

MOGRIFY LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 31 DECEMBER 2020

MOGRIFY LIMITED
REGISTERED NUMBER: 10002103

BALANCE SHEET
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | As restated 2019 £ |
|--|------|------------------|--------------------------|
| FIXED ASSETS | | | |
| Intangible assets | 4 | 216,832 | 66,911 |
| Tangible assets | 5 | 907,102 | 492,787 |
| Investments | 6 | 19,012 | 19,012 |
| | | <hr/> | <hr/> |
| | | 1,142,946 | 578,710 |
| CURRENT ASSETS | | | |
| Stocks | | 17,100 | - |
| Debtors: amounts falling due within one year | 7 | 2,060,192 | 1,142,673 |
| Cash at bank and in hand | 8 | 6,576,549 | 12,133,892 |
| | | <hr/> | <hr/> |
| | | 8,653,841 | 13,276,565 |
| Creditors: amounts falling due within one year | 9 | (914,905) | (639,187) |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 7,738,936 | 12,637,378 |
| | | <hr/> | <hr/> |
| NET ASSETS | | <u>8,881,882</u> | <u>13,216,088</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 8 | 8 |
| Share premium account | | 15,022,570 | 15,022,570 |
| Other reserves | | 1,433,528 | 314,541 |
| Profit and loss account | | (7,574,224) | (2,121,031) |
| | | <hr/> | <hr/> |
| | | <u>8,881,882</u> | <u>13,216,088</u> |

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

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

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 April 2021.

Dr D M Disley
Director

The notes on pages 3 to 14 form part of these financial statements.

MOGRIFY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|---|-------------------------------|-----------------------------|-------------------|-------------------------------|-----------------|
| | £ | £ | £ | £ | £ |
| At 1 March 2019 (as previously stated) | 4 | 2,642,096 | - | (509,391) | 2,132,709 |
| Prior year adjustment | - | - | - | 137,056 | 137,056 |
| At 1 March 2019 (as restated) | 4 | 2,642,096 | - | (372,335) | 2,269,765 |
| Loss for the period | - | - | - | (1,748,696) | (1,748,696) |
| Shares issued during the period | 4 | 12,380,474 | - | - | 12,380,478 |
| Share based payments | - | - | 314,541 | - | 314,541 |
| At 1 January 2020 | 8 | 15,022,570 | 314,541 | (2,121,031) | 13,216,088 |
| Loss for the period | - | - | - | (5,453,193) | (5,453,193) |
| Share based payments | - | - | 1,118,987 | - | 1,118,987 |
| At 31 December 2020 | 8 | 15,022,570 | 1,433,528 | (7,574,224) | 8,881,882 |

The notes on pages 3 to 14 form part of these financial statements.

MOGRIFY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Mogrify Limited is a private company, limited by shares, registered in England and Wales, United Kingdom. The address of the registered office is 25 Cambridge Science Park, Milton Road, Cambridge, CB4 0FW.

The nature of the company's operations is that of development of cellular conversion technology.

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 Company's level of rounding is to the nearest GBP.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

Since the beginning of 2020 the Coronavirus SARS-CoV-2 (COVID-19) has spread rapidly around the world with increasingly drastic effects on society and the economy. At the time of writing the full consequences are impossible to foresee, and new restraining actions are being developed on a day to day basis.

The directors have considered the going concern basis of preparation of the financial statements, noting the result for the year, forecasts and plans going forward. The current plans and forecasts indicate that losses will continue in the short term as the company continues to incur expenditure on research and development activities.

The current plans and forecasts indicate that the company expect to have sufficient funds to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements. The directors are confident that the company's investors have the intention and ability to provide further support if needed, however current forecasts and budgets have been prepared if the funding was not available and the company is confident that costs could be controlled to enable liabilities to be settled as they fall due.

Accordingly the financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the company was not able to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.3 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.

2.4 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 OPERATING LEASES: THE COMPANY AS LESSEE

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 PERIOD ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.6 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.

2.7 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 Statement of Comprehensive Income in the same period as the related expenditure.

2.8 INTEREST INCOME

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

2.9 PENSIONS

Defined contribution pension plan

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.10 SHARE BASED PAYMENTS

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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.

Patent costs relate to the costs associated with obtaining and acquiring patents. These are not amortised until the patents have been granted.

Licence fees relate to the costs associated with obtaining and acquiring licence's. These are amortised over the licence period, where there is no licence period these are amortised over 10 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:

| | | |
|------------------------------|---|---|
| Long-term leasehold property | - | Over the life of the agreement (10 years) |
| Fixtures and fittings | - | 20% |
| Computer equipment | - | 33% |
| Lab equipment | - | 20% |

2.14 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 STOCKS

The stock balance held in the accounts is made up of consumables used in the research and development.

Stock is stated at cost and based on the cost of purchase on a first in, first out basis.

2.16 DEBTORS

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.18 CREDITORS

Short term creditors are measured at the transaction price.

2.19 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

3. EMPLOYEES

The average monthly number of employees, including directors, during the period was 45 (2019 - 17).

4. INTANGIBLE ASSETS

| | Patents £ | Licences £ | Total £ |
|---------------------------------------|----------------|---------------|----------------|
| COST | | | |
| At 1 January 2020 | 64,328 | 3,100 | 67,428 |
| Additions | 73,067 | 83,530 | 156,597 |
| Disposals | - | (3,100) | (3,100) |
| At 31 December 2020 | <u>137,395</u> | <u>83,530</u> | <u>220,925</u> |
| AMORTISATION | | | |
| At 1 January 2020 | - | 517 | 517 |
| Charge for the period on owned assets | - | 6,676 | 6,676 |
| On disposals | - | (3,100) | (3,100) |
| At 31 December 2020 | <u>-</u> | <u>4,093</u> | <u>4,093</u> |
| NET BOOK VALUE | | | |
| At 31 December 2020 | <u>137,395</u> | <u>79,437</u> | <u>216,832</u> |
| At 31 December 2019 | <u>64,328</u> | <u>2,583</u> | <u>66,911</u> |

MOGRIFY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

5. TANGIBLE FIXED ASSETS

| | Long-term leasehold property £ | Fixtures and fittings £ | Computer equipment £ | Lab equipment £ | Total £ |
|--|---|-------------------------------|----------------------------|--------------------|------------|
| COST | | | | | |
| At 1 January 2020 | 39,591 | 8,231 | 55,333 | 426,917 | 530,072 |
| Additions | - | 120,498 | 146,464 | 322,993 | 589,955 |
| Disposals | - | - | (2,927) | - | (2,927) |
| At 31 December 2020 | 39,591 | 128,729 | 198,870 | 749,910 | 1,117,100 |
| DEPRECIATION | | | | | |
| At 1 January 2020 | 2,639 | 274 | 9,456 | 24,916 | 37,285 |
| Charge for the period on owned assets | 3,960 | 7,882 | 52,083 | 109,845 | 173,770 |
| Disposals | - | - | (1,057) | - | (1,057) |
| At 31 December 2020 | 6,599 | 8,156 | 60,482 | 134,761 | 209,998 |
| NET BOOK VALUE | | | | | |
| At 31 December 2020 | 32,992 | 120,573 | 138,388 | 615,149 | 907,102 |
| At 31 December 2019 | 36,952 | 7,957 | 45,877 | 402,001 | 492,787 |

The net book value of land and buildings may be further analysed as follows:

| | 2020 £ | 2019 £ |
|----------------|-----------|-----------|
| Long leasehold | 32,992 | 36,952 |

MOGRIFY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

6. FIXED ASSET INVESTMENTS

| | Investments in subsidiary companies £ |
|---------------------|--|
| COST | |
| At 1 January 2020 | 19,012 |
| At 31 December 2020 | <u>19,012</u> |

7. DEBTORS

| | 2020 £ | As restated 2019 £ |
|------------------------------------|------------------|--------------------------|
| Trade debtors | 142,566 | - |
| Amounts owed by group undertakings | 794,320 | 443,781 |
| Other debtors | 623,847 | 382,589 |
| Prepayments and accrued income | 499,459 | 316,303 |
| | <u>2,060,192</u> | <u>1,142,673</u> |

8. CASH AND CASH EQUIVALENTS

| | 2020 £ | 2019 £ |
|--------------------------|------------------|-------------------|
| Cash at bank and in hand | <u>6,576,549</u> | <u>12,133,892</u> |

9. CREDITORS: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 60,510 | 232,339 |
| Amounts owed to group undertakings | 16,793 | 16,793 |
| Other creditors | 151,450 | 16,911 |
| Accruals and deferred income | 686,152 | 373,144 |
| | <u>914,905</u> | <u>639,187</u> |

MOGRIFY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

10. FINANCIAL INSTRUMENTS

| | 2020 £ | 2019 £ |
|--|------------------|-------------------|
| FINANCIAL ASSETS | | |
| Financial assets measured at fair value through profit or loss | <u>6,576,549</u> | <u>12,133,892</u> |

Financial assets measured at fair value through profit or loss comprise cash at bank.

11. SHARE CAPITAL

| | 2020 £ | 2019 £ |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,950 (2019 - 1,950) A Ordinary shares of £0.001 each | 1.950 | 1.950 |
| 1,506 (2019 - 1,506) B Ordinary shares of £0.001 each | 1.506 | 1.506 |
| 5,033 (2019 - 5,033) C Ordinary shares of £0.001 each | 5.033 | 5.033 |
| | <u>8.489</u> | <u>8.489</u> |

12. RESERVES

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserves

Represents the share based payments reserve as disclosed in note 15.

Profit and loss account

Included all current and prior period retained profits and losses less any dividends paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

13. SHARE BASED PAYMENTS

The company has a share option scheme in place for employees. This is a equity-settled share option scheme.

Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. The vesting period is as follows, 1/4 or 1/3 of the shares to vest on the first anniversary of the Vesting Start Date with the remaining shares to vest over either 1/48 or 1/36 each calendar month following the first anniversary of the Vesting Start Date. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

Details of the share options outstanding during the period are as follows:

| | Weighted average exercise price (pence) 2020 | Number 2020 | Weighted average exercise price (pence) 2019 | Number 2019 |
|---|--|----------------|--|----------------|
| Outstanding at the beginning of the year | 100 | 521 | | - |
| Granted during the period | 100 | 930 | 100 | 521 |
| OUTSTANDING AT THE END OF THE PERIOD | <u>100</u> | <u>1,451</u> | <u>100</u> | <u>521</u> |

There were no options exercised during the period.

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

As at 31 December 2020 the share options were valued at £4,268,632 (2019 - £1,532,453), based on a current estimated share price of £3,039. A charge of £1,118,987 has been made to the Statement of Comprehensive Income in the period.

The assumptions used in the calculation were as follows:

- Estimated average till unitll exercise - 10 years
- Risk-free interest rate - 0.30%
- Volatility 16.65%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

14. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made in respect of intercompany invoices and R&D tax corrections. As a result, debtors within one year, as at 31 December 2019, has been restated and increased by £174,172. In addition the related tax debtor has decreased by £37,116. Both adjustment resulted in an decrease in the profit and loss reserves brought forward totalling £137,056.

15. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £257,374 (2019 - £37,653). Contributions totaling £3,485 (2019 - £354) were payable to the fund at the balance sheet date and are included in creditors.

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Not later than 1 year | 713,413 | 623,000 |
| Later than 1 year and not later than 5 years | 1,684,828 | 2,398,241 |
| | <u>2,398,241</u> | <u>3,021,241</u> |

17. RELATED PARTY TRANSACTIONS

During the period the company was charged fees of £57,041 (2019: £18,000) by Snowflake Biotech Ltd, a company in which Prof J Gough is a director.

The amount due to them at the period end was £Nil (2019: £Nil).

During the period the company was charged fees of £840 (2019: £1,478) by Bioindustry Association Ltd a company in which Dr J Osbourn is a director.

The amount due to them at the period end was £Nil (2019: £Nil).

During the period the company was charged expenses of £196 (2019: £Nil) by Parkwalk Advisors Ltd a corporate director of the company.

The amount due to them at the period end was £Nil (2019: £Nil).

18. POST BALANCE SHEET EVENTS

Since the end of the period the company has entered into a binding agreement to raise a further £12.33m in equity capital, which will further extend the cash runway of the company. This transaction is due to complete by the end of April 2021.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

19. PROVISIONS AVAILABLE FOR AUDITS OF SMALL ENTITIES

Management threat/self-review threat in relation to non-audit services.

In common with many other businesses of our size and nature, we use our auditor to prepare and submit returns to the tax authorities, complete our Company secretarial work and assist with the preparation of the financial statements.

20. AUDITORS' INFORMATION

The auditors' report on the financial statements for the period ended 31 December 2020 was unqualified.

The audit report was signed on 14 May 2021 by Paul Cullen FCCA (Senior Statutory Auditor) on behalf of Price Bailey LLP.

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.