

Group Strategic Report, Report of the Directors and

Audited

Consolidated Financial Statements

for the Year Ended 31 December 2020

for

Prenetics EMEA Ltd

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for the Year Ended 31 December 2020

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Prenetics EMEA Ltd

Company Information  
for the Year Ended 31 December 2020

**DIRECTORS:**

A B Lasarow  
D S W Yeung  
C H L Tzang

**REGISTERED OFFICE:**

Unit 2 Orpington Business Park  
Faraday Way  
Orpington  
Kent  
BR5 3AA

**REGISTERED NUMBER:**

08834823 (England and Wales)

**AUDITORS:**

Haywood & Co LLP  
Kevan Pilling House  
1 Myrtle Street  
Bolton  
Lancashire  
BL1 3AH

Group Strategic Report  
for the Year Ended 31 December 2020

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

**REVIEW OF BUSINESS**

Founded in 2014, Prenetics mission is to disrupt, decentralise and reimagine the healthcare industry. Our multi-product healthcare ecosystem has to date been driven by prevention focused genomic testing and rapid diagnostics for Covid-19.

Our offering in genomic testing is designed to empower individuals with valuable and actionable health information. Using our technology, individuals can discover how their genes and lifestyle affect their health, diet, drug response, metabolism, and disease and cancer risk. This information enables people to make health a choice, by living healthier and proactively preventing diseases.

In early 2020, Prenetics EMEA with the support of our parent Prenetics Ltd in Hong Kong, recognised the threat from Covid-19 and quickly developed capabilities to contract with private customers to carry out Covid-19 testing services under the banner of 'Project Screen'. Testing commenced in May 2020 with the English Premier League. Further customers including Disney, Sky and the England and Wales Cricket Board (ECB) were serviced during the year. These all remain customers of the Group at the time of this report. In December 2020, the business entered the direct-2-consumer market by becoming a recognised provider on the UK Government's Test to Release scheme.

Prenetics EMEA acquired the entire share capital of Oxsed Limited on 29 October 2020. Oxsed was incorporated in May 2020 with an objective to research and develop preventative, diagnostic and personalized healthcare solutions. This acquisition brought further R&D and product innovation capabilities to the wider group, along with a strategic collaboration with Oxford University. With an initial focus on application from its Ox-LAMP technology which allows for scalable, rapid, accurate and low-cost point-of-care Covid-19 testing, Oxsed in collaboration with testing partners, also successfully carried out Direct-LAMP and RNA-extracted LAMP testing at airports including London Heathrow, Stanstead, Luton and Manchester. Testing continues into 2021.

The Group reported a loss for the year of £0.71m (2019: -£2,91m) on turnover of £23.08m (2019: £4.06m). As at the end of the year, the Group had net liabilities of £5.98m (2019: £5.27m). Cash on hand was £3.07m (2019: 0.65m).

**KEY PERFORMANCE INDICATORS**

The group's key performance indicators are revenue, gross profit margin, operating profit margin and headcount numbers.

	Year ended 31-Dec-20	Year ended 31-Dec-19
Revenue	£23,083K	£4,062K
Gross profit	£3,741K	£1,749K
Operating loss	£711K	£2,906K
Average headcount	78	19

Group Strategic Report  
for the Year Ended 31 December 2020

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Group faces a number of business risks and uncertainties, particularly surrounding the fast changing landscape in the Covid-19 testing market with Project Screen being a lucrative and significant part of the business. In view of this, the directors are looking carefully at both existing and potential new markets. In particular, this table sets out the key risks.

Risk	Impact on Company	Mitigation
Changing government regulation and guidance in response to Covid-19 and a general slow-down or ceasing of testing altogether.	Much resource has been committed to, at least in the short-term, to serve the Project Screen business, including increased employee headcount. Losing this gross profit contribution will weaken our ability to cover operating expenditure.	We have maintained an adjustable cost base wherever possible, for example making use of temporary workforce options in building our project resourcing capacity and avoiding long term and non-cancellable commitments.
High global demand on lab testing consumables along with disruption of supply chain following Britain's exit from the EU and other global supply shocks that may impact our suppliers ability to fulfil market demand.	Long lead times in procuring research and testing consumables may impact our ability to carry out work according to planned timelines.	We have developed a proactive stock procurement process with close monitoring of levels of items identified as 'critical' to our ability to carry out research and testing services per required timelines.
The business operates in a highly regulated biopharmaceutical industry. We need to ensure we operate within current regulation and are kept abreast with and compliant to regulatory changes and new introductions.	Increased health authority scrutiny and requirements may prolong the approval process to bring new products to market or interrupt our ability to carry out services as planned.	The business has a well-developed risk and governance function which oversees and monitors the Group's risk management policies and processes.

**FUTURE DEVELOPMENTS**

The Directors anticipate that the business environment affecting Project Screen will remain competitive with maturing competition and some new entrants able to bring to market further supply of Covid-19 testing services, resulting in downward price pressure.

Though Project Screen has been critical to our success in 2020, we assume the Covid-19 testing market is not here to stay. Instead, it has allowed us the opportunity to build the tools and expand our platform in order to better play our part in the revolution of the healthcare industry.

Though we face several risks and uncertainties, we believe that the Group is well placed to manage these challenges. With careful focus of appropriate diversification and development of new products, and customisation of offerings to customers, as well as continuing review of the state of the market and the activities of competitors, the Directors are confident in the Group's ability to maintain and build on this position, albeit with cautious growth expectations beyond the time of this report.

**ON BEHALF OF THE BOARD:**

A B Lasarow - Director

30 September 2021

Report of the Directors  
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

**CHANGE OF NAME**

The group passed a special resolution on 4 November 2020 changing its name from DNAFit Life Sciences Group to Prenetics EMEA Ltd.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of personal health and wellbeing services.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2020.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

A B Lasarow  
D S W Yeung  
C H L Tzang

**POLITICAL DONATIONS AND EXPENDITURE**

No donations have been made to political parties during the year.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Report of the Directors  
for the Year Ended 31 December 2020

**AUDITORS**

The auditors, Haywood & Co LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A B Lasarow - Director

30 September 2021

Report of the Independent Auditors to the Members of  
Prenetics EMEA Ltd

**Opinion**

We have audited the financial statements of Prenetics EMEA Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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, 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.

**Conclusions relating to going concern**

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of  
Prenetics EMEA Ltd

**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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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.

**Auditors' 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 a Report of the Auditors 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental (including Waste Electrical and Electronic Equipment recycling (WEEE) Regulations 2013) and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and

Report of the Independent Auditors to the Members of  
Prenetics EMEA Ltd

- reviewing correspondence with HMRC, relevant regulators including the Department of Health/NHS/Public Health England, Care Quality Commission, UK accreditation service, the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the 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 company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Haywood FCA CTA (Senior Statutory Auditor)  
for and on behalf of Haywood & Co LLP  
Kevan Pilling House  
1 Myrtle Street  
Bolton  
Lancashire  
BL1 3AH

30 September 2021

Consolidated  
Income Statement  
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
<b>TURNOVER</b>		23,083,944	4,061,585
Cost of sales		<u>(19,342,834)</u>	<u>(2,312,066)</u>
<b>GROSS PROFIT</b>		3,741,110	1,749,519
Administrative expenses		<u>(4,429,839)</u>	<u>(4,658,636)</u>
<b>OPERATING LOSS</b>	4	(688,729)	(2,909,117)
Interest receivable and similar income		<u>2,760</u>	<u>2,681</u>
		(685,969)	(2,906,436)
Interest payable and similar expenses	5	<u>(25,813)</u>	<u>-</u>
<b>LOSS BEFORE TAXATION</b>		(711,782)	(2,906,436)
Tax on loss	6	<u>-</u>	<u>17</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(711,782)</u>	<u>(2,906,419)</u>
Loss attributable to:			
Owners of the parent		<u>(711,782)</u>	<u>(2,906,419)</u>

Consolidated  
Other Comprehensive Income  
for the Year Ended 31 December 2020

Notes	2020 £	2019 £
<b>LOSS FOR THE YEAR</b>	(711,782)	(2,906,419)
<b>OTHER COMPREHENSIVE INCOME</b>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>(711,782)</u>	<u>(2,906,419)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(711,782)</u>	<u>(2,906,419)</u>

Consolidated Balance Sheet  
31 December 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	8	13,612,643	-
Tangible assets	9	1,160,869	34,854
Investments	10	-	-
		<u>14,773,512</u>	<u>34,854</u>
<b>CURRENT ASSETS</b>			
Stocks	11	3,083,413	299,026
Debtors	12	7,891,517	490,137
Cash at bank		<u>3,077,190</u>	<u>648,513</u>
		14,052,120	1,437,676
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(23,658,147)</u>	<u>(6,741,722)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(9,606,027)</u>	<u>(5,304,046)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,167,485	(5,269,192)
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(10,056,018)	-
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(1,092,441)</u>	-
<b>NET LIABILITIES</b>		<u>(5,980,974)</u>	<u>(5,269,192)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	76,767	76,767
Retained earnings	18	<u>(6,057,741)</u>	<u>(5,345,959)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(5,980,974)</u>	<u>(5,269,192)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021 and were signed on its behalf by:

A B Lasarow - Director

Company Balance Sheet  
31 December 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	8	42,445	-
Tangible assets	9	468,818	34,854
Investments	10	13,498,700	2
		<u>14,009,963</u>	<u>34,856</u>
<b>CURRENT ASSETS</b>			
Stocks	11	551,217	299,026
Debtors	12	10,857,454	490,136
Cash at bank		2,629,003	648,513
		<u>14,037,674</u>	<u>1,437,675</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	(22,341,519)	(6,741,722)
<b>NET CURRENT LIABILITIES</b>		<u>(8,303,845)</u>	<u>(5,304,047)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,706,118	(5,269,191)
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(10,056,018)	-
<b>PROVISIONS FOR LIABILITIES</b>	16	(1,092,441)	-
<b>NET LIABILITIES</b>		<u>(5,442,341)</u>	<u>(5,269,191)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	76,767	76,767
Retained earnings	18	(5,519,108)	(5,345,958)
<b>SHAREHOLDERS' FUNDS</b>		<u>(5,442,341)</u>	<u>(5,269,191)</u>
Company's loss for the financial year		<u>(173,150)</u>	<u>(3,071,584)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021 and were signed on its behalf by:

A B Lasarow - Director

Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2019</b>	76,767	(2,439,540)	(2,362,773)
<b>Changes in equity</b>			
Total comprehensive income	-	(2,906,419)	(2,906,419)
<b>Balance at 31 December 2019</b>	<u>76,767</u>	<u>(5,345,959)</u>	<u>(5,269,192)</u>
<b>Changes in equity</b>			
Total comprehensive income	-	(711,782)	(711,782)
<b>Balance at 31 December 2020</b>	<u>76,767</u>	<u>(6,057,741)</u>	<u>(5,980,974)</u>

Company Statement of Changes in Equity  
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2019</b>	76,767	(2,274,374)	(2,197,607)
<b>Changes in equity</b>			
Total comprehensive income	-	(3,071,584)	(3,071,584)
<b>Balance at 31 December 2019</b>	<u>76,767</u>	<u>(5,345,958)</u>	<u>(5,269,191)</u>
<b>Changes in equity</b>			
Total comprehensive income	-	(173,150)	(173,150)
<b>Balance at 31 December 2020</b>	<u>76,767</u>	<u>(5,519,108)</u>	<u>(5,442,341)</u>

Consolidated Cash Flow Statement  
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,043,415	(2,983,078)
Interest element of hire purchase or finance lease rental payments paid		(10,128)	-
Finance costs paid		(15,685)	-
Tax paid		(22,120)	(3,772)
Net cash from operating activities		<u>1,995,482</u>	<u>(2,986,850)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(13,732,267)	-
Purchase of tangible fixed assets		(1,274,027)	(24,992)
Sale of tangible fixed assets		844	-
Oxsed earn out provision		1,092,441	-
Interest received		2,760	2,681
Net cash from investing activities		<u>(13,910,249)</u>	<u>(22,311)</u>
<b>Cash flows from financing activities</b>			
New loans in year		14,343,817	3,637,338
Amount introduced by directors		2,761	-
Amount withdrawn by directors		(3,134)	54
Net cash from financing activities		<u>14,343,444</u>	<u>3,637,392</u>
		<u>2,428,677</u>	<u>628,231</u>
<b>Increase in cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of year</b>	2	648,513	20,282
<b>Cash and cash equivalents at end of year</b>	2	<u>3,077,190</u>	<u>648,513</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2020

1. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2020	2019
	£	£
Loss before taxation	(711,782)	(2,906,436)
Depreciation charges	257,699	29,187
Loss on disposal of fixed assets	9,093	-
Finance costs	25,813	-
Finance income	(2,760)	(2,681)
	(421,937)	(2,879,930)
Increase in stocks	(2,784,387)	(286,583)
(Increase)/decrease in trade and other debtors	(7,401,007)	87,097
Increase in trade and other creditors	12,650,746	96,338
<b>Cash generated from operations</b>	<b>2,043,415</b>	<b>(2,983,078)</b>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2020**

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	3,077,190	648,513

**Year ended 31 December 2019**

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	648,513	20,282

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
<b>Net cash</b>			
Cash at bank	648,513	2,428,677	3,077,190
	648,513	2,428,677	3,077,190
<b>Debt</b>			
Debts falling due within 1 year	(5,045,112)	(4,452,132)	(9,497,244)
Debts falling due after 1 year	-	(9,891,685)	(9,891,685)
	(5,045,112)	(14,343,817)	(19,388,929)
<b>Total</b>	(4,396,599)	(11,915,140)	(16,311,739)

Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2020

1. **STATUTORY INFORMATION**

Prenetics EMEA Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Basis of consolidation**

These financial statements consolidate the financial statements of Prenetics EMEA Ltd and all of its subsidiaries.

Subsidiaries are all entities over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated on the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transaction, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Revenue recognition**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Turnover from sale of goods is recognised when the goods are physically delivered to the customer.

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date.

Where payments are received from customer in advance of services provided, the amounts are recorded as deferred income.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of twenty years.

Development costs are being amortised evenly over their estimated useful life of two years.

2. **ACCOUNTING POLICIES - continued**

**Development costs**

Development costs incurred during the year relate to a piece of bespoke software. These costs have not been amortised as the project had not been completed at the year end.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- in accordance with the property
Plant and machinery	- 33% on cost
Computer equipment	- 33% on cost

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

**Recognition of property leases**

The group recognises material property leases on the balance sheet as both an asset and a liability in order to more accurately report to its ultimate parent company. The effect is to recognise an asset in short term leases and a liability in short and long term creditors.

**Going concern**

At the time of approving the financial statements the directors consider the company to have adequate resources to continue to operate for the foreseeable future due to the support provided by the parent company and the significant net cash inflows from COVID testing. The directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

3. **EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	2,049,205	994,317
Social security costs	53,466	20,344
Other pension costs	25,252	16,224
	<u>2,127,923</u>	<u>1,030,885</u>

The average number of employees during the year was as follows:

	2020	2019
Central	9	15
Clinical Governance	6	2
Finance	3	2
HR	1	-
Logistics	3	1
Operations	56	-
	<u>78</u>	<u>20</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 3 (2019 - NIL).

	2020	2019
	£	£
Directors' remuneration	153,400	156,000
Directors' pension contributions to money purchase schemes	<u>1,314</u>	<u>1,188</u>

4. **OPERATING LOSS**

The operating loss is stated after charging:

	2020	2019
	£	£
Other operating leases	114,939	129,836
Depreciation - owned assets	50,070	29,186
Depreciation - assets on hire purchase contracts or finance leases	88,005	-
Loss on disposal of fixed assets	9,093	-
Patents and licences amortisation	119,624	-
Auditors' remuneration	<u>81,316</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Interest on property lease	10,128	-
Interest on Oxsed acquisition	<u>15,685</u>	<u>-</u>
	<u>25,813</u>	<u>-</u>

6. **TAXATION**

**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	<u>-</u>	<u>(17)</u>
Tax on loss	<u>-</u>	<u>(17)</u>

7. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. **INTANGIBLE FIXED ASSETS**

**Group**

	Patents and licences £	Development costs £	Totals £
<b>COST</b>			
Additions	13,689,822	42,445	13,732,267
At 31 December 2020	<u>13,689,822</u>	<u>42,445</u>	<u>13,732,267</u>
<b>AMORTISATION</b>			
Amortisation for year	119,624	-	119,624
At 31 December 2020	<u>119,624</u>	<u>-</u>	<u>119,624</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>13,570,198</u>	<u>42,445</u>	<u>13,612,643</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

8. INTANGIBLE FIXED ASSETS - continued

Company

	Development costs £
<b>COST</b>	
Additions	42,445
At 31 December 2020	<u>42,445</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>42,445</u>

9. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Plant and machinery £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2020	27,156	24,040	30,236	81,432
Additions	348,420	878,209	47,398	1,274,027
Disposals	(21,406)	(22,807)	-	(44,213)
At 31 December 2020	<u>354,170</u>	<u>879,442</u>	<u>77,634</u>	<u>1,311,246</u>
<b>DEPRECIATION</b>				
At 1 January 2020	13,424	15,766	17,388	46,578
Charge for year	100,123	28,603	9,349	138,075
Eliminated on disposal	(18,257)	(16,019)	-	(34,276)
At 31 December 2020	<u>95,290</u>	<u>28,350</u>	<u>26,737</u>	<u>150,377</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>258,880</u>	<u>851,092</u>	<u>50,897</u>	<u>1,160,869</u>
At 31 December 2019	<u>13,732</u>	<u>8,274</u>	<u>12,848</u>	<u>34,854</u>

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Short leasehold £
<b>COST</b>	
Additions	313,224
At 31 December 2020	<u>313,224</u>
<b>DEPRECIATION</b>	
Charge for year	88,005
At 31 December 2020	<u>88,005</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>225,219</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

9. TANGIBLE FIXED ASSETS - continued

Company	Short leasehold £	Plant and machinery £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2020	27,156	24,040	30,236	81,432
Additions	348,420	185,217	31,441	565,078
Disposals	(21,406)	(22,807)	-	(44,213)
At 31 December 2020	<u>354,170</u>	<u>186,450</u>	<u>61,677</u>	<u>602,297</u>
<b>DEPRECIATION</b>				
At 1 January 2020	13,424	15,766	17,388	46,578
Charge for year	100,123	11,818	9,236	121,177
Eliminated on disposal	(18,257)	(16,019)	-	(34,276)
At 31 December 2020	<u>95,290</u>	<u>11,565</u>	<u>26,624</u>	<u>133,479</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>258,880</u>	<u>174,885</u>	<u>35,053</u>	<u>468,818</u>
At 31 December 2019	<u>13,732</u>	<u>8,274</u>	<u>12,848</u>	<u>34,854</u>

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Short leasehold £
<b>COST</b>	
Additions	<u>313,224</u>
At 31 December 2020	<u>313,224</u>
<b>DEPRECIATION</b>	
Charge for year	<u>88,005</u>
At 31 December 2020	<u>88,005</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>225,219</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

10. **FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2020	2
Additions	13,498,698
At 31 December 2020	<u>13,498,700</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>13,498,700</u>
At 31 December 2019	<u>2</u>

11. **STOCKS**

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£	£	£	£
Stocks	<u>3,083,413</u>	<u>299,026</u>	<u>551,217</u>	<u>299,026</u>

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	7,602,890	320,217	7,602,890	320,217
Loans	8,777	8,777	8,777	8,777
Deposits	62,902	27,882	62,902	27,882
Oxsed loan	-	-	2,999,638	-
Directors' loan accounts	78,176	77,803	78,176	77,803
Prepayments	138,772	55,458	105,071	55,457
	<u>7,891,517</u>	<u>490,137</u>	<u>10,857,454</u>	<u>490,136</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£	£	£	£
Other loans (see note 15)	9,497,244	5,045,112	9,497,244	5,045,112
Trade creditors	7,040,857	498,952	5,560,779	498,952
Tax	(606)	21,514	(606)	21,514
Social security and other taxes	211,829	58,303	211,829	58,303
VAT	743,711	50,970	1,297,208	50,970
Exchange loan notes	4,137,664	-	4,137,664	-
BUPA	73,560	-	73,560	-
Lease liability	79,450	-	79,450	-
Accruals and deferred income	1,874,438	1,066,871	1,484,391	1,066,871
	<u>23,658,147</u>	<u>6,741,722</u>	<u>22,341,519</u>	<u>6,741,722</u>

14. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£	£	£	£
Other loans (see note 15)	9,891,685	-	9,891,685	-
Lease liability	164,333	-	164,333	-
	<u>10,056,018</u>	<u>-</u>	<u>10,056,018</u>	<u>-</u>

15. **LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year or on demand:				
Other loans	9,402,414	4,950,282	9,402,414	4,950,282
Eurogenetica loan	94,830	94,830	94,830	94,830
	<u>9,497,244</u>	<u>5,045,112</u>	<u>9,497,244</u>	<u>5,045,112</u>
Amounts falling due between one and two years:				
Prenetics loan	4,021,818	-	4,021,818	-
Exchange loan notes	5,869,867	-	5,869,867	-
	<u>9,891,685</u>	<u>-</u>	<u>9,891,685</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

16. PROVISIONS FOR LIABILITIES

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Other provisions				
Oxsed earn out and retention	<u>1,092,441</u>	<u>-</u>	<u>1,092,441</u>	<u>-</u>
Aggregate amounts	<u>1,092,441</u>	<u>-</u>	<u>1,092,441</u>	<u>-</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
5,169,462	A Ordinary	1p	51,696	51,696
2,507,119	B Ordinary	1p	<u>25,071</u>	<u>25,071</u>
			<u>76,767</u>	<u>76,767</u>

18. RESERVES

Group	Retained earnings £
At 1 January 2020	(5,345,959)
Deficit for the year	<u>(711,782)</u>
At 31 December 2020	<u>(6,057,741)</u>
<b>Company</b>	<b>Retained earnings £</b>
At 1 January 2020	(5,345,958)
Deficit for the year	<u>(173,150)</u>
At 31 December 2020	<u>(5,519,108)</u>

19. ULTIMATE PARENT COMPANY

Prenetics Ltd (incorporated in Hong Kong ) is regarded by the directors as being the company's ultimate parent company.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

20. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 December 2020 and 31 December 2019:

	2020	2019
	£	£
<b>A B Lasarow</b>		
Balance outstanding at start of year	77,802	77,857
Amounts advanced	3,135	2,715
Amounts repaid	(2,760)	(2,770)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>78,177</u>	<u>77,802</u>

21. **RELATED PARTY DISCLOSURES**

The company paid £509,052 (2019: £664,865) for services provided by DNAFit Africa (PTY) Ltd. The company has subsequently purchased the shares of DNAFit Africa (PTY) Ltd per note 22.

Transactions relating to movements on directors loan accounts can be seen in note 20.

Transactions with Prenetics Ltd, the parent company are as follows and all loans are interest free and either repayable on demand or within a year and a day subject to the businesses' ability to meet repayments.

**Entities with control, joint control or significant influence over the entity**

	2020	2019
	£	£
Sales	1,306	1,186
Purchases	1,252,021	134,963
Amount due to related party	<u>13,424,231</u>	<u>4,950,282</u>

22. **POST BALANCE SHEET EVENTS**

Subsequent to the year end, Prenetics Limited, the company's parent company, completed two rounds of fundraising and a corporate restructuring.

On February 8, 2021, Prenetics Limited raised US\$5,000,000 by issuance of convertible securities with the maturity date on February 8, 2022 ("Series D+ Notes"). The key terms of the Series D+ Notes were substantially the same as the Notes.

For the purposes of restructuring the shareholding structure of Prenetics Limited and facilitating fundraising activities (the "Corporate Restructuring"), Prenetics Limited entered into a Share Exchange Agreement and Subscription Agreement with, amongst others, the then shareholders of the Prenetics Limited and Prenetics Group Limited on May 4, 2021. As part of the restructuring, the pre-existing shares of Prenetics Limited were exchanged to their corresponding classes of shares of Prenetics Group Limited, while the Notes and the Series D+ Notes were both converted into Series D Preferred Shares of Prenetics Group Limited.

As a result of this Corporate Restructuring, the Company has become an indirectly wholly owned subsidiary of Prenetics Group Limited from June 16, 2021.

In addition, as part of this Corporate Restructuring, both the Option Schemes and the Restricted Share Scheme were terminated on June 16, 2021. The schemes were rolled up to a new ESOP scheme of Prenetics Group Limited (the "New ESOP Scheme"). The New ESOP plan was approved to issue up to 4,052,627 new shares of Prenetics Group Limited. Certain management of the Company are subsequently granted RSU under the new ESOP plan of the Group.

Upon the completion of the Corporate Restructuring, Prenetics Group Limited raised US\$25,970,000 by issuance of 1,650,913 Series E Preferred shares.

On 16 September, 2021, Prenetics Group Limited announced its plan to get listed on NASDAQ in the U.S. via a merger with Artisan Acquisition Corp, a special purpose acquisition corporate listed on NASDAQ. Assuming no redemption, the gross proceeds are estimated to be US\$459 million. The listing proceeds will go towards strategic acquisitions, geographical expansion and research and development, among other capital investment. The consummation of the merger is anticipated to be completed by 2021Q4 or 2022Q1.

On the 1 July 2021 the company purchased the shares of DNAFit Africa (PTY) Ltd for 1000 Rand.

23. **ACQUISITION OF SUBSIDIARY**

On 29 October 2020, Prenetics EMEA Ltd, entered into a share purchase agreement with the then shareholders of Oxsed Ltd (the "Acquisition"). The Acquisition's consideration consists of:

(1) cash consideration of £2,000,000 as completion payment

(2) deferred consideration of £1,000,000 payable on 29 October 2021

(3) exchange loan notes with a principle amount of £10,000,000 of which £5,865,450 can be exchanged into 1,652,248 ordinary shares of the company immediately on 29 October 2020, and the remaining would be exchangeable in to the Company's ordinary shares annually over a three-year period

(4) an additional contingent consideration as the earn-out payment which is calculated based on 15% of the net sales amounts in respect of its upcoming three financial years, starting from the completion date of the Acquisition and capped at £15,000,000.

Such contingent consideration will be payable within a specific period as stated in the share purchase agreement after the end of each of the three financial years starting from the completion date of acquisition.

Upon the completion of the acquisition, Oxsed Ltd became a wholly owned subsidiary of the Company.

The management has applied the simplified assessment to determine whether an acquired set of activities and assets is an asset rather than business acquisition. The Acquisition was accounted for as an acquisition of assets and liabilities because based on management's assessment, substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset which represents a set of intellectual property rights for developing the real time reverse transcription loop-mediated isothermal amplification (RT-LAMP) technology. The RT-LAMP technology was used to develop a viral RNA molecular test or nucleic acid amplification test for COVID-19 that received CE mark from the European Commission and approval from the Medicines and Healthcare products Regulatory Agency (MHRA) in the United Kingdom.

Accordingly, the Group recognises the set of intellectual property rights as an intangible asset totalling £13,498,698 which has an estimated useful life of 20 years. Given the contingent consideration is a variable payment based on future revenues, it is not a present obligation and therefore do not form part of the cost of the intangible asset. Instead, it is charged to profit or loss in the accounting period in which they are incurred. The transaction does not give rise to any goodwill.

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.