

ODX INNOVATIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
PAGES FOR FILING WITH REGISTRAR



ODX INNOVATIONS LIMITED

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ODX INNOVATIONS LIMITED

BALANCE SHEET


AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	4		452,726		267,322
Current assets					
Debtors	5	1,064,713		435,031	
Cash at bank and in hand		553,863		648,305	
		1,618,576		1,083,336	
Creditors: amounts falling due within one year	6	(838,685)		(659,181)	
Net current assets			779,891		424,155
Total assets less current liabilities			1,232,617		691,477
Creditors: amounts falling due after more than one year	7		(36,901)		(41,321)
Net assets			1,195,716		650,156
Capital and reserves					
Called up share capital	8		11		8
Share premium account			10,288,577		3,880,925
Profit and loss reserves			(9,092,872)		(3,230,777)
Total equity			1,195,716		650,156

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 31st October 2021 and are signed on its behalf by:


 J G Hamilton
 Director

Company Registration No. SC549676

ODX INNOVATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company Information

ODX Innovations Limited is a private company limited by shares incorporated in Scotland. The registered office is Solasta House, Inverness Campus, Inverness, Scotland, IV2 5NA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

During the year and since the year end, the company has been investing significantly in product research and development. Consistent with other life sciences businesses in the pre-turnover stage, the company is reporting an operating loss in the financial year to 31 December 2020.

The directors acknowledge the continuing and increasing reliance on the financial support from investors in order to grow and undertake its product research and development. The directors have been encouraged with the support that has been provided to the business from the private and public sectors to date.

Since the year end, the company has secured \$15.5m of loan funding, including having recently secured \$2.5m of loan funding following the issue of loan notes in October 2022 for the purpose of providing working capital for the remainder of the calendar year. Thereafter, further funding will be required from existing and new investors, with whom negotiations remain ongoing to enable the company to continue to operate and meet its liabilities as they fall due and to ensure the long-term security and sustainability of the company.

The Directors have prepared financial projections through to December 2023. As previously noted, the directors recognise that the company requires further investment by new and existing investors in order to continue to operate at forecast levels over the next 12 months, as well as additional funding towards working capital from their existing investor in January 2023. The directors are in discussions with third parties and the existing investor with regards to securing funding in early 2023 to provide working capital for the company for the year ahead and beyond. As financial forecasts and the outcome of ongoing discussions with investors are inherently uncertain, there remains a material uncertainty in relation to going concern. However, at the date of approving these financial statements the directors are anticipating that there will be a positive outcome to these investor discussions for the long-term financial security of the company.

In conclusion, notwithstanding the uncertainty noted above, the directors have a reasonable expectation that the company will obtain sufficient financial resources to enable liabilities to be met as they fall due, or the due dates will be renegotiated, for at least twelve months from the approval date of these financial statements. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Research and development expenditure

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

ODX INNOVATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Lab equipment	33.33% straight line
Fixtures and fittings	20% straight line
Computers	50% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash at bank and in hand.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest rate method. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

ODX INNOVATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.9 Taxation

Current tax

On the basis of losses incurred, there is no current tax charge to be provided for in the period.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss account on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

ODX INNOVATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	38	12

4 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2020	114,624	189,009	303,633
Additions	6,068	314,424	320,492
At 31 December 2020	120,692	503,433	624,125
Depreciation and impairment			
At 1 January 2020	4,631	31,680	36,311
Depreciation charged in the year	11,689	123,399	135,088
At 31 December 2020	16,320	155,079	171,399
Carrying amount			
At 31 December 2020	104,372	348,354	452,726
At 31 December 2019	109,993	157,329	267,322

5 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Other debtors	1,064,713	435,031

ODX INNOVATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Creditors: amounts falling due within one year	2020	2019
	£	£
Trade creditors	729,471	592,677
Other creditors	109,214	66,504
	<u>838,685</u>	<u>659,181</u>
7 Creditors: amounts falling due after more than one year	2020	2019
	£	£
Other creditors	<u>36,901</u>	<u>41,321</u>
8 Called up share capital	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
600,000 Ordinary A shares of £0.00001 each	6	6
458,822 Ordinary B shares of £0.00001 each	5	2
	<u>11</u>	<u>8</u>

During the period the company issued 282,352 Ordinary B shares at a nominal value of £0.00001 for \$28.33 per share, resulting in a share premium of £6,407,652 based on the spot rate at the date the shares were issued.

ODX INNOVATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company incurred an operating loss during the year ended 31 December 2020 and acknowledges the continuing and increasing reliance on financial support from existing and new investors. As stated in note 1.2, these events or conditions, along with other matters set forth in note 1.2, indicate that a material uncertainty exists which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

The senior statutory auditor was Scott Jeffrey.

The auditor was Johnston Carmichael LLP.

10 Financial commitments, guarantees and contingent liabilities

Local Enterprise government grants are subject to terms and conditions, any breach of which, may result in the grants having to be repaid in part or in full.

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2020	2019
	£	£
Within one year	202,117	202,117
Between two and five years	526,612	729,282
	<u>728,729</u>	<u>931,399</u>

12 Events after the reporting date

Subsequent to the year end, the company has secured further funding of \$15.5m via the issue of various loan notes.

ODX INNOVATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Related party transactions

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due to related parties	£	£
Key management personnel	16,778	49,457

No guarantees have been given or received.