £2,619,239 was received in respect of this issue and £2,619,238 has been recorded in share premium. On the same date 1,197,749 Series A2 shares of £0.0000001 were issued at a premium of £0.457. Total consideration of £547,371 was received in respect of this issue and £547,371 has been recorded in share premium.

An amount of £3,166,609 being the difference between the total cash proceeds and the total nominal value of £1 for the shares issued has been included in the share premium account.

**10. EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS****SHARE OPTIONS**

The Company has a share option scheme over the A Ordinary shares for certain employees. Share options are exercisable at prices determined at the date of grant. During the year 401,095 (2022 - 267,505) options were granted, 418,392 (2022 - 179,444) lapsed and Nil (2022 - 10,679,661) were cancelled. At 31 March 2023 the Company had 3,552,849 (2022 - 3,570,146) outstanding options over the A Ordinary shares.

No charge has been recognised in respect of these options under FRS 102 section 26 as the value is deemed to be immaterial.

**WARRANTS**

In September 2022 the Company granted 275,000 warrants for Series A1 shares at an exercise price of £0.457. The warrants are exercisable immediately and have a contractual life of 10 years from the date of grant after which they expire if unexercised.

**11. OTHER FINANCIAL COMMITMENTS**

Total financial commitments, guarantees and contingencies that are not included in the balance sheet amount to £75,000 (2022 - £24,472).

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**SKIN ANALYTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**12. AUDITORS' INFORMATION**

The auditors' report on the financial statements for the year ended 31 March 2023 was unqualified.

The audit report was signed on 25 July 2023 by Roberta Newman (Senior Statutory Auditor) on behalf of Peters Elworthy & Moore.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.