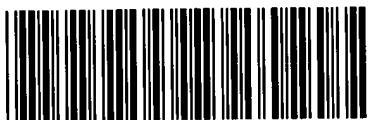


MIRADA MEDICAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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MIRADA MEDICAL LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---------------------------------------------------------------------------------------------------------------------|
| Directors | H Bettesworth D Gudgin E Saragnese S J C Gray S G B Jantet (appointed 22 January 2020) D S Lawrence |
| Registered number | 06515901 |
| Registered office | New Barclay House 234 Botley Road Oxford OX2 0HP |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Seacourt Tower Botley Oxford OX2 0JJ |
| Bankers | NatWest NatWest Commercial Office Willow Court West Way Oxford OX2 0JB |
| Solicitors | Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH |

MIRADA MEDICAL LIMITED

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MIRADA MEDICAL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Principal activity

The principal activity of the Group during the year was the development and sale of medical imaging software.

Results and dividends

The loss for the year, after taxation, amounted to £4,046,373 (2019: loss £2,919,512).

The directors did not recommend the payment of dividend in the year (2019: £Nil).

Directors

The directors who served during the year were:

H Bettesworth
D Gudgin
E Saragnese
S J C Gray
S G B Jantet (appointed 22 January 2020)
D S Lawrence

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MIRADA MEDICAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Going concern

The loss for the year reflects the Group's continued investment in new technology and products, with investment accelerating on the back of a fund raising completed in February 2019. We had planned to continue to invest at pace during 2020 and raise additional equity funds towards the back end of the year but we slowed down investment in light of Covid-19. Our subscription and service revenue remained remarkably robust during 2020, but the pandemic had a negative impact on both perpetual revenues and, more importantly, our ability to sell our DLCExpert AI organ at risk auto-contouring offering to new customers, with healthcare providers understandably focused on fighting Covid-19 during the bulk of 2020.

In July 2020 the Company took advantage of the Government backed Future Fund initiative and issued £4m of Convertible Loan notes to Apposite Capital and the Future Fund which bolstered our financial position.

The directors have reviewed the future prospects of the Company and prepared a cash flow forecast covering the period until September 2022 taking into account the current pandemic and being prudent on the potential impact it may have on the Company's revenue and cashflows. At this point we are already seeing the market opening up again and we've added more patients to our DLCExpert offering in the first six months of 2021 than we did during the whole of 2020.

In March 2021 the Company entered into a £583,402 loan agreement with Innovate UK and secured a £194,273 Paycheck Protection Program loan from the US Small Business Association. The latter was forgiven in August 2021.

Whilst there remain uncertainties associated with the pandemic and economic impact, based on the positive movements in the market the directors will continue to move forward with their investment and growth plans which will require an additional fundraise in early 2022. The current investors have expressed their intention to support the Company.

Based on the above factors the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However the director, understands that the need for additional funding in 2022 gives rise to material uncertainty related to events or conditions that may cast significant doubt on the entities ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors regularly review budgets and forecasts to ensure sufficient funding and plans are in place to deliver the Company's strategy.

Qualifying third party indemnity provisions

The Group has maintained directors' and officers' liability insurance in respect of its directors.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

MIRADA MEDICAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 22/9/2021 and signed on its behalf.

S G B Jantet

S G B Jantet
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIRADA MEDICAL LIMITED

Opinion

We have audited the financial statements of Mirada Medical Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity and 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's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which states the need for additional funding in 2022, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. As stated in note 2.3, these events or conditions, indicate that a material uncertainty exists that 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIRADA MEDICAL LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our Auditor's Report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIRADA MEDICAL LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. This description forms part of our Auditor's Report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIRADA MEDICAL LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified the following laws and regulations as the most likely to have a material effect if noncompliance were to occur: FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and Companies Act 2006. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of amounts and disclosures to the financial statements such as Parking (Code of Conduct) Act 2019.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the Group is complying with those legal and regulatory frameworks by making inquiries of management and those charged with governance. We corroborated our inquiries through our review of board minutes provided by management.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by making inquiries of management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a fraud risk assessment for the Group as a whole. We considered the risk of fraud to be higher through the potential for management override of controls.
- Audit procedures performed by the engagement team included:
 - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates, entries processed by unauthorised user, and entries determined to be large or relating to unusual transactions; and,
 - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and,
 - understanding of the legal and regulatory requirements specific to the Group.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIRADA MEDICAL LIMITED (CONTINUED)

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 an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton LLP

Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford Seacourt
Date: 22/9/2021

MIRADA MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|------------------------------------------------|------|--------------------|--------------------|
| Turnover | 4 | 3,863,237 | 4,670,051 |
| Cost of sales | | (360,081) | (220,622) |
| Gross profit | | 3,503,156 | 4,449,429 |
| Administrative expenses | | (7,969,154) | (8,032,732) |
| Operating loss | | (4,465,998) | (3,583,303) |
| Interest receivable and similar income | | - | 6,259 |
| Interest payable and expenses | | (1,747) | (33,310) |
| FV movement of debt instrument | | (324,625) | - |
| Loss before taxation | | (4,792,370) | (3,610,354) |
| Tax on loss | | 745,997 | 690,842 |
| Loss for the financial year | | (4,046,373) | (2,919,512) |
| Foreign exchange on US subsidiary | | 102,940 | 31,259 |
| Other comprehensive income for the year | | 102,940 | 31,259 |
| Total comprehensive income for the year | | (3,943,433) | (2,888,253) |
| (Loss) for the year attributable to: | | | |
| Owners of the parent Company | | (4,046,373) | (2,919,512) |

There were no recognised gains and losses for 2020 or 2019 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 16 to 34 form part of these financial statements.

MIRADA MEDICAL LIMITED
REGISTERED NUMBER:06515901

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|------------------------------------------------------------|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 339,496 | 425,774 |
| | | <u>339,496</u> | <u>425,774</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 2,150,897 | 2,735,186 |
| Cash at bank and in hand | 12 | 4,501,382 | 3,161,569 |
| | | <u>6,652,279</u> | <u>5,896,755</u> |
| Creditors: amounts falling due within one year | 13 | (306,640) | (505,345) |
| Net current assets | | <u>6,345,639</u> | <u>5,391,410</u> |
| Total assets less current liabilities | | <u>6,685,135</u> | <u>5,817,184</u> |
| Creditors: amounts falling due after more than one year | 14 | (4,384,625) | - |
| Accruals and deferred income | 17 | (2,148,978) | (1,876,361) |
| Net assets | | <u>151,532</u> | <u>3,940,823</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 1 | 1 |
| Share premium account | | 10,528,601 | 10,528,601 |
| Capital redemption reserve | | (50,320) | (50,320) |
| Profit and loss account | | (10,326,750) | (6,537,459) |
| Equity attributable to owners of the parent Company | | <u>151,532</u> | <u>3,940,823</u> |

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22/9/2021

S G B Jantet
S G B Jantet
 Director

The notes on pages 16 to 34 form part of these financial statements.

MIRADA MEDICAL LIMITED
REGISTERED NUMBER:06515901

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|---------------------------------------------------------|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 315,267 | 391,177 |
| Investments | 10 | 59,823 | 61,560 |
| | | <u>375,090</u> | <u>452,737</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 4,764,432 | 4,616,508 |
| Cash at bank and in hand | 12 | 4,203,941 | 3,103,575 |
| | | <u>8,968,373</u> | <u>7,720,083</u> |
| Creditors: amounts falling due within one year | 13 | (294,790) | (455,481) |
| Net current assets | | <u>8,673,583</u> | <u>7,264,602</u> |
| Total assets less current liabilities | | <u>9,048,673</u> | <u>7,717,339</u> |
| Creditors: amounts falling due after more than one year | 14 | (4,384,625) | - |
| Deferred taxation | 16 | - | - |
| Accruals and deferred income | 17 | (1,375,263) | (1,194,197) |
| Net assets | | <u>3,288,785</u> | <u>6,523,142</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 1 | 1 |
| Share premium account | | 10,528,601 | 10,528,601 |
| Profit and loss account | | (7,239,817) | (4,005,460) |
| | | <u>3,288,785</u> | <u>6,523,142</u> |

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

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

S G B Jantet *Seb Jantet*
 Director

Date: 22/9/2021

The notes on pages 16 to 34 form part of these financial statements.

MIRADA MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Called up share capital | Share premium account | Investment in own shares | Profit and loss account | Total equity |
|------------------------------------------------------|-------------------------------|-----------------------------|--------------------------------|-------------------------------|-----------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2020 | 1 | 10,528,601 | (50,320) | (6,537,459) | 3,940,823 |
| Comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (4,046,373) | (4,046,373) |
| Foreign exchange on US subsidiary | - | - | - | 102,940 | 102,940 |
| Total other comprehensive income for the year | - | - | - | 102,940 | 102,940 |
| Total comprehensive income for the year | - | - | - | (3,943,433) | (3,943,433) |
| Equity-settled share option scheme | - | - | - | 154,142 | 154,142 |
| Total transactions with owners | - | - | - | 154,142 | 154,142 |
| At 31 December 2020 | 1 | 10,528,601 | (50,320) | (10,326,750) | 151,532 |

The notes on pages 16 to 34 form part of these financial statements.

MIRADA MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Called up share capital | Share premium account | Investment in own shares | Profit and loss account | Total equity |
|------------------------------------------------------|-------------------------------|-----------------------------|--------------------------------|-------------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2019 | 1 | 1,121,228 | (50,320) | (3,646,417) | (2,575,508) |
| Comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (2,919,512) | (2,919,512) |
| Foreign exchange on US subsidiary | - | - | - | 24,055 | 24,055 |
| Total other comprehensive income for the year | - | - | - | 24,055 | 24,055 |
| Total comprehensive income for the year | - | - | - | (2,895,457) | (2,895,457) |
| Shares issued during the year | - | 9,407,373 | - | - | 9,407,373 |
| Equity-settled share option scheme | - | - | - | 4,415 | 4,415 |
| Total transactions with owners | - | 9,407,373 | - | 4,415 | 9,411,788 |
| At 31 December 2019 | 1 | 10,528,601 | (50,320) | (6,537,459) | 3,940,823 |

The notes on pages 16 to 34 form part of these financial statements.

MIRADA MEDICAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|-----------------------------------------------------|----------------------------|-----------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 January 2020 | 1 | 10,528,601 | (4,005,460) | 6,523,142 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (3,388,499) | (3,388,499) |
| Total comprehensive income for the year | - | - | (3,388,499) | (3,388,499) |
| Contributions by and distributions to owners | | | | |
| Share option charge | - | - | 154,142 | 154,142 |
| Total transactions with owners | - | - | 154,142 | 154,142 |
| At 31 December 2020 | 1 | 10,528,601 | (7,239,817) | 3,288,785 |

The notes on pages 16 to 34 form part of these financial statements.

MIRADA MEDICAL LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|-----------------------------------------------------|----------------------------|-----------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 January 2019 | 1 | 1,121,228 | (1,822,868) | (701,639) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (2,217,723) | (2,217,723) |
| Foreign exchange | - | - | 23,512 | 23,512 |
| | - | - | (2,194,211) | (2,194,211) |
| Total comprehensive income for the year | | | | |
| Contributions by and distributions to owners | | | | |
| Shares issued during the year | - | 9,407,373 | - | 9,407,373 |
| Equity-settled share option scheme | - | - | 11,619 | 11,619 |
| | - | 9,407,373 | 11,619 | 9,418,992 |
| Total transactions with owners | | | | |
| At 31 December 2019 | 1 | 10,528,601 | (4,005,460) | 6,523,142 |

The notes on pages 16 to 34 form part of these financial statements.

MIRADA MEDICAL LIMITED

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

1. General information

Mirada Medical Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is located at New Barclay House, 234 Botley Road, Oxford, OX2 0HP.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

MIRADA MEDICAL LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

The loss for the year reflects the Group's continued investment in new technology and products, with investment accelerating on the back of a fund raising completed in February 2019. We had planned to continue to invest at pace during 2020 and raise additional equity funds towards the back end of the year but we slowed down investment in light of Covid-19. Our subscription and service revenue remained remarkably robust during 2020, but the pandemic had a negative impact on both perpetual revenues and, more importantly, our ability to sell our DLCExpert AI organ at risk auto-contouring offering to new customers, with healthcare providers understandably focused on fighting Covid-19 during the bulk of 2020.

In July 2020 the Company took advantage of the Government backed Future Fund initiative and issued £4m of Convertible Loan notes to Apposite Capital and the Future Fund which bolstered our financial position.

The directors have reviewed the future prospects of the Company and prepared a cash flow forecast covering the period until September 2022 taking into account the current pandemic and being prudent on the potential impact it may have on the Company's revenue and cashflows. At this point we are already seeing the market opening up again and we've added more patients to our DLCExpert offering in the first six months of 2021 than we did during the whole of 2020.

In March 2021 the Company entered into a £583,402 loan agreement with Innovate UK and secured a £194,273 Paycheck Protection Program loan from the US Small Business Association. The latter was forgiven in August 2021.

Whilst there remain uncertainties associated with the pandemic and economic impact, based on the positive movements in the market the directors will continue to move forward with their investment and growth plans which will require an additional fundraise in early 2022. The current investors have expressed their intention to support the Company.

Based on the above factors the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However the director, understands that the need for additional funding in 2022 gives rise to material uncertainty related to events or conditions that may cast significant doubt on the entities ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors regularly review budgets and forecasts to ensure sufficient funding and plans are in place to deliver the Company's strategy.

MIRADA MEDICAL LIMITED

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

2. Accounting policies (continued)**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

Revenue 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 revenue can be measured reliably;
- it is probable that the Group 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 Intangible assets

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

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

2.6 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:

| | |
|---------------------------|-------------|
| L/Term Leasehold Property | - 20% |
| Equipment | - 20% - 33% |

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

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

MIRADA MEDICAL LIMITED

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

2. Accounting policies (continued)**2.7 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

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

2.11 Grant Income

Grant income is shown within turnover in the profit and loss account. Grant income is recognised in the profit and loss account as the Group becomes entitled to the income.

MIRADA MEDICAL LIMITED

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

2. Accounting policies (continued)**2.12 Financial instruments**

The Group 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for non-basic financial liabilities, which are carried subsequently at fair value with gains or losses recognised in the profit and loss account.

MIRADA MEDICAL LIMITED

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

2. Accounting policies (continued)**2.13 Creditors**

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

2.14 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

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

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

MIRADA MEDICAL LIMITED

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

2. Accounting policies (continued)**2.16 Pensions**

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

MIRADA MEDICAL LIMITED

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

2. Accounting policies (continued)

2.19 Current and deferred taxation (continued)

using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.20 Share based payments

The Group operates an Employee Benefit Trust (EBT) which holds shares in Mirada Medical Limited. The EBT issues equity-settled share-based payments to certain employees in consideration for services to Mirada Medical Limited.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period which ends on the dates on which the relevant employees become fully entitled to the award. Fair value is determined using a Black-Scholes pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions other than conditions linked to the price of the shares of the Company (market conditions). No expense is recognised for awards that do not ultimately vest.

At each Statement of Financial Position date before vesting, the cumulative expense is calculated, being the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous Statement of Financial Position date is recognised in the Consolidated Statement of Comprehensive Income with a corresponding entry in equity. Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between fair value of the original award and the fair value of the modified award, both as measured on the date of the modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Consolidated Statement of Comprehensive Income.

The share option charge has arisen in respect of share options issued in and awarded to employees of Mirada Medical Limited.

In accordance with FRS 102, paragraph 35.10, section 26 of FRS 102 has not been applied to equity instruments that were granted before the date of transition to this FRS.

MIRADA MEDICAL LIMITED

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

2. Accounting policies (continued)**2.21 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements:

- Trade debtors – Management applies judgement in evaluating the recoverability of debtors. Management have provided for debtors they believe will not be recovered in the financial statements.
- Share options – Management applies judgement in the measurement and recognition of the equity-settled share-based payment transactions. The judgements around fair value are based on a Black-Scholes pricing model. See accounting policy 2.20 for further details of measurement.
- Future fund loan – In July 2020 Mirada Medical Limited took advantage of the Government backed Future Fund initiative and issued £4M of Convertible Loan notes to Apposite Capital and the Future Fund, with a maturity date of 36 months from inception. The future fund loan is a potentially convertible loan which could convert into a variable number of shares and as a result is non-basic financial instrument. In line with the accounting policy 2.12, the instrument is therefore disclosed entirely as a liability and is carried at fair value at each reporting date.

The Directors as management in this scheme undertook a fair value exercise at the inception date and at the year end, using a Monte-Carlo model. This is reflected in the carrying value at inception and subsequently at 31 December 2020. The difference in the fair value between those dates has resulted in a loss of c.£325,000, which has been recognized in the profit and loss for the year.

The key assumptions within the model include the expected repayment or conversion date, the likelihood of such events taking place and projections around the growth of the business. Any change in these assumptions would result in a change in the carrying value of the instrument at each reporting date.

MIRADA MEDICAL LIMITED

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

4. Turnover

61% of the Company's turnover (2019: 58%) is attributable to geographical markets outside the United Kingdom.

The whole of turnover arose from the principal activity of the Group.

| | 2020 £ | 2019 £ |
|-------------------|------------------|------------------|
| United Kingdom | 1,502,284 | 1,943,757 |
| Rest of Europe | 256,612 | 1,122,431 |
| Rest of the world | 2,104,341 | 1,603,863 |
| | <u>3,863,237</u> | <u>4,670,051</u> |

| | 2020 £ | 2019 £ |
|--------------|----------------|----------------|
| Grant Income | <u>412,000</u> | <u>104,700</u> |

5. Auditor's remuneration

| | 2020 £ | 2019 £ |
|-----------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | <u>24,000</u> | <u>21,500</u> |

Fees payable to the Group's auditor and its associates in respect of:

| | | |
|------------------------------|---------------|---------------|
| Taxation compliance services | 5,750 | 4,420 |
| All other assurance services | 5,925 | 1,500 |
| Reward advisory services | 11,845 | 33,750 |
| | <u>23,520</u> | <u>39,670</u> |

6. Employees

The average monthly number of employees, including directors, during the year was 89 (2019: 69).

MIRADA MEDICAL LIMITED

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

7. Directors' remuneration

| | 2020 £ | 2019 £ |
|-----------------------|----------------|----------------|
| Directors' emoluments | <u>504,454</u> | <u>228,119</u> |

During the year retirement benefits were accruing to 3 directors (2019: 1) in respect of defined contribution pension schemes.

8. Intangible assets

Group and Company

| | Goodwill £ |
|-----------------------|-----------------------|
| Cost | |
| At 1 January 2020 | 274,693 |
| At 31 December 2020 | <u>274,693</u> |
| Amortisation | |
| At 1 January 2020 | 274,693 |
| At 31 December 2020 | <u>274,693</u> |
| Net book value | |
| At 31 December 2020 | <u>-</u> |
| At 31 December 2019 | <u>-</u> |

Amortisation on intangible assets is charged to admin expenses.

MIRADA MEDICAL LIMITED

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

9. Tangible fixed assets**Group**

| | L/Term Leasehold Property £ | Equipment £ | Total £ |
|-------------------------------------|--------------------------------------|----------------|----------------|
| Cost or valuation | | | |
| At 1 January 2020 | 237,503 | 642,039 | 879,542 |
| Additions | - | 72,587 | 72,587 |
| At 31 December 2020 | <u>237,503</u> | <u>714,626</u> | <u>952,129</u> |
| Depreciation | | | |
| At 1 January 2020 | 22,167 | 431,601 | 453,768 |
| Charge for the year on owned assets | 47,501 | 111,364 | 158,865 |
| At 31 December 2020 | <u>69,668</u> | <u>542,965</u> | <u>612,633</u> |
| Net book value | | | |
| At 31 December 2020 | <u>167,835</u> | <u>171,661</u> | <u>339,496</u> |
| At 31 December 2019 | <u>215,336</u> | <u>210,438</u> | <u>425,774</u> |

MIRADA MEDICAL LIMITED

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

9. Tangible fixed assets (continued)**Company**

| | L/Term Leasehold Property £ | Equipment £ | Total £ |
|-------------------------------------|--------------------------------------|----------------|----------------|
| Cost or valuation | | | |
| At 1 January 2020 | 237,503 | 541,316 | 778,819 |
| Additions | - | 64,931 | 64,931 |
| At 31 December 2020 | <u>237,503</u> | <u>606,247</u> | <u>843,750</u> |
| Depreciation | | | |
| At 1 January 2020 | 22,167 | 365,475 | 387,642 |
| Charge for the year on owned assets | 47,501 | 93,340 | 140,841 |
| At 31 December 2020 | <u>69,668</u> | <u>458,815</u> | <u>528,483</u> |
| Net book value | | | |
| At 31 December 2020 | <u>167,835</u> | <u>147,432</u> | <u>315,267</u> |
| At 31 December 2019 | <u>215,336</u> | <u>175,841</u> | <u>391,177</u> |

MIRADA MEDICAL LIMITED

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

10. Fixed asset investments**Company**

| | Investments in subsidiary companies £ |
|---------------------------|----------------------------------------------------------|
| Cost or valuation | |
| At 1 January 2020 | 61,560 |
| Reclassification of costs | (1,737) |
| At 31 December 2020 | <u>59,823</u> |

Subsidiary undertaking

The following were indirect subsidiary undertakings of the Company:

| Name | Registered office | Holding |
|------------------------------|------------------------------------------------------------------------------------|----------------|
| Mirada Medical Inc | 1630 Welton Street, Suite 200 D, Denver, Colorado 80202, USA | 100% |
| Mirada Medical (EBT) Limited | New Barclay House, 234 Botley Road, Oxford, Oxfordshire, England, OX2 0HP | 100% |
| Mirada Medical Europe SAS | 31 Rue d'Armagnac llot Quai 8.2, Batiment E1 Bordeaux 33800, France | 100% |

MIRADA MEDICAL LIMITED

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

11. Debtors

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 969,752 | 1,590,924 | 519,057 | 1,263,550 |
| Amounts owed by group undertakings | - | - | 3,053,064 | 2,230,475 |
| Amounts owed by related parties | - | 105,542 | - | 105,542 |
| Other debtors | 101,294 | 98,860 | 143,067 | 95,818 |
| Prepayments and accrued income | 349,111 | 279,733 | 318,504 | 260,996 |
| Tax recoverable | 730,740 | 660,127 | 730,740 | 660,127 |
| | <u>2,150,897</u> | <u>2,735,186</u> | <u>4,764,432</u> | <u>4,616,508</u> |

12. Cash and cash equivalents

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | 4,501,382 | 3,161,569 | 4,203,941 | 3,103,575 |
| | <u>4,501,382</u> | <u>3,161,569</u> | <u>4,203,941</u> | <u>3,103,575</u> |

13. Creditors: Amounts falling due within one year

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade creditors | 154,296 | 256,118 | 150,293 | 223,002 |
| Amounts owed to related parties | - | 8,250 | - | 8,250 |
| Other taxation and social security | 134,035 | 224,453 | 126,188 | 207,705 |
| Other creditors | 18,309 | 16,524 | 18,309 | 16,524 |
| | <u>306,640</u> | <u>505,345</u> | <u>294,790</u> | <u>455,481</u> |

MIRADA MEDICAL LIMITED

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

14. Creditors: Amounts falling due after more than one year

| | Group 2020 | <i>Group 2019</i> | Company 2020 | <i>Company 2019</i> |
|-----------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | £ | £ | £ | £ |
| Other creditors | 4,384,625 | - | 4,384,625 | - |

The key features of the convertible loan notes are as set out in the significant judgements and estimates in note 3.

15. Financial instruments

| | Group 2020 | <i>Group 2019</i> | Company 2020 | <i>Company 2019</i> |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | £ | £ | £ | £ |
| Financial assets | | | | |
| Cash at bank and in hand | 4,501,382 | 3,161,569 | 4,203,941 | 3,103,575 |
| Trade debtors | 969,752 | 1,590,924 | 519,057 | 1,263,550 |
| Amounts owed by group undertakings | - | - | 3,053,064 | 2,185,782 |
| Amounts owed by EBT | - | - | 44,693 | 44,693 |
| Other debtors | 147,555 | 98,860 | 144,635 | 95,818 |
| | 5,618,689 | 4,851,353 | 7,965,390 | 6,693,418 |
| Financial liabilities | | | | |
| Trade creditors | 154,296 | 264,368 | 150,293 | 231,252 |
| Accruals | 675,225 | 523,601 | 593,029 | 413,757 |
| | 829,521 | 787,969 | 743,322 | 645,009 |

MIRADA MEDICAL LIMITED

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

16. Deferred taxation

Group

| | 2020 | 2019 |
|---------------------------|-------------|----------|
| | £ | £ |
| At beginning of year | - | (8,620) |
| Charged to profit or loss | - | 8,620 |
| At end of year | - | - |

Company

| | 2020 | 2019 |
|---------------------------|-------------|----------|
| | £ | £ |
| At beginning of year | - | (8,620) |
| Charged to profit or loss | - | 8,620 |
| At end of year | - | - |

17. Accruals and deferred income

| | Group | <i>Group</i> | Company | <i>Company</i> |
|-----------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2020 | <i>2019</i> | 2020 | <i>2019</i> |
| | £ | £ | £ | £ |
| Accruals | (675,225) | <i>(523,601)</i> | (593,029) | <i>(413,757)</i> |
| Deferred income | (1,473,753) | <i>(1,352,760)</i> | (782,234) | <i>(780,440)</i> |
| | <u>(2,148,978)</u> | <i><u>(1,876,361)</u></i> | <u>(1,375,263)</u> | <i><u>(1,194,197)</u></i> |

MIRADA MEDICAL LIMITED

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

18. Share capital

| | 2020 | 2019 |
|----------------------------------------------------------|-------------|-------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 11,198 (2019: 11,198) Ordinary shares of £0.00005 each | 1 | 1 |
| 2,015 (2019: 2,015) A Preference shares of £0.00005 each | - | - |
| 4,212 (2019: 4,212) B Preference shares of £0.00005 each | - | - |
| | <hr/> | <hr/> |
| | 1 | 1 |
| | <hr/> <hr/> | <hr/> <hr/> |

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

A funding round took place in February 2019 for a total additional subscription of 4,212 B preference shares and 5 ordinary shares totaling £6,365,066. Additionally, the loan stock was converted to 2,015 A preference shares.

19. Contingent liabilities

There were no contingent liabilities as at 31 December 2020 or 31 December 2019.

20. Capital commitments

There were no capital commitments as at 31 December 2020 or 31 December 2019.

21. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £285,982 (2019: £241,381). Contributions totaling £Nil (2019: £27,390) were payable to the fund at the Statement of Financial Position date and are included in creditors.

22. Commitments under operating leases

The Group and the Company had no commitments under non-cancellable operating leases at the reporting date.

MIRADA MEDICAL LIMITED

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

23. Related party transactions

Purchases of £15,061 were made from Albion Capital in the year (2019: £3,820), to whom £11,250 was owed at year end (2019: £Nil). The Directors consider Albion to be a related party due to the influence of Mr D Gudgin over its affairs.

No revenue was recognised from MedyMatch Technology Ltd (now operating under MaxQ Ltd) in the year (2019: £105,542). A balance of £69,308 was owing at year end (2019: £105,542). The directors consider MaxQ Ltd to be a related party due to the influence of Mr E Saragnese over its affairs. From 1st January 2021 MaxQ Ltd is not considered a related party as Mr E Saragnese no longer has influence over its affairs.

Purchases of £15,216 were made from Apposite in the year (2019: £3,750), to whom £11,250 was owed at year end (2019: £Nil). The Directors consider Apposite to be a related party due to the influence of Mr S Gray over its affairs.

Purchases of £103,863 were made from Cior Consulting in the year (2019: £8,250), to whom £Nil was owed at the year end (2019: £8,250), which the directors consider to be a related party due to the influence of Mr D Lawrence over its affairs.

There are no other related parties which require disclosure in accordance with Financial Reporting Standard 102.

24. Post balance sheet events

In March 2021 the Company entered into a £583,402 loan agreement with Innovate UK and secured a £194,273 Paycheck Protection Program loan from the US Small Business Association. The latter was forgiven in August 2021.