



**DEEPVERGE PLC**

Annual Report  
**2020**

# DeepVerge Plc

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# DeepVerge Plc

## Company Information

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<b>Directors:</b>	Ross Andrews (Non-Executive Chairman) Gerard Brandon (Chief Executive Officer) Camillus Glover (Chief Financial Officer) Fionan Murray (Chief Operations Officer) Dr Nigel Burton (Non-Executive Director)
<b>Company Secretary:</b>	Fiona Joyce
<b>Registered office:</b>	York Biotech Campus, Sand Hutton, York North Yorkshire, YO41 1LZ
<b>Corporate office:</b>	12 James's Terrace, Malahide, Dublin K36 N996, Ireland
<b>Place of incorporation:</b>	England and Wales (Company number – 10205396)
<b>Auditors:</b>	Jeffreys Henry LLP Finsgate 5 – 7 Cranwood Street London, EC1V 9EE
<b>Nominated Adviser:</b>	Spark Advisory Partners Limited 5 St. John's Lane London, EC1M 4BH
<b>Brokers:</b>	Turner Pope Investments (TPI) Limited 6th Floor, Becket House 36 Old Jewry, London EC2R 8DD
<b>Solicitors to the Company:</b>	BPE Solicitors LLP St James' House St James' Square Cheltenham, GL50 3PR
<b>Registrars:</b>	Neville Registrars Limited Neville House, 18 Laurel Lane Halesowen, B63 3DA
<b>Bankers:</b>	Ulster Bank Victoria Square 11 – 16 Donegal Square East Belfast, BT1 5UB
<b>Public relations:</b>	Mo PR Advisory Mill Hill, Grange Road Tiptree CO5 0UL
<b>Website:</b>	<a href="http://www.DeepVerge.com">www.DeepVerge.com</a>

# DeepVerge Plc

## Chairman's Statement For the year ended 31 December 2020

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Dear Fellow Shareholder,

In my second year as Chairman, I have pleasure presenting the Company's report and results for the year ended 31 December 2020.

### Our Business

DeepVerge Plc ("DeepVerge", "Group" or "the Company") was incorporated and registered in England and Wales on 28 May 2016 and was admitted to trading on the AIM market of London Stock Exchange plc on 5 April 2017. Following on from the strategic acquisition of artificial intelligence software company, Rinocloud Limited, in 2019, DeepVerge has applied artificial intelligence to life science and environmental test services for bacteria, viruses and toxins across the Group generating revenue growth, culminating in the first quarterly positive EBITDA in Q4, 2020 (excluding exceptional costs associated with the acquisition of Modern Water plc).

Labskin has its cloud-based eco-system that validates skincare products and ingredients, remotely for clients, and has delivered strength to the core business growth in 2020, building on the already growing list of multi-year, framework agreements with many global Top 20 skincare and healthcare companies. In just over two years, the Labskin division's laboratory space has increased from 924 sq. ft in 2018 to 9,378 sq. ft in 2020.

The Company recently launched the Skin Trust Club Artificial Intelligence Skincare App and Home Test Kit that provide simple, at-home skin microbiome testing for personalised skincare and skin health tracking. These were in development throughout 2020. The self-administered skin swab is a remote trial and allows the consumer to conduct each stage of the trial without interaction. Skin Trust Club's DNA Test generates a report that consumers can use to manage their custom skincare regime. Analysis of skin attributes provides information to create hundreds of different product combinations to suit a person's unique skin microbiome.

The Company's acquisition of Modern Water plc ("Modern Water") completed in November 2020 and expanded DeepVerge's offering to include environmental data management, monitoring and analysis of water contamination using AI. The Group has over 3,000 units installed in over 60 countries serving clients in water utilities, public health authorities and industrial manufacturers. The Group is introducing new equipment to meet demand across its Microtox and MicroTrace ranges with a new range of real-time surveillance services in water quality monitoring.

### Results

Yet again, this year has been transformational for DeepVerge, attributable to enhancing an already successful business model, better than expected with our first EBITDA profitable quarter in Q4, 2020, before costs of Modern Water acquisition. Revenues for the year exceeded the Company guided number by 10% and growth in sales is reflected in higher revenues per client, increased demand requiring additional employees across all subsidiaries during lockdown, no COVID-19 furlough and expansion of laboratory space throughout 2020 and into 2021.

### Highlights:

- Total 2020 revenue £6.650m including pre-acquisition Modern Water revenue, increase of 553% from 2019 £1.017m revenue;
- Consolidated group revenue £4.483m (2019: £0.823m);
- EBITDA losses before exceptional items reduced by 19% to £0.859m (2019: £1.055m);
- H2, 2020 revenue growth of 3.47 times H1 revenue;
- Strong sales in Q4 2020 delivered the Company's first EBITDA profitable quarter (excluding exceptional costs associated with the acquisition of Modern Water);
- Administration costs increased to £4.561m (2019: £2.973m) with Modern Water acquisition and Labskin expansion;
- Operating loss of £2.718m (2019: £2.371m) after providing for:
  - Depreciation of £0.172m (2019: £0.101m);
  - Amortisation of £0.941m (2019: £0.442m);
  - Impairment of intangible assets £nil (2019: £0.241m);
  - Impairment of investments £0.354m (2019: £nil);



## Chairman's Statement (continued)

### For the year ended 31 December 2020

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- Exceptional costs of £0.391m (2019: £0.532m) were one-off transaction costs relating to acquisition activities; £13.315m all-share Acquisition of Modern Water.

#### Post Year-End Highlights

- £10m Placing and Subscription to fund scale, meet increased demand and expand revenues across the Group
  - At 30 pence per 0.1p ordinary share;
  - 100% increase in share issue price since previous December 2019 placing at 15 pence equivalent per 0.1p ordinary share (1.5p per 0.01p ordinary share before 10:1 consolidation).

Further information on our products, technologies and advances Post-Year-End can be found in the Chief Executive's Report.

#### Corporate governance

I believe that good corporate governance is important to support our future growth and the Board, which has extensive experience in publicly listed companies and running companies in the personal healthcare sector, is committed to the highest standards.

#### Outlook

COVID-19 presented challenges for the global economy but multiple opportunities for the Group. The move from selling equipment to providing services and consumables gave the Group scope to expand substantially into 2021 with our real-time water contamination detection and environment sector solutions, contributing to increased demand with additional staff recruited over the lock-down period and announcement of up to a further 60 staff required in the next few months. The outcome has resulted in an increase of new and core business from Labskin, Modern Water and the new Skin Trust Club consumer division.

SARS-CoV-2 and COVID-19 Testing has been underway between DeepVerge and Modern Water since our joint collaboration and development announcement in June 2020. The most recent RNS has confirmed the successful SARS-CoV-2 detection in wastewater treatment plants with equipment installed and data continuing to transmit alerts on the identification of the virus, in real-time. These are exciting developments, and the Company will update the market on an extended roll out across multiple jurisdictions, expected in H2 this year.

The Board provided guidance for 2021 revenue of £10m in January 2021 and remains and remains well on track and expects the business will continue to grow across all divisions in the Group.

**Ross Andrews**

**Chairman**

30 June 2021

# DeepVerge Plc

## Chief Executive's Statement For the year ended 31 December 2020

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Dear Fellow Shareholder,

We have grown from 5 full time employees in August 2018 to nearly 60 today and recently announced of an additional 60 to join over the next few weeks and months. The Chief Executive's Statement reflects a year in the life of the Company, but the growth and success comes from the people who breathe the life and soul into the Group, making a difference every day. So, I present the Company's results for the year ended 31 December 2020 below on behalf of the DeepVerge Team.

### DeepVerge

DeepVerge is an environmental and life science group of companies that develops and applies AI and IoT technology for the analysis and identification of bacteria, virus and toxins. Utilising artificial intelligent data analytics to scientifically prove the impact of skincare product claims on skin microbiome for most of the top 20 global cosmetic company clients and remotely detect and identify in real-time, dangerous pathogens, such as SARS-CoV-2 in wastewater treatment plants, drinking water, rivers, lakes and reservoirs.

### Our core services:

- Regulated environmental toxicology services;
- Human skin equivalent platform to validate and verify the safety and impact on client products for regulatory authority approval;
- AI and microbiome platform to facilitate clinical trials for skincare companies and remote test-kits for consumer skin;
- Monitoring and data analytics platform for real-time detection and identification of pathogens in water and wastewater.

### Highlights:

- Total 2020 revenue £6.650m including pre-acquisition Modern Water revenue, increase of 553% from 2019 £1.017m revenue;
- Consolidated group revenue increased by 445% to £4.483m (2019 restated: £0.823m);
- H2 2020 revenue £3.479m an increase of 247% from H12020 £1.004m revenue;
- Strong sales in Q4 2020 delivered the Company's first EBITDA profitable quarter (excluding exceptional costs associated with the acquisition of Modern Water);
- Group staff number increased by 27 (268%) to 43 employees (2019: 16) and Share Option program implemented
- EBITDA losses fell by 37% to £0.668m (2019: £1.053m),
  - excluding exceptional items and share option scheme of £191,000 (2019: £2,000) ;
- EBITDA losses fell by 19% to £0.859m (2019: £1.055m),
  - excluding exceptional items)
- Administration costs increased to £4.561m (2019: £2.973m) with Modern Water acquisition and Labskin expansion;
- Operating loss of £2.718m (2019: £2.371m) after providing for:
  - Depreciation of £0.172m (2019: £0.101m);
  - Amortisation of £0.941m (2019: £0.442m);
  - Impairment of intangible assets £nil (2019 : £0.241m);
  - Impairment of investments £0.354m (2019: £nil);
  - Exceptional costs of £0.391m (2019: £0.532m) were one-off transaction costs relating to acquisition activities;
- £13.315m all-share acquisition of Modern Water.

### Post-year-end highlights

- £10m Placing and Subscription to fund scale, meet increased demand and expand revenues across the Group
  - At 30 pence per 0.1p ordinary share;
  - 100% increase in share price since previous December 2019 placing at 15 pence equivalent per 0.1p ordinary share (1.5p per 0.01p ordinary share before 10:1 consolidation).
- FY 2021 revenue guidance remains at £10m with £3.6m already received in Modern Water orders in Q1.
- Group staff numbers continues to grow to meet demand and as at 30 June 2021 stands at 57 up from 43 at year end
- The Labskin Division has sealed its reputation as a leading diagnostics partner with global partners and new service offerings

## Chief Executive's Statement (continued)

### For the year ended 31 December 2020

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- We work with 18 of the top 20 global pharma companies;
  - Virtual clinical trials with remote collection of human volunteer's skin microbiome;
- New solution for the collection of volunteer microbiomes to allow for lab controlled clinical trials of advanced skin models (pigmented, acne, atopic dermatitis, psoriasis) and human microbiomes;
- As the data bank of remote volunteers grow the higher the accuracy and increased reliability of virtual product testing can be provided to clients eliminating early human trial and error testing and faster time to market;
- Building of a data repository to allow AI modelling of skin conditions and ingredient effects;
  - Launch of Skin Trust Club Artificial Intelligent (A.I.) Skincare App and Home Test Kit
    - 2,000 members in the Alpha test with more than 5,000 before we stopped accepting for the Beta of which we will throttle back to complete.
    - Self-administered skin swab from home-test-kit allows the clinical trial or Skin Trust Club participant to conduct a simple test without interaction;
    - DNA test that generates a report consumers can use to manage their custom skincare regimen. Analysis of skin attributes provides information to create hundreds of different product combinations to suit a person's unique skin microbiome;
- Environmental Health division also continues to grow apace with new equipment, solutions, labs and services creating a strong \$5.0m (£3.6m) sales pipe for Microtox and MicroTrace in Q1 alone
  - New equipment rolling off production lines on three continents to meet demand across the Microtox and MicroTrace range with new range of real-time surveillance services in Water Quality Monitoring
  - New solutions to detect contaminants of concern and forever chemicals through Microsaic systems, mass spectroscopy-based identification systems and our work with the Aptamer Group
  - Two New Containment Level 3 (Virus) level labs at our York UK facility
  - New services to detect dangerous pathogens, including contagious infections as well as community detection of opioids.
- Initial data from ongoing Phase III COVID-19 detection studies demonstrates ability to identify and detect the virus
  - Public Health England access to the SARS-CoV-2 virus at Category 3 lab with University of Aberdeen, Genoa, Italy and Liverpool University
    - Identified the virus S-Protein in quantities at 40 femtogram per millilitre ("Fg/mL")
    - Close to 100% sensitivity and specificity on DeepVerge's Microtox BT nano-optofluidic chip
  - 40 subject breath test clinical trial concluded at Royal College of Surgeons, Ireland
    - 16 independently confirmed as COVID-19 positive with PCR tests
    - Breath samples were tested on the Microtox® BT nano-optofluidic chip surface with Affimer® reagents ("Avacta Group") and Optimers ("Aptamer Group")
    - Detection of the live virus confirmed indicating 9 times increase in digital spectrum signal on the Microtox® BT compared to control
    - Microtox® BT delivered results in under 60 seconds from breath samples
  - Subject to completion of additional human trials, the Microtox BT would be expected to meet the criteria for UK, MHRA's Target Product Profile Rapid Breath Test which would enable us to roll out the COVID-19 and other pathogen breath tests later this year
- On 26 April, Skin Trust Club iOS App went live after successful completion of 2,000 Alpha skin tests
- On 28 April the Company announced it had entered into a Memorandum of Understanding for a Joint Venture with China Resources Environmental Protection Development Limited to cover the manufacture, assembly and sale of environmental monitoring equipment.
- On the 6 May the Company announced the establishment of a new AI centre of excellence in Cork, Ireland to play key role in real-time detection of SARS-CoV-2 in Ireland and across Europe. In addition, the Irish headcount, based on growing demand, is expected to triple in 2021 adding up to 60 new hires for roles in data science, physics and epidemiology.

## Chief Executive's Statement (continued)

### For the year ended 31 December 2020

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- On 24 June the Company announced the successful completion of Phase 3 field trials in which Microtox PD achieved real-time detection and transmission of data, specific to SARS-CoV-2, in wastewater treatment plants at multiple sites. As a result, Modern Water entered into a master service agreement with EPS Group to install, calibrate, service and maintain Microtox PD units which, subject to negotiation with undisclosed parties, have the potential to be installed in multiple European countries.

The Company has transformed its business model to apply artificial intelligence to life science and environmental test services for bacteria, viruses and toxins. Key activities of the business are as follows:

#### **Labskin**

Labskin is a 3D human skin equivalent test platform that scientifically proves the impact of skincare product claims in healthcare, life sciences, skin microbiome clinical trials, pharmaceutical and cosmetics industries. The Labskin division's laboratory space has increased from 924 sq. ft in 2018 to 9,378 sq. ft in 2021 and the team works with leading skincare companies such as Stryker, L'Oréal and Kimberly-Clark. Labskin's virtual clinical trials with remote collection of human volunteers' skin microbiome provides a solution for the collection of volunteer microbiomes to allow for lab-controlled trials of advanced skin models and human microbiomes. As the data bank of remote volunteers grow, the higher the accuracy and increased reliability of virtual product testing that can be provided to clients, eliminating early human trial and error testing and resulting in a faster time to market.

#### **Skin Trust Club**

The Company recently launched the Skin Trust Club Artificial Intelligence Skincare App and Home Test Kit that provide simple, at-home skin microbiome testing for personalised skincare and skin health tracking. The self-administered skin swab is a remote trial and allows the participant to conduct each stage of the trial without interaction. Skin Trust Club's DNA Test generates a report that consumers can use to manage their custom skincare regime. Analysis of skin attributes provides information to create hundreds of different product combinations to suit a person's unique skin microbiome.

#### **Modern Water Plc**

On 13 October 2020 the Company made an offer to acquire Modern Water Plc. The offer consisted of one Company share for ten Modern Water Plc shares. The Company issued 55,669,222 ordinary shares at an average 23.92p per share, valuing the acquisition at £13,315,114. On 9 November 2020 the Company acquired majority control of Modern Water Plc and on 15 January 2021 the acquisition was completed. Modern Water plc was de-listed from AIM on 9 December 2020. Modern Water is expert in the development of analytical instruments and technology for monitoring toxicity in water, soil, food and industry. The Company believes that valuable emerging synergies exist between Rinocloud AI and Modern Water technology.

#### **Drinking and Wastewater Analysis**

The Company gained control of Modern Water in November 2020 expanding DeepVerge's offering to include environmental data management, monitoring and analysis of water contamination using AI. The Group has over 3,000 units installed in over 60 countries serving clients in water utilities, public health authorities and industrial manufacturers. The Group is introducing new equipment to meet demand across its Microtox and MicroTrace ranges with a new range of real-time surveillance services in water quality monitoring. It is also developing, in partnership with Microsaic Systems and the Aptamer Group, a range of binders to detect contaminants of concern and forever chemicals. The Company has two new containment level 3 (virus) labs at its York facility and is also introducing new services targeting dangerous pathogens including contagious infections as well as community detection of opioids.

#### **SARS-CoV-2 and COVID-19 Testing**

With access to the SARS CoV-2 virus at a category 3 laboratory with the University of Aberdeen and Liverpool University, the Company's Microtox® unit is able to identify the virus S-Protein in quantities at 40 femtogram per millilitre ("Fg/mL"). The results were close to 100% sensitivity and specificity on DeepVerge's Microtox® nano-optofluidic chip and Microtox®, using AI was able to detect super-spreaders (with a high viral load), average spreaders and the lower limit sufficient to pick up the low emitters (asymptomatic). The effectiveness of Microtox® was demonstrated in a 40 subject clinical trial conducted with the cooperation of the Royal college of Surgeons, Ireland, where 16 subjects were independently confirmed as COVID-19 positive with PCR tests. Breath samples were tested on the Microtox® BT nano-optofluidic chip surface with Affimer reagents and Optimers.

## Chief Executive's Statement (continued) For the year ended 31 December 2020

Detection of the live virus was confirmed indicating 9 times increase in digital spectrum signal on the Microtox compared to control. Microtox delivered results in under 60 seconds from breath samples. Subject to completion of additional human trials, the Microtox BT would be expected to meet the criteria for UK, MHRA's Target Production Profile Rapid Breath Test.

### Disruptive Business Model

DeepVerge has advanced its core business model with Labskin AI platform to create a fundamental change in topical skin related clinical and medical device trial costs. Changes go far beyond incremental savings resulting in:

- Physical presence of human volunteers can be eliminated using remote clinical trials testing;
- Swab of test subject's skin is taken and applied to Labskin;
- Instantly creates twin test subject;
- Recruitment time is shorter as location is irrelevant, or at least within posting distance;
- Project management and supervision time and personnel are reduced substantially;
- AI integration delivers comparative analytical data plus human test response data;
- Reduces error – highlighting test subjects who are not sticking to test regime;
- Increases accuracy;
- Clients win, Clinical Research Organisation wins and Labskin wins extra revenues;
- Our commercial focus is on distribution using sales, marketing and distribution channels of collaboration partners as well as adding to the combined knowledge with our team that understand bacteria, fungi and viruses;
- We have a full team of IT and web services professionals that understand 'online' and SEO, bringing our partner businesses fully online, through ecowaterOS and RinoDrive, which is so necessary in a COVID-19 world;
- Sales and Marketing includes an inside sales team, brand and marketing specialists that complement our partners traditional sales models;
- Flexible enough to facilitate scientific procedures that need to be updated.

### 3-Step Strategic Plan Across All Divisions

#### 1. Grow Profits Across Related Markets

We will continue to leverage existing blue-chip clients and collaboration partner relationships to secure additional high value product test service contracts with additional sales resources.

#### 2. Product & Service Investment

Roll-out of physical and digital cloud-based reporting services to keep our Life Science and Environmental Health offering competitive and relevant to our clients is key to delivering more value to our clients and increasing revenue per client in return. We maintain this approach by extending our technical resources to enhance product and service development. The addition and continued development of AI data analytics capabilities from our Rinocloud division, and the continued growth in revenue because of that, shows we are on the right track.

#### 3. Collaboration & Acquisition

We actively pursue a broader portfolio of services through revenue shared collaboration and acquisition options. These areas have been previously mentioned in RNS announcements and include, but are not limited to, data analytics, software and biophysics integration services. All of these lead to extending the scope and reach of all divisions. As mentioned above the key criteria in our collaboration and partner targets are to increase revenue per client and earnings from repurposed assets to enhance shareholder value.

As noted from the recent RNS on the positive results of wastewater treatment plant installations of Microtox PD, the Company has signed master service and commercial agreements with Avacta Group plc and Aptamer Group Limited for binding agents, installation, maintenance, a service agreement with EPS Group for Europe and will update the market on an extended roll out across multiple jurisdictions for detection of SARS-CoV-2 in real-time, expected in H2 this year. We look forward to updating you on the progress of this strategy as we go forward.

**Gerard Brandon**  
Chief Executive Officer  
30 June 2021

## The Board

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### **Ross Andrews, Non-Executive Chairman**

Ross was appointed Chairman on 21 May 2019, having been a non-executive director since April 2017. He is a corporate financier with over 30 years' experience, has a strong understanding of corporate governance regimes and is chairman and non-executive director of several UK listed companies. In 2018, he established Guild Financial Advisory, a corporate finance boutique focused on ambitious and fast-growing companies.

### **Gerard Brandon (Chief Executive Officer)**

Gerard was appointed Director and CEO of DeepVerge in August 2018. Previously, he joined Cellulac Limited (Ireland) as its Chief Executive Officer in May 2012 and assumed the same role for Cellulac plc in October 2013. In 1996 he became founder and CEO of Alltracel Pharmaceuticals PLC, where he built a team that oversaw numerous patents granted on refined cellulose. Alltracel was admitted to trading on AIM in 2001. In 2004, he was appointed as a Managing Partner for Farmabrand Private Equity. In 2009, he was appointed as an Executive Consultant to Eplixo Limited. He is a Fellow of the Ryan Academy of Entrepreneurs in Dublin.

### **Camillus Glover (Chief Financial Officer)**

Camillus was appointed Director and COO of DeepVerge on 8 August 2018. On 29 August 2018 he took over as Chief Financial Officer. Previously, he joined Cellulac Limited (Ireland) as Chief Financial Officer in May 2012 and assumed the same role for Cellulac plc in October 2013. He is a member of the Institute of Chartered Accountants Ireland. In 2003, he joined Alltracel Pharmaceuticals plc as Commercial Director and was appointed Chief Operations Officer in 2005 until it was acquired in 2008 by Hemcon Medical Technologies ("Hemcon"). Between 2009 and 2012, he was VP of Global Business Development for Hemcon prior to joining Cellulac plc.

### **Fionan (Fin) Murray, (Chief Operations Officer)**

Fin is the founder of Rinocloud Limited. He was appointed Sales Director of DeepVerge on 2 May 2019 following the acquisition of Rinocloud Ltd. On 26 February 2020 he was appointed COO of DeepVerge. He is a seasoned sales executive with more than 30 years' experience in worldwide distribution deals, selling complex software solutions into the multi-national corporate sectors in financial services, biotech, utilities and government departments. He is former CEO of LeT Systems Ltd and a senior executive at KBC Bank and Kindle Banking systems. He was appointed Chief Operations Officer on 26 February 2020.

### **Dr Nigel Burton (Non-Executive Director)**

Nigel was appointed non-executive director of the Company on 10 November 2020 following the acquisition of Modern Water where Nigel was a non-executive director. Nigel worked for over 14 years as an investment banker at leading London City institutions including UBS Warburg and Deutsche Bank, including serving as a Managing Director responsible for the energy and utilities industries. Following these roles Nigel spent 15 years as Chief Financial Officer or Chief Executive Officer of a number of private and public companies and is a Non-Executive Director of a number of other listed companies including BlackRock Throgmorton Trust, eEnergy Group, Microsaic Systems and Location Sciences.

## Strategic Report

### For the year ended 31 December 2020

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#### Review of the business

A comprehensive review of the year is given in the Chairman's and Chief Executive's Statements on pages 2 to 8.

#### Principal risks and uncertainties

The Directors continually identify, monitor and manage the risks and uncertainties of the Group. Risk is inherent in all businesses. Set out below are certain risk factors which could have an impact on the Group's long-term performance and mitigating factors adopted to alleviate these risks. This list does not purport to be an exhaustive summary of the risks affecting the Group.

#### *Management and employees*

The Group's future success will be dependent on key employees and their on-going relationships with customers. The Group encourages customer contacts to be maintained by more than one individual. Key employees are incentivised through a mixture of competitive remuneration and sales commission. Main Board Directors are incentivised as detailed in the Directors' Remuneration Report.

#### *Early stage of operations*

DeepVerge is an early commercial stage company. The acquisition of both Rinocloud Limited and Modern Water has generated substantial growth in revenue and increased product and service offerings which allows visibility on long term sales pipeline activity. This integration of all divisions has had a relatively short-term track record of product sales and new service offerings, but recent funding has secured the resources to balance growth of product and service supply with demand for these offerings from our clients.

#### *Delay in product launches*

The Group has identified product and service development projects to take to market, some of which required specific funding to proceed. The recent funding is no guarantee that these projects will be completed within anticipated timescales, and while they have resulted in viable products and services, they remain at early stage to understand the size of the opportunities across the Group. The Group's strategy involves, inter alia, running clinical studies on its products to create verifiable data which can be used in marketing campaigns to differentiate the Group's products from competitors. The Skin Trust Club, a consumer skincare home test kit for skin microbiome was launched recently. If the clinical studies and roll out of services to consumers take longer than expected, or fail to establish the anticipated numbers signing up, this could be damaging to the Group's prospects.

#### *Potential funding requirement for further development*

Any future collaboration, partnership, joint venture expansion, activity, acquisitions and/or business development may require additional capital and the Group may seek to raise additional funds through equity or debt financings or from other sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient.

#### *Competition risk*

The Group's current and future potential competitors include, amongst others, major multinational healthcare and environmental health companies with substantially greater resources than those of the Group. There can be no assurance that competitors will not succeed in developing systems, products and services that are more effective or economic than any of those developed by the Group, which would render the Group's products obsolete or otherwise non-competitive. The Group seeks to reduce this risk by ensuring that a professional and high standard product and service is provided to its customers, maintaining confidentiality agreements and selecting leading businesses in their respective fields as collaboration and joint development partners capable of addressing significant competition, should it arise.

#### *Currency exchange risk*

The Company's financial statements are denominated in pounds sterling, its functional currency. The Company plans to increase its sales and activities in the USA and the EU which may be impacted by exchange rate fluctuations in future. Following the acquisition of Modern Water additional dollar costs will arise which will be hedged against dollar sales.

#### *COVID-19 risk*

Management is constantly reviewing the impact of COVID-19 with clients and partners to assess manufacturing and supply of services stress. These include, but are not limited to, restrictions on the supply of materials that enable the Group to supply goods and services to clients. This review process is designed to provide advance warning to be able to manage impacts on the business and to assist clients meet their needs where reliance on the delivery of our goods and services from the Group is critical.



## Strategic Report (Continued)

### For the year ended 31 December 2020

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#### Financial risk management

The Group has instigated certain financial risk management policies and procedures which are set out in note 3 to the financial statements.

#### Companies Act S.172 Statement

The Directors are fully appraised of their responsibilities under section 172(1) of the Companies Act 2006 and are so advised and updated on a regular basis by the Company Secretary of DeepVerge plc.

#### Business

The Group's strategic plan was designed to have a long-term beneficial impact on the Group and our customers by delivering the range of products and services as the go-to brand for animal testing alternatives for human skin, within Labskin, the go-to brand for environmental health testing in water and wastewater in Modern Water. The Directors will continue to operate the business within tight budgetary control and in line with regulatory requirements.

#### Employees

The Group has increased employees because of increased demand as well as ahead of expected future demand for products and services. Management of HR is critical to the delivery of the Group's strategic plan. The Directors ensure that the Group complies with all employment laws in the respective jurisdictions of each subsidiary and have implemented appropriate standards and systems to monitor and to ensure the welfare of all employees. For more detail on how the Directors support the employees, see Corporate And Social Responsibility report in this Annual Report.

#### Stakeholder engagement

The Group has built and maintained relationships with shareholders, advisers and suppliers. The Directors have taken steps to develop and strengthen them through dialogue and engagement. These relationships are regularly monitored at Board level. The Chairman ensures that he is available to discuss issues with key shareholders outside of the shareholder meetings which are held. The Company complies with its disclosure obligations as set out in the AIM Rules for Companies, published by London Stock Exchange to ensure that shareholders are updated on key developments on a timely basis.

#### Governance

The Board recognises that good standards of corporate governance help the Group to achieve its strategic goals and is vital for the success of the Company. For more detail on the corporate governance of the Group, see Corporate Governance Report in this annual report.

#### Disclosure of information to the Auditors

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Company'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 him aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Outlook

##### Key Performance Indicators (KPIs)

The key performance indicators currently used by the Group are revenue, adjusted EBITDA and cash resources. The Group intends to establish other key performance indicators in due course once the Group has matured sufficiently. The Group does not use and does not at present intend to use non-financial key performance indicators.

#### Review of strategy and business model

Since 2019, DeepVerge Plc has completed a number of strategic acquisitions and the most recent being Modern Water, under the Company's control since 9 November 2020. With 30+ years of institutional knowledge of virus, bacteria, toxins and parasites in water and wastewater, Modern Water complements the knowledge within Labskin of virus, bacteria and toxins on human skin. The addition of a digital platform which was originally created for Labskin can now be extended to facilitate data accumulated from equipment already installed in more than 60 countries and using AI to identify in real-time dangerous pathogens across the group.

## Strategic Report (Continued)

### For the year ended 31 December 2020

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This physical laboratory-grown 3D human skin equivalent, developed specifically to host bacteria, virus and fungi on human skin in our test laboratories, incorporates a digital artificial intelligence to enhance clinical research, medical device and life science testing in physical real-world and virtual digital simulated form. Labskin allows our clients in skincare, healthcare, pharmaceutical manufacturers and the cosmetic industry to test and validate their product claims on human-like skin in a real-world environment with full access to multiple state-of-the-art partner technologies.

Because of the changes to the business model the Company is seeing an improved pipeline of activity. The Rinocloud acquisition and its development team has integrated well, as much of the work in collaboration had commenced prior to completion of the transaction. Moving to a higher value service offering and now including detection and predictive services across the Group is both exciting and challenging. With an increased order pipeline, the Company requires additional infrastructure and expertise. The announcements throughout 2020 of increased laboratory space and personnel growth has secured immediate organic growth from all divisions. The data analytics and use of artificial intelligence to enhance the capabilities of existing equipment and services of both the life science and environmental health divisions, opens opportunities to explore options of collaboration, partnership and acquisitive growth to achieve Company goals of meeting increased demands from our clients, regulatory compliance and enhance shareholder value.

#### **Environment**

The Directors consider that the nature of the Group's activities is not inherently detrimental to the environment.

#### **Employees**

The Group places value on the involvement of its employees and they are regularly briefed on the Group's activities. The Group closely monitors staff attrition rates which it seeks to maintain at current low levels and aims to structure staff compensation levels at competitive rates in order to attract and retain high calibre personnel.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the specific aptitudes of the applicant involved. It is the policy of the Group that the training, career development and promotion of disabled persons, as far as possible, be identical with that of other employees.

#### **Social, community, and human rights**

The Board recognises that the Group has a duty to be a good corporate citizen and to respect the laws, and where appropriate the customs and culture of the territories in which it operates. It contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

The Strategic Report was approved by the Board on 30 June 2021 and signed on its behalf by:

**Gerard Brandon**  
Chief Executive Officer

# DeepVerge Plc

## Report of the Directors For the year ended 31 December 2020

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The Directors have pleasure in submitting this report together with the audited financial statements of DeepVerge Plc for the year ended 31 December 2020.

### Corporate details

DeepVerge Plc is incorporated in England and Wales with registration number 10205396. The registered office is York Biotech Campus, Sand Hutton, York, North Yorkshire, YO41 1LZ.

### Directors

The Directors who held office during the year and as at the date of signing the financial statements were as follows:

Gerard Brandon  
Camillus Glover  
Ross Andrews  
Fin Murray  
Nigel Burton

(Appointed on 10 November 2020)

### Principal activities

The Group is an environmental and life science group of companies that develops and applies AI and IoT technology to analytical instruments for the analysis and identification of bacteria, virus and toxins. Utilising artificial intelligent data analytics to scientifically prove the impact of skincare product claims on skin microbiome for most of the top 20 global cosmetic company clients and remotely detect and identify in real-time, dangerous pathogens, such as SARS-CoV-2 in wastewater treatment plants, drinking water, rivers, lakes and reservoirs.

### Our core services:

- Regulated environmental toxicology services;
- Human skin equivalent platform to validate and verify the safety and impact on client products for regulatory authority approval;
- AI and microbiome platform to facilitate clinical trials for skincare companies and remote test-kits for consumer skin;
- Monitoring and data analytics platform for real-time detection and identification of pathogens in water and wastewater.

### Dividends

There were no dividends paid or proposed by the Company during the period (2019: none).

### Going concern

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements.

The Directors have prepared cash flow projections to determine funding requirements of the Group.

During June 2021 the Company raised £10m by issuing new shares to fund accelerated sales opportunities and for general working capital purposes.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and consolidated financial statements.

# DeepVerge Plc

## Report of the Directors (continued) For the year ended 31 December 2020

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### Directors' interests

The interests of the Directors who served during the year and previous year in the share capital of the Company (all held beneficially) as at 31 December 2020 were as follows:

	Ordinary Shares of 0.1p each
Gerard Brandon	8,414,483 <sup>1</sup>
Camillus Glover	4,250,670
Ross Andrews	323,846
Fin Murray	8,786,758
Nigel Burton	1,883,167

<sup>1</sup> Includes 194,942 shares held by family member

### Substantial shareholdings

At the date of signing of these financial statements, the following interests in 3% or more of the issued Ordinary Share capital had been notified to the Company:

Shareholder	Number of shares	Percentage of issued share capital
Helium Rising Stars Fund	9,571,943	4.45%
Fionan Murray	8,786,758	4.08%
Gerard Brandon	8,219,901	3.82%

### Post balance sheet events

The following events have taken place since the year end:

#### Ordinary Shares Issued

In the period from 1 January 2021 to date of the signing of these financial statements subscribers have exercised warrants over 3,824,485 Ordinary Shares of 0.1p each at an exercise price of 20p raising a total of £764,897.

In the period from 1 January 2021 to date of the signing of these financial statements staff employees have exercised options over 43,962 Ordinary Shares of 0.1p each at an exercise price of 0.1p raising a total of £44.

In the period from 1 January 2021 to date of the signing of these financial statements Turner Pope International exercised warrants over 8,422,284 Ordinary Shares of 0.1p at exercise prices ranging from 5p to 15p, at an average of 6.53p per Ordinary Share of 0.1p raising a total of £500,200.

On 7 June 2021 the Company raised £10 million by way of a firm and conditional placing of 33,333,334 Ordinary Shares of 0.1p at a placing price of 30 pence per share. The first firm placing on 11 June 2021 of 21,086,888 Ordinary Shares raised £6.32 million. The second conditional placing on 24 June 2021 of 12,246,446 Ordinary Shares raised £3.68 million.

At the date of signing these financial statements, the Company had an issued share capital of 215,138,276 Ordinary Shares of 0.1p each and 223,685,232 deferred Ordinary Shares of 0.99p each.

#### Director Purchase of Ordinary Shares

On 12 April 2021 Ross Andrews, Director, purchased 1,000,000 Ordinary Shares of 0.1p each on the open market at an average price of 33.72p per share.

## Report of the Directors (continued) For the year ended 31 December 2020

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### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report 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 prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and the Parent Company and of the profit or loss of the Group and the Parent Company 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;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Group and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company 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 Parent Company's website ([www.deepvergeplc.com](http://www.deepvergeplc.com)). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and the accounts, taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and the Parent Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Report of the Directors confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Parent Company;
- the Parent Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Parent Company; and
- the Chairman's Statement and Chief Executive's Statement include a fair review of the development of the business and the position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that it faces.

### Directors' liability insurance

The Company maintains Directors and Officers liability insurance, which is reviewed annually and is considered to be adequate by the Company and its insurance advisers.

### Independent auditors

Jeffreys Henry LLP were appointed during the year and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

## Report of the Directors (continued) For the year ended 31 December 2020

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### Companies Act S.172 Statement

The Directors are fully apprised of their responsibilities under section 172(1) of the Companies Act 2006 and are so advised and updated on a regular basis by the Company Secretary of DeepVerge plc.

### Business

The Group's strategic plan was designed to have a long-term beneficial impact on the Group and our customers by delivering the range of products and services as the go-to brand for animal testing alternatives for human skin, within LabSkin, the go-to brand for environmental health testing in water and wastewater in Modern Water. The Directors will continue to operate the business within tight budgetary control and in line with regulatory requirements.

### Employees

The Group has increased employees because of increased demand as well as ahead of expected future demand for products and services. Management of HR is critical to the delivery of the Group's strategic plan. The Directors ensure that the Group complies with all employment laws in the respective jurisdictions of each subsidiary and have implemented appropriate standards and systems to monitor and to ensure the welfare of all employees. For more detail on how the Directors support the employees, see Corporate And Social Responsibility report in this Annual Report.

### Stakeholder engagement

The Group has built and maintained relationships with shareholders, advisers and suppliers. The Directors have taken steps to develop and strengthen them through dialogue and engagement. These relationships are regularly monitored at Board level. The Chairman ensures that he is available to discuss issues with key shareholders outside of the shareholder meetings which are held. The Company complies with its disclosure obligations as set out in the AIM Rules for Companies, published by London Stock Exchange to ensure that shareholders are updated on key developments on a timely basis.

### Governance

The Board recognises that good standards of corporate governance help the Group to achieve its strategic goals and is vital for the success of the Company. For more detail on the corporate governance of the Group, see Corporate Governance Report in this annual report.

### Disclosure of information to the Auditors

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Company'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 him aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Annual General Meeting

A copy of the notice convening the Annual General Meeting will be sent out shortly under separate cover.

The Directors' report was approved by the Board on 30 June 2021 and signed on its behalf by:

**Gerard Brandon**

**Chief Executive Officer**

## Corporate Governance Statement For the year ended 31 December 2020

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### Compliance

The Directors recognise the value of the principles of the Corporate Governance Code for Small and Mid-Size Quoted Companies issued by the Quoted Companies Alliance (QCA).

The following statement describes how the Group seeks to address the principles underlying the Code where practicable and appropriate for a company of this size.

### Board composition and responsibility

The Board currently comprises five Directors. The Non-executive Chairman, three executive Directors and two non-executive Director. The Board has determined that the Non-executive Directors are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement. The Board is satisfied with the balance between executive and non-executive Directors which allows it to exercise objectivity in decision making and proper control of the Group's business. The Board considers this composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between executives and non-executives.

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointment and are subject to re-election at least every three years. The Board does not automatically re-nominate non-executive Directors for election by shareholders. The terms of appointment of the non-executive Directors can be obtained by request to the Company Secretary.

The Board's primary objective is to focus on adding value to the assets of the Group by identifying and assessing business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions. There is a division of responsibilities between the Non-Executive Chairman, who is responsible for the overall strategy of the Group, and the CEO, who is responsible for implementing the strategy and day to day running of the Group. He is assisted by the CFO and the COO.

### Board meetings

26 Board meetings were held during the period. The Director's attendance record during the period is as follows:

Gerard Brandon	25
Camillus Glover	26
Ross Andrews	13
Fin Murray	13
Nigel Burton	3
(Appointed 10 November 2020)	

### Audit and Risk Committee membership and activities

The Chair of the Audit Committee is Non-executive Director Ross Andrews. The Committee welcomed Dr Nigel Burton to the Board as a second Non-executive Director during the year and the third member of the Committee is Executive Director Fin Murray. All three Directors possess the necessary depth of financial and commercial expertise to fulfil their role. Although not members of the Audit Committee, the CEO and CFO are also invited to attend meetings, unless they have a conflict of interest. Other senior members of the business are invited to attend meetings as appropriate. The Audit Committee met twice for scheduled meetings during the year.

### Key activities during the year

- Reviewed the Annual Report and Accounts, including whether they were fair, balanced and understandable, the material judgements and estimates, going concern and viability statements.
- Considered the external auditor's report on the full- and half-year audits.
- Reviewed the full- and half-year results announcements.
- Appraised the effectiveness and performance of our external auditors, assessed their independence and objectivity, and recommended their reappointment.
- Considered the external audit fees and terms of engagement.



## Corporate Governance Statement (continued) For the year ended 31 December 2020

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### Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review, with management and the external auditor, the quality and appropriateness of the annual and half-yearly financial statements. The Committee focuses on the quality of accounting policies and practices, the appropriateness of underlying assumptions, judgements and estimates made by management, key audit matters identified by the external auditor, the clarity of the disclosures and compliance with financial reporting standards, an assessment of whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and advising the Board on the form and basis underlying the three step strategic plan.

### Nomination Committee membership and activities

The Chair of the Nomination Committee is Non-executive Director Ross Andrews. The Board welcomed Dr Nigel Burton to the Board as Non-executive Director during the year and Dr Burton joined the Nomination Committee as its second Non-executive Director. The third member of the Committee is executive Director Fin Murray. All three Directors possess the necessary depth of management and commercial expertise to fulfil their role. Although not members of Nomination Committee, the CEO and CFO are also invited to attend meetings, unless they have a conflict of interest. Other senior members of the business are invited to attend meetings as appropriate. The Nomination Committee met twice for scheduled meetings during the year.

By appointing Dr Nigel Burton to the Board we are ensuring that we have the world-class experience, skills and expertise necessary to drive the Group forward through its three step strategic plan.

In the coming year, the Committee will turn its focus to ensuring the continued growth of the executive and senior management team.

### Remuneration Committee membership and activities

The Chair of the Remuneration Committee is Non-executive Director Ross Andrews. Dr Nigel Burton joined the Committee as the second as Non-executive Director. The third member of the Committee is executive Director Fin Murray. Appropriate members of the management team, as well as the Committee's advisers, are invited to attend meetings as appropriate, unless there's a potential conflict of interest. The remuneration of Non-executive Directors, is determined by the Executive Directors. The Remuneration Committee met twice for scheduled meetings during the year.

During the year the Committee:

- Determined and recommended to the Board the Group's overall remuneration policy.
- Determined and recommended to the Board the remuneration of Executive Directors.
- Monitored, reviewed and approved the levels and structure of remuneration for other senior managers.

### Internal control

The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial reporting and the safeguarding of assets.

The Group, in administering its business has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and business objectives. The control system includes clear lines of accountability and covers all areas of the organisation. The Board operates procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels and the identification of the major business risks.

### Internal financial reporting

The Directors are responsible for establishing and maintaining the Group's system of internal reporting and as such have put in place a framework of controls to ensure that the on-going financial performance is measured in a timely and correct manner and that risks

## Corporate Governance Statement (continued) For the year ended 31 December 2020

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are identified as early as is practicably possible. There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both the budget and the previous year. They are reviewed and approved by the Board, and revised forecasts are prepared on a regular basis.

### **Relations with shareholders**

The Company reports to shareholders twice a year. The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 days before the meeting. Each substantially separate issue is the subject of a separate resolution and all shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Chairman of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their work. The Chairman advises the meeting of the details of proxy votes cast on each of the individual resolutions after they have been voted on in the meeting.

The Chairman and the non-executive Directors intend to maintain a good and continuing understanding of the objectives and views of the shareholders.

### **Corporate social responsibility**

The Board recognises that it has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

## Report of the Remuneration Committee For the year ended 31 December 2020

### Statement of compliance

This report does not constitute a Directors Remuneration Report in accordance with the Directors Remuneration Regulations 2007 which do not apply to the Company as it is not fully listed. This report sets out the Group policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

### Policy on Executive Directors' remuneration

Remuneration packages are designed to motivate and retain executive Directors to ensure the continued development of the Company and to reward them for enhancing value to shareholders. The main elements of the remuneration package for executive Directors are basic salary or fees, performance related bonuses, benefits and share option incentives.

### Directors' remuneration

The remuneration of the Directors of the Company for the year ended 31 December 2020 and 2019 is shown below:

	2020 £'000	2019 £'000
<b>Non-Executive Directors</b>		
Ross Andrews	49	41
Nigel Burton (appointed 10 November 2020)	8	-
Tony Richardson (resigned on 21 May 2019)	-	5
	<b>57</b>	<b>46</b>
<b>Executive Directors</b>		
Gerard Brandon <sup>1</sup>	173	131
Camillus Glover <sup>1</sup>	141	110
Fin Murray (appointed 2 May 2019)	129	79
Helmut Schlieper (resigned on 6 August 2018)	-	1
	<b>443</b>	<b>321</b>
<b>Total fees and emoluments</b>	<b>500</b>	<b>367</b>

<sup>1</sup> The salary of Gerard Brandon and Camillus Glover from the period 6 August 2018 to 30 June 2019 is for non-cash consideration and these Directors may elect to have accrued salary settled by the allotment of new ordinary shares subject to certain conditions. The element of non-cash consideration in 2019 was for Gerard Brandon £56,000 (2018: £48,000) and for Camillus Glover £51,000 (2018: £42,000).

### Directors' share options

#### 2017 Share Option Scheme

In April 2017, the Company awarded options to five officers of the Company over 6,720,000 ordinary shares of 1p each. These options were exercisable after two years provided that the holder of the options is still an employee of the Company.

Four of the officers have since left the Company, resulting in 6,081,600 of the options lapsing.

There have been a number of share reorganisations in the interim period and the remaining options under the scheme as at 31 December 2020 were as follows:

Director	Date granted	No. of ordinary shares under option	Exercise price	Exercise period
Ross Andrews	5 April 2017	63,840	50p-60p <sup>1</sup>	From 5 April 2017 to 5 April 2027

<sup>1</sup> 50% of the shares will vest at an exercise price of 50p and 50% at an exercise price of 60p 0.1p ordinary shares.

## Report of the Remuneration Committee (Continued) For the year ended 31 December 2020

### 2020 Employee Share Option Scheme

On 18 September 2020 the Company implemented a group wide share option scheme for staff. The scheme incorporated an EMI Share Option Scheme for UK employees, a Share Option Scheme for Irish employees and Non-Approved Scheme to recognise the work and to reward, retain and recognise their contribution to date and their importance to the Company going forward. The share option program will reward the innovation that has been delivered by all team associates, across the DeepVerge Group, and put in place, motivation for our most valuable assets to continue to deliver shareholder value over the next 3 years. The EMI share options will lapse on 18 September 2030 and the Irish Share Options will lapse on 17 September 2027. No share options have been granted to PDMRs.

On 19 November 2020 share options were awarded to the directors of Company:

	<i>Exercise Price</i>	<i>Exercise Date 1 Jan 2021</i>	<i>Exercise Date 1 Jan 2022</i>	<i>Exercise Date 1 Jan 2023</i>	<i>Exercise Period</i>	<b>Share Option Scheme</b>
<b>Gerard Brandon</b>	30p	240,000	280,000	280,000	10 years	EMI Share Option Scheme
<b>Fionan Murray</b>	30p	225,000	262,500	262,500	7 years	Ireland Share Option Scheme
<b>Camillus Glover</b>	30p	225,000	262,500	262,500	7 years	Ireland Share Option scheme
<b>Ross Andrews</b>	30p	60,000	70,000	70,000	10 years	Non-Approved Scheme
<b>Nigel Burton</b>	30p	50,000	58,333	58,334	10 years	Non-Approved Scheme

The fair value calculation of the share options has been calculated using the Black Scholes Model. The charge to the income statement in 2020 for the director share options is as follows:

<b>Director</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Gerard Brandon	9	-
Camillus Glover	8	-
Fionan Murray	8	-
Ros Andrews	2	-
Nigel Burton	2	-
<b>Total</b>	<b>29</b>	<b>-</b>

Full details of the Share Option Scheme appear in Note 32.

## Independent Auditor's Report to the Members of DeepVerge Plc For the year ended 31 December 2020

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### Opinion

We have audited the financial statements of DeepVerge Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the consolidated and company statements 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 the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 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.

### Conclusions relating to going concern

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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for a period of 12 months, to determine expected cash burn, which was compared to the liquid assets held in the entity.

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 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.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

## Independent Auditor's Report to the Members of DeepVerge Plc For the year ended 31 December 2020

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of intangible assets</b></p> <p>During the year, as part of the Modern Water acquisition, the group acquired intangible assets with a fair value of £14,882,000 and with a useful economic life of 10 years. Consequently, the group carried intangible assets of £18,241,000 (2019: £3,654,000) at the yearend relating to intellectual property and development costs.</p> <p>The risk is that the useful economic life of the intangible assets may be different to the management assumptions or technological advancements may render its market value below its carrying value.</p> <p>EBITDA, which is considered by management to be a key metric and is included as a KPI in the strategic report, is directly impacted by the amount of costs capitalised.</p>	<p>Intangibles are only assessed for impairment when indicators of impairment exist. We have considered the life cycle, public perception through the share price of the Company and the fair value of intangibles held by the Company.</p> <p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained management's forecast for future value in use of the intangible assets;</li> <li>• Assessed the reliability of forecasts by agreeing to historical inputs;</li> <li>• Reviewed management and challenged management on their judgements of the forecasted sales and estimates useful life of the intangible assets;</li> <li>• assessed the appropriateness and applicability of discount rate applied to the current business performance;</li> <li>• Assessed the ongoing projects viability and ensured they met the criteria defined in the accounting standards for intangibles; and</li> <li>• Tested the clerical accuracy of management's forecast.</li> <li>• confirmed cost and useful life by reviewing the underlying contracts for purchase of the intangible assets, including those acquired on acquisition of subsidiary during the year;</li> <li>• reviewed the latest management accounts to assess post year end cashflows due to the technology and patents held; and</li> <li>• As all the capitalised intangibles relate to enhancing its product, no impairment is required.</li> </ul> <p>Based on the audit work performed we are satisfied, that although there are inherent uncertainties associated with the forecast and estimation of useful economic life of intangible assets, the directors have made reasonable assumptions about the valuation and useful economic life of intangible assets, based on past experience and expected future revenues. We are also satisfied that all necessary disclosures have been made in the consolidated financial statements.</p>

## Independent Auditor's Report to the Members of DeepVerge Plc For the year ended 31 December 2020

<p><b>Valuation of investments in and recoverability of amounts due from subsidiaries</b></p> <p>The parent company carried Investments in subsidiaries of £15,603,000 (2019: £3,488,000).</p> <p>The parent company also had amounts owed by subsidiary undertakings of £2,934,000 (2019: £3,609,000) at the year end.</p> <p>Management's assessment of the recoverable amounts from investments in and loans to subsidiaries requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of investment in the subsidiary, amounts recoverable from the subsidiaries and resulting impairment charges.</p> <p>The directors have assessed the recoverability of intercompany balances and have concluded that they are recoverable apart from the balance due from Innovenn UK Limited of £3.185m that has been impaired.</p> <p>There is a risk that the subsidiaries may not be able to trade as expected in the future and therefore the investment and the amounts recoverable may be impaired.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• reviewed management's assessment of future operating cashflows and indicators of impairment;</li> <li>• assessed the methodology used by management to estimate the future profitability of companies in the group and recoverable value of the investment, in conjunction with any intra-group balances, to ensure that the method used is appropriate;</li> <li>• assessed the reasonableness of the key assumptions used in management's estimates of recoverable value, in line with the economic and industry statistics relevant to the business;</li> <li>• confirmed that any adverse changes in key assumptions will not would not materially increase the impairment loss;</li> <li>• challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at the expected revenues for the foreseeable future;</li> <li>• assessed the appropriateness and applicability of discount rate applied to the current business performance;</li> <li>• assessed the reasonability of cash outflows, including contracted costs, research expenditure and expected capital expenditure;</li> <li>• reviewed the latest management accounts for all entities in the group to confirm reasonability of assumption used in the cashflow forecast.</li> </ul> <p>Based on the audit work performed we are satisfied that the management have made reasonable assumptions in arriving at the value of the companies in the group based on net present value of future cashflow and the amounts are disclosed in accordance with the reporting framework, and no further impairment loss should be recognised in the parent company financial statements.</p>
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## Independent Auditor's Report to the Members of DeepVerge Plc For the year ended 31 December 2020

<p><b>Business combination – valuation of intangible assets</b></p> <p>Management acquired 93.46% interest in a subsidiary for consideration of £12,115,000 during the year.</p> <p>We identified a risk that the fair value of intangible assets may not have been accurately derived when accounting for the business combination.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"><li>• critically reviewed the consolidation workings, consolidation journals and assessed how the entity was accounted for at the point of acquisition to ensure principals of IFRS 3 have been adhered;</li><li>• reviewed the share purchase agreement to ensure considerations was included at fair value and the fair values of the assets and the liabilities agreed to the consolidation workings provided by management;</li><li>• reviewed the share purchase agreement for any clauses which could have future impact on the valuation of assets acquired;</li><li>• discussed the future operation of the newly acquired subsidiary and synergies expected from the acquisition;</li><li>• Obtained management's forecasts for the intangibles of the business acquired ;</li><li>• Assessed the reliability of forecasts by agreeing amounts to actual results to date and plans ; and</li><li>• Reviewed management and challenged management on their judgements of the forecasted sales;</li><li>• assessed the appropriateness and applicability of discount rate applied to the current business performance;</li><li>• reviewed the consolidated financial statements to ensure all the necessary disclosures were made;</li></ul> <p>Based on the audit work performed we are satisfied that the acquired entity has been accurately consolidated and all necessary disclosures have been made in the financial statement of the group.</p>
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### Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Independent Auditor's Report to the Members of DeepVerge Plc For the year ended 31 December 2020

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£243,000 (2019: £93,000).	£196,000 (2019: £93,000).
How we determined it	Based on 1% of Gross Assets (2019: 1% of Gross Assets).	Based on 1% of Gross Assets (2019: 1% of Gross Assets).
Rationale for benchmark applied	We believe that Gross Assets are a primary measure used by shareholders in assessing the financial position of the group, and is a generally accepted auditing benchmark.	We believe that Gross Assets are a primary measure used by shareholders in assessing the financial position of the group, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £5,000 and £60,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £11,050 (Group audit) (2019: £4,650) and £8,900 (Company audit) (2019: £4,650) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### **An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of eight reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information for DeepVerge Plc, Innovenn UK Limited, Integumen Ireland Limited, Stoer Ireland Limited, Rinocloud Limited and Modern Water Plc, reporting units, which were individually financially significant and accounted for over 100% of the Group's revenue and over 99% of the Group's absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units).

The Group engagement team performed all audit procedures, with the exception of the audits of Lifesciencehub UK Limited and Lifesciencehub Ireland Limited, which were performed by a component auditor in The Republic of Ireland where the audited financial statements were reviewed.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual 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

## Independent Auditor's Report to the Members of DeepVerge Plc For the year ended 31 December 2020

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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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 14, 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditor's Report to the Members of DeepVerge Plc For the year ended 31 December 2020

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 auditor's report.

### Use of this 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.

Sanjay Parmar (Senior Statutory Auditor)  
For and on behalf of Jeffreys Henry LLP, Statutory Auditor  
Finsgate  
5-7 Cranwood Street  
London EC1V 9EE  
30 June 2021

# DeepVerge Plc

## Consolidated Statement of Comprehensive Income For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Continuing operations</b>			
<b>Revenues*</b>	<b>5</b>	<b>4,483</b>	<b>823</b>
Costs of sales		(2,639)	(221)
<b>Gross profit</b>		<b>1,844</b>	<b>602</b>
Administrative Costs	<b>6</b>	(4,561)	(2,973)
<b>Operating loss</b>		<b>(2,717)</b>	<b>(2,371)</b>
Depreciation	<b>6,16</b>	172	101
Amortisation	<b>6,14,15</b>	941	442
Impairment of intangible assets	<b>6,15</b>	-	241
Impairment of Investment	<b>17</b>	354	-
Exceptional items	<b>6,7</b>	391	532
<b>EBITDA before exceptional items</b>		<b>(859)</b>	<b>(1,055)</b>
Finance costs	<b>11</b>	(183)	(26)
<b>Loss before income tax</b>		<b>(2,900)</b>	<b>(2,397)</b>
Taxation	<b>12</b>	182	126
<b>(Loss) for the year from continuing operations</b>		<b>(2,718)</b>	<b>(2,271)</b>
Profit for the year from discontinued operations	<b>34</b>	-	6
<b>Loss for the year</b>		<b>(2,718)</b>	<b>(2,265)</b>
<b>Other comprehensive income</b>			
Currency translation differences		33	(8)
<b>Total comprehensive loss for the year</b>		<b>(2,685)</b>	<b>(2,273)</b>
<b>Loss per share from continuing and discontinued operations attributable to owners of the parent during the year</b>		<b>Pence</b>	<b>Pence</b>
<b>Basic and diluted loss per 0.1p ordinary share**</b>			
From continuing operations	<b>13</b>	2.1p	2.8p
From discontinued operations	<b>13</b>	0.0p	0.0p
<b>From loss for the year</b>	<b>13</b>	<b>2.1p</b>	<b>2.8p</b>

\*2020 Revenue excludes £2,167,000 Modern Water 2020 pre-acquisition revenue.

\*\* On 16 September 2020 share consolidation of 0.01p ordinary share in 10: 1 conversion to 0.1p new ordinary share.

The notes on pages 32 to 70 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement account.

The loss for the parent Company for the year was £1,590,000 (2019: £1,384,000).

## Consolidated and Company's Statement of Financial Position As at 31 December 2020

	Notes	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets	15	18,241	3,654	38	53
Property, plant and equipment	16	874	471	-	-
Right of use assets	14	569	503	-	-
Investments in subsidiaries	17	-	-	15,603	3,488
Loans to subsidiary undertakings	29	-	-	2,867	3,259
Other investments	17	354	708	354	708
<b>Total non-current assets</b>		<b>20,038</b>	<b>5,336</b>	<b>18,862</b>	<b>7,508</b>
<b>Current assets</b>					
Inventories	19	1,347	85	-	-
Trade and other receivables	20	1,448	549	246	407
Cash and cash equivalents	21	1,441	1,193	451	1,115
<b>Total current assets</b>		<b>4,236</b>	<b>1,827</b>	<b>697</b>	<b>1,522</b>
<b>Total assets</b>		<b>24,274</b>	<b>7,163</b>	<b>19,559</b>	<b>9,030</b>
<b>Equity attributable to owners</b>					
Share capital	25	2,380	2,322	2,380	2,322
Share premium account	27	25,069	11,743	25,069	11,743
Retained loss	26	(18,964)	(15,400)	(19,851)	(15,076)
Foreign currency reserve	27	(226)	(259)	-	-
Reverse acquisition reserve	27	(2,843)	(2,843)	-	-
Capital redemption reserve	27	9,519	9,519	9,519	9,519
Share based equity reserve	27	197	6	197	6
<b>Sub total</b>		<b>15,132</b>	<b>5,088</b>	<b>17,314</b>	<b>8,514</b>
Non-controlling interests	33	789	-	-	-
<b>Total equity</b>		<b>15,921</b>	<b>5,088</b>	<b>17,314</b>	<b>8,514</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	23	2,780	500	-	-
Deferred revenue	16	24	-	-	-
Lease liability	14	358	402	-	-
Borrowings	24	583	135	583	-
<b>Total non-current liabilities</b>		<b>3,745</b>	<b>1,037</b>	<b>583</b>	-
<b>Current liabilities</b>					
Trade and other payables	22	2,667	693	745	516
Deferred tax liabilities	23	328	61	-	-
Lease Liability	14	264	102	-	-
Borrowings	24	1,349	182	917	-
<b>Total current liabilities</b>		<b>4,608</b>	<b>1,038</b>	<b>1,662</b>	<b>516</b>
<b>Total liabilities</b>		<b>8,353</b>	<b>2,075</b>	<b>2,245</b>	<b>516</b>
<b>Total equity and liabilities</b>		<b>24,274</b>	<b>7,163</b>	<b>19,559</b>	<b>9,030</b>

The notes on pages 32 to 70 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 30 June 2021.

Camillus Glover  
Chief Financial Officer

DeepVerge Plc  
Registered no: 10205396

# DeepVerge Plc

## Consolidated and Company's Statement of Cash Flows For the year ended 31 December 2020

	Notes	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>Cash Flow from operating activities</b>					
Cash used in operations	28	(2,098)	(2,281)	(4,141)	(2,887)
Taxation	12	77	32	-	-
Net Interest (paid)/received	11	(183)	(26)	(90)	(2)
<b>Net cash used in operating activities</b>		<b>(2,205)</b>	<b>(2,275)</b>	<b>(4,231)</b>	<b>(2,889)</b>
<b>Cash flow from investing activities</b>					
Acquisition of subsidiary net of cash balance	33	739	22	739	22
Payments to acquire intangibles	15	(488)	(213)	-	-
Purchase of property, plant and equipment	16	(296)	(138)	-	-
<b>Net cash used in investing activities</b>		<b>(45)</b>	<b>(329)</b>	<b>739</b>	<b>22</b>
<b>Cash flow from financing activities</b>					
Proceeds from issuance of ordinary shares		1,328	3,961	1,328	3,961
Proceeds from new loans		1,500	-	1,500	-
Capital element of finance lease		(125)	(19)	-	-
Repayments on borrowings		(205)	(171)	-	-
<b>Net cash generated by financing activities</b>		<b>2,498</b>	<b>3,771</b>	<b>2,828</b>	<b>3,961</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>248</b>	<b>1,167</b>	<b>(664)</b>	<b>1,094</b>
Cash and cash equivalents at beginning of year		1,193	26	1,115	21
Effects of exchange rate changes on cash and cash equivalents		-	-	-	-
<b>Cash and cash equivalents at end of year</b>	21	<b>1,441</b>	<b>1,193</b>	<b>451</b>	<b>1,115</b>



## Consolidated Statement of Changes in Shareholders' Equity

Group	Share capital	Share premium	Retained earnings	Foreign currency reserve	Reverse acquisition reserve	Capital redemption reserve	Share based equity reserve	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
<b>At 1 January 2019</b>	<b>2,260</b>	<b>3,662</b>	<b>(13,221)</b>	<b>(251)</b>	<b>(2,843)</b>	<b>9,519</b>	<b>90</b>		<b>(784)</b>
<b>Changes in equity for the year ended 31 December 2019</b>									
Loss for the year	-	-	(2,265)	-	-	-	-	-	(2,265)
Currency translation differences	-	-	-	(8)	-	-	-	-	(8)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(2,265)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,273)</b>
<b>Transactions with the owners</b>									
Shares issued during the year	62	8,419	-	-	-	-	-	-	8,481
Costs of Share issue	-	(338)	-	-	-	-	-	-	(338)
Share option-based charge	-	-	-	-	-	-	2	-	2
Transferred from Share based equity res	-	-	86	-	-	-	(86)	-	-
<b>Total contributions by and distributions to owners</b>	<b>62</b>	<b>8,081</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(84)</b>	<b>-</b>	<b>8,145</b>
<b>At 31 December 2019</b>	<b>2,322</b>	<b>11,743</b>	<b>(15,400)</b>	<b>(259)</b>	<b>(2,843)</b>	<b>9,519</b>	<b>6</b>	<b>-</b>	<b>5,088</b>
<b>Changes in equity for the year ended 31 December 2020</b>									
Loss for the year	-	-	(2,718)	-	-	-	-	-	(2,718)
Non-controlling interests (note 33)	-	-	(846)	-	-	-	-	789	(57)
Currency translation differences	-	-	-	33	-	-	-	-	33
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(3,564)</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>789</b>	<b>(2,742)</b>
<b>Transactions with the owners</b>									
Shares issued during the year	58	13,326	-	-	-	-	-	-	13,384
Costs of Share issue	-	-	-	-	-	-	-	-	-
Share option-based charge	-	-	-	-	-	-	191	-	191
Transfer from Share based equity reservi	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2020</b>	<b>2,380</b>	<b>25,069</b>	<b>(18,964)</b>	<b>(226)</b>	<b>(2,843)</b>	<b>9,519</b>	<b>191</b>	<b>789</b>	<b>15,921</b>

  

Company	Share capital	Share premium	Retained earnings	Capital redemption reserve	Share based equity reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2019</b>	<b>2,260</b>	<b>3,662</b>	<b>(13,778)</b>	<b>9,519</b>	<b>90</b>	<b>1,753</b>
<b>Changes in equity for the year ended 31 December 2019</b>						
Loss for the year	-	-	(1,384)	-	-	(1,384)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(1,384)</b>	<b>-</b>	<b>-</b>	<b>(1,384)</b>
<b>Transactions with the owners</b>						
Shares issued during the year	62	8,419	-	-	-	8,481
Costs of Share issue	-	(338)	-	-	-	(338)
Share option-based charge	-	-	-	-	2	2
Transferred from Share based equity reserve	-	-	86	-	(86)	-
<b>Total contributions by and distributions to owners</b>	<b>62</b>	<b>8,081</b>	<b>86</b>	<b>-</b>	<b>(84)</b>	<b>8,145</b>
<b>At 31 December 2019</b>	<b>2,322</b>	<b>11,743</b>	<b>(15,076)</b>	<b>9,519</b>	<b>6</b>	<b>8,514</b>
<b>Changes in equity for the year ended 31 December 2020</b>						
Loss for the year	-	-	(1,590)	-	-	(1,590)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(1,590)</b>	<b>-</b>	<b>-</b>	<b>(1,590)</b>
<b>Transactions with the owners</b>						
Shares issued during the year	58	13,326	-	-	-	13,384
Costs of Share issue	-	-	-	-	-	-
Share option-based charge	-	-	-	-	191	191
Subsidiary loan forgiveness (note 17)	-	-	(3,185)	-	-	(3,185)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2020</b>	<b>2,380</b>	<b>25,069</b>	<b>(19,851)</b>	<b>9,519</b>	<b>197</b>	<b>17,314</b>

## Notes to the Financial Statements

### For the year ended 31 December 2020

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#### 1. General information

DeepVerge Plc is a company incorporated in England and Wales. The registered number of the Company is 10205396. At General Meeting of shareholders on 15 September 2020 the company changed its name from Integumen Plc to DeepVerge Plc.

The Company is a public limited company admitted to trading on the AIM market of the London Stock Exchange since 5 April 2017. The address of the registered office is York Biotech Campus, Sand Hutton, York, YO41 1LZ.

The Company is an environmental and life science group whose principal activities is the development and application of AI and IoT technology to analytical instruments for the analysis and identification of bacteria, virus and toxins. Utilising artificial intelligent data analytics to scientifically prove the impact of skincare product claims on skin microbiome and the remote detection and identification in real-time, dangerous pathogens, such as SARS-CoV-2 in wastewater treatment plants, drinking water, rivers, lakes and reservoirs.

The financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group's trading companies operate. The Group comprises DeepVerge Plc and its subsidiary companies as set out in note 17.

#### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied throughout the year, unless otherwise stated.

##### Basis of preparation

The consolidated financial statements of DeepVerge Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. Practice is continuing to evolve on the application and interpretations of IFRS.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Under Section 479A of the Companies Act 2006, exemptions from an audit of the accounts for the financial year ended 31 December 2019 have been taken all subsidiary companies of the Company as listed in Note 17 Investments. As required, the Company guarantees all outstanding liabilities to which the subsidiary companies listed are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above is liable in respect of those liabilities.

##### Changes in accounting policies and disclosures

###### (a) New and amended standards adopted by the Group

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the Group.

###### (b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company in the 31 December 2020 financial statements.

Amendment to IFRS 16, 'Leases' Covid-19 Related Rent Concessions: 1 April 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2: 1 January 2021

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities: 1 January 2022

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17, and some annual improvements

on IFRS 1, IFRS 9, IAS 41 and IFRS 16: 1 January 2022

The Directors anticipate that the adoption of these standard and the interpretations in future period will have no material impact on the financial statements of the company.

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

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#### **Going concern**

The financial statements have been prepared on the assumption that the company is a going concern. When assessing the foreseeable future, the Directors have looked at the forecast for the next 12 months from the date of this report, expected growth in revenues, some of which is contracted, the cash at bank available, loan facilities and existing liabilities as at the date of approval of this report and are satisfied that the Group should be able to cover its working capital requirements.

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. Since January 2021 the Company has raised £11.3m, before expenses, for shares issued. See note 36 for full details.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and consolidated financial statements.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary and associated undertakings. Subsidiaries are all entities over which the Group has the power to govern their financial and operating policies generally accompanying a shareholding of more than fifty per cent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in the comprehensive income with a corresponding adjustment in the carrying amount of the investment.

#### *(a) Acquisition accounting*

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

#### *(b) Reverse acquisition accounting*

The acquisition of Innovenn UK Limited and its subsidiary by DeepVerge Plc on 17 November 2016 has been accounted using the principles of reverse acquisition accounting. Although the Group financial statements have been prepared in the name of the legal parent, DeepVerge Plc, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, Innovenn UK Limited. The following accounting treatment has been applied in respect of the reverse accounting:

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

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The assets and liabilities of the legal subsidiary, Innovenn UK Limited are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without restatement of fair value. The retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Innovenn UK Limited immediately before the business combination and the results of the period from 1 January 2014 to the date of the business combination are those of Innovenn UK Limited. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, DeepVerge Plc, including the equity instruments issued in order to effect the business combination.

#### Foreign currency translation

##### *(a) Functional and presentational currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling, which is the functional and presentational currency of the main operating entities.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within 'administrative expenses', except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

##### *(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Any borrowing costs associated with qualifying property plant and equipment are capitalised and depreciated at the rate applicable to that asset category.

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

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Depreciation on assets is calculated using the straight-line method or reducing balances method to allocate their cost to its residual values over their estimated useful lives, as follows:

Fixtures and fittings	20% - 33%
Plant and machinery	16% - 20%

The assets' residual values and useful economic lives are reviewed regularly, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on the disposal of assets are determined by comparing the proceeds with the carrying amount and are recognised in administration expenses in the income statement.

#### **Intangible assets**

##### *Intellectual property rights*

Intellectual property rights relate to patents, and licences acquired by the Group. Amortisation is calculated using the straight-line method over the expected life of 5 - 10 years and is charged to administrative expenses in the income statement.

##### *Development costs*

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the project;
- it can be demonstrated how the products will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured. Directly attributable costs that are capitalised as part of the product include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use using the straight-line method over the expected life of 5 - 10 years and is charged to administrative expenses in the income statement.

Know how acquired as part of business combinations is capitalised at fair value at the date of acquisition. Following the initial recognition, the carrying amount of the know how is its cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on the basis of the estimated useful life on a straight-line basis and the expense is taken to the Statement of Comprehensive Income which management estimate to be ten years.

#### **Impairment of non-financial assets**

Assets that have an indefinite life such as goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset which the estimates of future cash flows have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

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Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in the prior period. A reversal of an impairment loss is recognised in the income statement immediately. If goodwill is impaired however, no reversal of the impairment is recognised in the financial statements.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on estimated selling price in the ordinary course of business, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

### **Financial instruments**

#### **Recognition and initial measurement**

Financial assets and financial liabilities are initially classified as measured at amortised cost, fair value through other comprehensive income, or fair value through profit and loss when the group becomes a party to the contractual provisions of the instrument.

#### *Financial assets at amortised cost*

The group's financial assets at amortised cost comprise trade and other receivables. These represent debt instruments with fixed or determinable payments that represent principal or interest and where the intention is to hold to collect these contractual cash flows.

They are initially recognised at fair value, included in current and non-current assets, depending on the nature of the transaction, and are subsequently measured at amortised cost using the effective interest method less any provision for impairment.

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost comprise trade and other payables, and borrowings. They are classified as current and non-current liabilities depending on the nature of the transaction, are subsequently measured at amortised cost using the effective interest method.

#### *Financial assets at fair value through other comprehensive income (FVOCI)*

Financial assets at fair value through other comprehensive income are comprised of the investment in Cellulac plc. The election has been made to designate this asset as FVOCI. FVOCI assets are recognised and measured at fair value with gains and losses recognised in OCI.

The fair value measurement of the group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy').

Level 1 – Quoted prices in active markets

Level 2 – Observable direct or indirect inputs other than Level 1 inputs

Level 3 – Inputs that are not based on observable market data

The group measures financial instruments relating to other investments at fair value using Level 3, as the investment is not listed, and has no readily available market price.

### *Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

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#### *Impairment*

In accordance with IFRS 9 an expected loss provisioning model is used to calculate an impairment provision. We have implemented the IFRS 9 simplified approach to measuring expected credit losses ('ECL') arising from trade and other receivables, being a lifetime expected credit loss. In the previous year the incurred loss model is used to calculate the impairment provision.

#### **Research and development**

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

#### **Trade and other receivables**

Trade receivables are initially recognised at fair value, being the original invoice amount, and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Trade receivables that are less than three months past due date are not considered impaired unless there are specific financial or commercial reasons that lead management to conclude that the customer will default. Older debts are considered to be impaired unless there is sufficient evidence to the contrary that they will be settled. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

#### **Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months, reduced by overdrafts to the extent that there is a right of offset against other cash balances.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts.

#### **Share capital**

Ordinary Shares and Deferred shares are classified as equity. Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares or options are deducted from the share premium account.

#### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed in the consolidated Group income statement under the heading 'finance costs'. Arrangement and facility fees together with bank charges are charged to the income statement under the heading 'administrative costs'.

#### **Current and deferred income tax**

The tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income where the associated tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

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in the countries where the Company and its subsidiaries operate and generate taxable income. Management evaluates positions

taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in respect of all temporary differences except where the deferred tax liability arises from the initial recognition of goodwill in business combinations.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and tax losses, to the extent that they are regarded as recoverable. They are regarded as recoverable where, on the basis of available evidence, there will be sufficient taxable profits against which the future reversal of the underlying temporary differences can be deducted.

The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### **Exceptional items**

These are items of an unusual or non-recurring nature incurred by the Group and include transactional costs and one-off items relating to business combinations, such as acquisition expenses.

#### **Leases**

##### *Right of use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

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#### *Short-term leases and leases of low-value assets.*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### **Employee benefits**

##### *Pension obligations*

Group companies operate a pension scheme with defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity with the pension cost charged to the income statement as incurred. The Group has no further obligations once the contributions have been paid.

#### **Revenue recognition**

##### *(a) Revenue from sale of goods*

Revenue represents the fair value of consideration received or receivable for goods delivered to customers in the normal course of business, net of trade discounts and VAT.

##### *(b) Revenue from services to customers*

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue represents the fees and commissions, net of discounts, derived from services provided to and invoiced to customers. Revenue is recognised in the period in which the service is performed, in accordance with contractual arrangements. Income billed in advance of the performance of service is deferred and income in respect of work carried out but not billed at the period end is accrued. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the costs recognised that are recoverable.

##### *(c) Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### *(d) Royalty and licence income*

Royalty and licence income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

#### **Dividend distribution**

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

### **3. Financial risk management**

#### **Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and cash flow interest rate risk), credit risk, liquidity risk, capital risk and fair value risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge risk exposures.

Risk management is carried out by the head office finance team. It evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management whilst the head office finance team provides specific policy guidance for the operating units in terms of managing foreign exchange risk, credit risk and cash and liquidity management.

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### (a) Market risk

#### Foreign exchange – cash flow risk

The Group's presentational currency is sterling although it operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily between GBP and both Dollars and Euro such that the Group's cash flows are affected by fluctuations in the rate of exchange between sterling and the aforementioned foreign currencies.

Management do not use derivative financial instruments to mitigate the impact of any residual foreign currency exposure not mitigated by the natural hedge within the business model. The Group does not speculate in foreign currencies and no operating Company is permitted to take unmatched positions in any foreign currency.

#### Foreign exchange – Fair value risk

Translation exposures that arise on converting the results of overseas subsidiaries are not hedged. Net assets held in foreign currencies are hedged wherever practical by matching borrowings in the same currency. The principal exchange rates used by the Group in translating overseas profits and net assets into Euro are set out in the table below.

Compared to Sterling	Average rate 2020	Year end rate 2020	Average rate 2019	Year end rate 2019
Euro	0.89	0.90	0.88	0.85
US Dollar	0.78	0.73	0.78	0.76

A 5% strengthening of the foreign exchange rates as at 31 December 2020, and for the year then ended, would have increased the net liabilities by £ 59,000 (2019: £43,000). A 5% weakening would have had an equal and opposite effect.

#### Cash flow and fair value interest rate risk

The Group has assets in the form of cash and cash equivalents and limited interest-bearing liabilities which relate to long-term borrowing. Interest rates on cash and cash equivalents are currently zero whilst interest rates on bank borrowings are 4.25% over the banks Cost of Funds Rate and therefore expose the Group to fair value interest rate risk. The Group does not speculate on future changes in interest rates.

It is the Group's policy not to trade in derivative financial instruments. The Group does not use interest rate swaps.

### (b) Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local subsidiary and operating business unit is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Credit risk is managed at the operating business unit level and monitored at the Group level to ensure adherence to Group policies. If there is no independent rating, local management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

### (c) Liquidity risk

Cash flow forecasting is performed in the individual operating entities of the Group and is aggregated by Group finance. Group finance monitors cash and cash flow forecasts and it is the Group's liquidity risk management policy to maintain sufficient cash and available

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

funding through an adequate amount of cash and cash equivalents and committed credit facilities from its bankers. Due to the dynamic nature of the underlying businesses, the head office finance team aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents available to fund the requirements of the Group.

The Group's policy in relation to the finance of its overseas operations requires that sufficient liquid funds be maintained in each of its subsidiaries to support short and medium-term operational plans. Where necessary, short-term funding is provided by the parent Company. Typically, excess funds are placed as short-term deposits, to provide a balance between interest earnings and flexibility.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Notes	Less than one year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'000
<b>At 31 December 2020:</b>						
Borrowings	24	1,349	583	-	-	1,932
Trade and other payables	22	2,667	-	-	-	2,667
<b>At 31 December 2019:</b>						
Borrowings	24	182	135	-	-	317
Trade and other payables	22	693	-	-	-	693

#### *(d) Capital risk management*

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is the sum of net debt plus equity.

#### *Government grant*

A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

#### **4. Critical accounting estimates and judgements**

In the process of applying the Group's accounting policies, management has made accounting judgements in the determination of the carrying value of certain assets and liabilities. Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes will differ from those assumptions and estimates. The following judgements have the most significant effect on the amounts recognised in the financial statements.

#### *(a) Business combinations*

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill.

The acquisition of Modern Water in November 2020 includes an assessment and valuation of the intangible assets acquired.

#### *(b) Impairment of cost of investments*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in note 15. In addition, the Group has also considered the impairment of the investments in the subsidiary undertakings.

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

#### (c) Intangible assets (including capitalised development costs and know how)

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets. Should the intangible asset be deemed irrecoverable it will be impaired in the period.

## 5. Segmental analysis

### (a) Reportable segments

Management has determined the Group's operating segments based on the monthly management reports presented to the Chief Operating Decision Maker ('CODM'). The CODM is the Executive Directors and the monthly management reports are used by the Group to make strategic decisions and allocate resources. With the Company gaining control of Modern Water on 9 November 2020 for management reporting purposes the group is organised into three operating segments of (i) Life Science, (ii) Data AI and (iii) Monitoring.

Administrative expenses which are directly attributable to the three main operating Divisions (comprised of business development, sales, operations and technical expenditure) are reported as expenditure in the respective Division. However, a significant proportion of the Group's expenditure (legal, marketing, finance, facilities and directors' expenditure) is managed and reported centrally. A proportion of these charges have been recharged to subsidiary companies. As the commercial activities of the Group continue to develop, this financial information is expected to evolve further.

Currently the key operating performance measures used by the CODM are revenue, EBITDA and cash resources.

	2020					2019				
	Life Science £000	Data AI £000	Monitor-ing £000	Central £000	Total £000	Life Science £000	Data AI £000	Monitor-ing £000	Central £000	Total £000
Revenue	2,443	919	1,121	-	<b>4,483</b>	565	258	-	-	<b>823</b>
Cost of Sales	(1,483)	(421)	(735)	-	<b>(2,639)</b>	(221)	-	-	-	<b>(221)</b>
<b>Gross Profit</b>	<b>960</b>	<b>498</b>	<b>386</b>	<b>-</b>	<b>1,844</b>	<b>344</b>	<b>258</b>	<b>-</b>	<b>-</b>	<b>602</b>
Admin expenses *	(1,213)	(477)	(283)	(729)	<b>(2,703)</b>	(756)	(298)	-	(603)	(1,657)
<b>EBITDA</b>	<b>(253)</b>	<b>21</b>	<b>103</b>	<b>(729)</b>	<b>(859)</b>	<b>(412)</b>	<b>(39)</b>	<b>-</b>	<b>(603)</b>	<b>(1,055)</b>
Depreciation**	(146)	(1)	(23)	(2)	<b>(172)</b>	(100)	-	-	-	<b>(101)</b>
Amortization	(114)	(141)	(64)	(622)	<b>(941)</b>	(16)	(87)	-	(339)	<b>(442)</b>
Impairment	-	-	-	(354)	<b>(354)</b>	-	-	-	(241)	<b>(241)</b>
Exceptional items	-	-	-	(391)	<b>(391)</b>	-	(31)	-	(501)	<b>(532)</b>
<b>Operational (Loss)/Profit</b>	<b>(513)</b>	<b>(121)</b>	<b>13</b>	<b>(2,159)</b>	<b>(2,717)</b>	<b>(529)</b>	<b>(158)</b>	<b>-</b>	<b>(1,684)</b>	<b>(2,371)</b>
Finance Costs	(34)	-	(3)	(146)	<b>(183)</b>	(23)	-	-	(3)	<b>(26)</b>
<b>(Loss)/Profit before tax</b>	<b>(564)</b>	<b>(169)</b>	<b>3</b>	<b>(2,304)</b>	<b>(2,900)</b>	<b>(552)</b>	<b>(158)</b>	<b>-</b>	<b>(1,687)</b>	<b>(2,397)</b>
Taxation	77	-	-	105	<b>182</b>	32	-	-	94	<b>126</b>
<b>(Loss)/Profit for the Year</b>	<b>(487)</b>	<b>(169)</b>	<b>3</b>	<b>(2,199)</b>	<b>(2,718)</b>	<b>(520)</b>	<b>(158)</b>	<b>-</b>	<b>(1,593)</b>	<b>(2,271)</b>

\*Admin expenses excludes Depreciation, Amortisation, Impairment and Exceptional Costs

\*\*Depreciation includes Capital Grant amortisation of £1k

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### (b) Geographical information

Disclosure of group revenue by geographical location is follows:

	2020	2019
	£'000	£'000
United Kingdom	612	222
Europe	264	270
United States of America	2,680	112
Rest of World	927	219
<b>Total revenue</b>	<b>4,483</b>	<b>823</b>

Revenues of £2,639,000 (2019: £534,000) are derived from 3 (2019: 4) customers each representing more than 10% of the group revenue.

### 6. Expenses – analysis by nature

	2020	2019
	£'000	£'000
Employee benefit expense (note 9)	1,415	824
Depreciation (note 16)	173	101
Capital Grants amortization (note 16)	(1)	-
Amortisation right of use asset (note 14)	144	21
Amortisation (note 15)	797	421
Impairment of intangible assets (note 15)	-	241
Impairment of investment (note 17b)	354	-
Exceptional items (note 7)	391	532
Auditors' remuneration – audit of the parent company and consolidation	20	16
Auditors' remuneration – other services	30	30
Foreign exchange differences	50	25
Share option-based charge	191	2
Other expenses	997	760
<b>Total administrative costs</b>	<b>4,561</b>	<b>2,973</b>

### 7. Exceptional items

Included within administrative expenses are exceptional items as shown below:

	2020	2019
	£'000	£'000
Exceptional items include:		
– Transaction costs relate to business acquisitions	391	532
<b>Total exceptional items</b>	<b>391</b>	<b>532</b>

# DeepVerge Plc

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 8. Directors' remuneration

The remuneration of the Directors in DeepVerge Plc who held office during the year ended 31 December 2020 was as follows:

	2020 £'000	2019 £'000
Aggregate emoluments	471	365
Share option-based charge (note 32)	29	2
<b>Total Directors' remuneration</b>	<b>500</b>	<b>367</b>

A breakdown of Directors' remuneration has been provided on page 18.

### 9. Employee benefit expense

	2020 £'000	2019 £'000
Wages and salaries	1,387	744
Social security costs	113	67
Pension Costs	25	13
Other Benefits	9	-
Capitalised salaries during the Year to Intangible Assets	(119)	-
<b>Total employee benefit expense</b>	<b>1,415</b>	<b>824</b>
Share option based charge (note 32)	162	-

### 10. Average number of people employed

	2020 No	2019 No
Average number of people (including Executive Directors) employed was:		
Administration	13	5
Operations and research	18	8
Sales and marketing	6	3
<b>Total average number of people employed</b>	<b>37</b>	<b>16</b>

The total number of employees at 31 December 2020 was 43 (2019: 16)

### 11. Finance costs

	2020 £'000	2019 £'000
Interest expense:		
– Bank borrowings	93	18
– Other finance costs	25	-
– Interest on right of use asset leases	25	5
– Other interest	40	3
<b>Finance costs</b>	<b>183</b>	<b>26</b>

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 12. Income tax expense

	2020	2019
Group	£'000	£'000
Current tax:		
Current tax for the year		-
Research and development tax credit	(77)	(32)
<b>Total current tax (credit)/charge</b>	<b>(77)</b>	<b>(32)</b>
Deferred tax (note 23):		
Origination and reversal of temporary differences	(105)	(94)
<b>Total deferred tax</b>	<b>(105)</b>	<b>(94)</b>
<b>Income tax (credit)/charge</b>	<b>(182)</b>	<b>(126)</b>

The tax on the Group's results before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the profits of the consolidated entities as follows:

	2020	2019
	£'000	£'000
<b>Loss before tax</b>	<b>(2,900)</b>	<b>(2,397)</b>
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 19% (2019 - 19%)	(551)	(455)
Tax effects of:		
– Impact of actual tax rates	11	18
– Expenses not deductible for tax purposes	140	27
– Research and development tax credit	(77)	(32)
– Losses carried forward	295	316
<b>Tax (credit)</b>	<b>(182)</b>	<b>(126)</b>

There are no tax effects on the items in the statement of comprehensive income. The effect of losses is discussed in note 23.

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

#### 13. Loss per share

At a General Meeting of the Company on 15 September 2020 a share consolidation was approved. With effect from 16 September 2020 all ordinary shares of 0.01 pence each were consolidated into new ordinary shares of 0.1 pence each, on a 10 for 1 basis.

The following table illustrates the basic loss for both 2020 and 2019 when converting a 10:1 consolidation for all 0.01 pence ordinary shares in issue pre-15 September 2020 to 0.1 pence new ordinary shares.

##### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Loss from continuing operations	£2,718,000	£2,271,000
(Profit) from discontinued operations	-	(£6,000)
Loss attributable to owners of the parent	£2,718,000	£2,265,000
Weighted average number of 0.1p Ordinary Shares in issue	128,715,344	80,739,573
<b>Basic loss per ordinary share</b>		
From continuing operations	2.1p	2.8p
From discontinued operations	0.0p	0.0p
<b>From loss for the year</b>	<b>2.1p</b>	<b>2.8p</b>

##### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The options and warrants are anti-dilutive in view of the losses in the year. Details of warrants outstanding are given in note 25.

#### 14. Right of use of assets and lease liabilities

Right of use assets	2020	2019
Leasehold Property	£'000	£'000
<b>As at 1 January</b>	503	-
On acquisition of subsidiary (note 33)	159	-
Additions	48	525
Amortisation	(144)	(21)
Foreign Exchange Movements	3	(1)
<b>As at 31 December</b>	<b>569</b>	<b>503</b>
<b>Lease Liabilities</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>As at 1 January</b>	504	-
On acquisition of subsidiary (note 33)	191	-
Additions	44	522
Interest expense	25	5
Lease Payments	(150)	(24)
Foreign Exchange Movements	8	1
<b>As at 31 December</b>	<b>622</b>	<b>504</b>
Current	264	102
Non-current	358	402



## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 15. Intangible fixed assets

Group	Development Costs and Intellectual Property Rights £'000	Total £'000
<b>Cost</b>		
<b>At 1 January 2019</b>	1,968	1,968
On acquisition of subsidiary (note 33)	3,377	3,377
Additions	201	201
Exchange differences	(1)	(1)
<b>At 31 December 2019</b>	<b>5,545</b>	<b>5,545</b>
<b>Amortisation</b>		
<b>At 1 January 2019</b>	1,250	1,250
Charge for the year – continuing operations	421	421
Impairment – continuing operations	241	241
Exchange differences	(21)	(21)
<b>At 31 December 2019</b>	<b>1,891</b>	<b>1,891</b>
<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>3,654</b>	<b>3,654</b>
<b>Cost</b>		
<b>At 1 January 2020</b>	5,545	5,545
On acquisition of subsidiary (note 33)	14,882	14,882
Additions	488	488
Exchange differences	60	60
<b>At 31 December 2020</b>	<b>20,975</b>	<b>20,975</b>
<b>Amortisation</b>		
<b>At 1 January 2020</b>	<b>1,891</b>	<b>1,891</b>
On acquisition of subsidiary	-	-
Charge for the year – continuing operations	797	797
Exchange differences	46	46
<b>At 31 December 2020</b>	<b>2,734</b>	<b>2,734</b>
<b>Net book value</b>		
<b>At 31 December 2020</b>	<b>18,241</b>	<b>18,241</b>

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

Company	Development Costs and Intellectual Property Rights £'000	Total £'000
<b>Cost</b>		
At 1 January 2019	75	75
Additions	-	-
<b>At 31 December 2019</b>	<b>75</b>	<b>75</b>
<b>Amortisation</b>		
At 1 January 2019	-	-
Charge for the year	22	22
<b>At 31 December 2019</b>	<b>22</b>	<b>22</b>
<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>53</b>	<b>53</b>
<b>Cost</b>		
At 1 January 2020	75	75
Additions	-	-
<b>At 31 December 2020</b>	<b>75</b>	<b>75</b>
<b>Amortisation</b>		
At 1 January 2020	22	22
Charge for the year	15	15
<b>At 31 December 2020</b>	<b>37</b>	<b>37</b>
<b>Net book value</b>		
<b>At 31 December 2020</b>	<b>38</b>	<b>38</b>

At 31 December 2020, the Group had intangible assets arising from intellectual property recognised on acquisitions, development costs on certain research and development and licence agreements.

Management performed an impairment analysis to determine the fair value of the intangible assets. In assessing fair value, the estimated future cash flows of each underlying business unit were discounted to their present value that reflects management's current market assessments of the time value of the money and were adjusted for risks specific to each business segment.

For the purpose of impairment testing, other intangible assets are allocated to the operating segments to which they relate as set out below and is compared to their recoverable value.

The recoverable amounts were determined using the higher of the CGU fair value less costs of disposal (FV) and value in use (VIU) calculations. The fair value less costs of disposal method calculates the fair value of each CGU based on the Company's share price and the selling prices of comparable businesses. The VIU method requires the estimation of future cash flows before tax and the selection of a suitable discount rate in order to calculate the net present value (NPV) of these cash flows. The discount rates applied to each CGU for the value in use projections were between 8% and 12% and all assumptions were reviewed at the end of the year and revised where necessary.

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

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The key assumptions for the Labskin, Data AI and Monitoring divisions fair value in use calculations are sales (volume, new product and services delivery, geographic growth) and gross margin. Management's forecasts are based on the current five-year business plan and assume the Division delivers, on average, double digit revenue growth and maintains stable profit margins, based on past experience in this market. A discount rate of 10% and a terminal growth rate of 2% were used to calculate the NPV.

The estimate of recoverable amount is particularly sensitive to the revenue growth rate and the assumption of a terminal value. This was stress tested by reducing revenue growth by 10% and removing the terminal value entirely which show that no impairment would be recognised.

Management is not currently aware of any other reasonably possible changes to key assumptions that would cause a unit's carrying amount to exceed its recoverable amount.

The remaining intangible asset value is predominantly our actively managed patent portfolio, which is continually reviewed for impairment in the normal course of business and the individual patents are also amortised on an annual basis over their lives.

As a result of the impairment analysis, the Directors have decided that the current value represents fair value so no impairment of intangible asset for the year (2019: £241,000).

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 16. Property, plant and equipment

#### a) Fixed Assets

Group	Fixtures and fittings £'000	Total £'000
<b>Cost</b>		
<b>At 1 January 2019</b>	149	149
Additions	540	540
On acquisition of subsidiary (note 33)	10	10
Exchange differences	(2)	(2)
<b>At 31 December 2019</b>	<b>697</b>	<b>697</b>
<b>Depreciation</b>		
<b>At 1 January 2019</b>	117	117
On acquisition of subsidiary (note 33)	10	10
Charge for the year – continuing operations	101	101
Exchange differences	(2)	(2)
<b>At 31 December 2019</b>	<b>226</b>	<b>226</b>
<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>471</b>	<b>471</b>
<b>Cost</b>		
<b>At 1 January 2020</b>	697	697
Additions	320	320
On acquisition of subsidiary (note 33)	273	273
Exchange differences	3	3
<b>At 31 December 2020</b>	<b>1,293</b>	<b>1,293</b>
<b>Depreciation</b>		
<b>At 1 January 2020</b>	226	226
On acquisition of subsidiary (note 33)	-	-
Charge for the year	173	187
Exchange differences	20	6
<b>At 31 December 2020</b>	<b>419</b>	<b>419</b>
<b>Net book value</b>		
<b>At 31 December 2020</b>	<b>874</b>	<b>874</b>

Ulster Bank borrowings as detailed in note 24 are secured with a floating charge against the assets of Innovenn UK Limited, which include the above fixtures and fittings.

Barclays Bank borrowings as detailed in note 24 are secured by a fixed and floating charge against the assets of Modern Water plc and all of its subsidiary companies through a cross guarantee.

The Company had no property, plant and equipment.

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### b) Capital Grants

Group	2020 £'000	2019 £'000
<b>Cost</b>		
At 1 January	-	-
Additions	25	-
<b>At 31 December</b>	<b>25</b>	<b>-</b>
<b>Amortisation</b>		
At 1 January	-	-
Charge for the year	(1)	-
<b>At 31 December</b>	<b>(1)</b>	<b>-</b>
<b>Net book value</b>		
At 31 December	<b>24</b>	<b>-</b>

### 17. Investments

#### (a) Investments in subsidiaries

Company	Investments £'000	Loan to Subsidiaries £'000
<b>At 1 January 2019</b>	<b>729</b>	<b>-</b>
Acquisition during the year (note 33b)	3,000	-
Impairment provision	(241)	-
Loans advanced	-	3,259
<b>At 31 December 2019</b>	<b>3,488</b>	<b>3,259</b>
<b>At 1 January 2020</b>	<b>3,488</b>	<b>3,259</b>
Acquisition during the year (note 33a)	12,115	-
Impairment provision	-	-
Loans repaid	-	(325)
<b>At 31 December 2020</b>	<b>15,603</b>	<b>2,934</b>

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid, less impairments.

On 2 May 2019 the Company acquired the entire share capital of Rinocloud Limited for a consideration of £3.0m.

At 23 November 2020 the Company had acquired 93.47% of the share capital of Modern Water plc at a value of £12.1m.

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

On 9 November 2020 the company acquired control of Modern Water, with 80.85% of acceptances on that date of the share holders at that date. As at 31 December 2020 acceptances were at 93.47% and the compulsory acquisition of the remaining shares was completed on 15 January 2021. The completed share transaction for a consideration of £13.3m.

Amounts owing from subsidiary companies greater than one year have been classified as non-current assets in the financial statements. The total amount owing at 31 December 2020 is £6,195,000 (2019: £3,259,000) before Director review below.

Management performed an impairment analysis to determine the fair value of the investments in, and loans to, subsidiaries. In assessing fair value, the estimated future cash flows of each investment were discounted to their present value that reflects management's current market assessments of the time value of the money and were adjusted for risks specific to each investment.

The result of the impairment analysis supported a fair value of £15,602,000 (2019: £3,488,000) for the Company's investments which resulted in an impairment of £nil (2019: £241,000). With regard to the fair value of the loans of subsidiaries the Directors considered it reasonable for the Company to forgive loans to the value of £3.185m (2019: £nil) with regard to monies due from Innovenn UK, reflecting historic expenditure made by Innovenn UK for which the whole of the Group is now benefiting from. This results in a fair value of £3,010,000 (2019: £3,259,000) in loans to subsidiaries, at 31 December 2020. Discount rate used to arrive at fair value was 10%.

The subsidiaries of DeepVerge Plc are as follows:

Name of Company	Proportion Held	Class of Shareholding	Country of Incorporation
Innovenn UK Limited	100% (direct)	Ordinary	United Kingdom
Integumen Ireland Limited	100% (indirect)	Ordinary	Ireland
Lifesciencehub UK Limited	100% (direct)	Ordinary	United Kingdom
Lifesciencehub Ireland Limited	100% (indirect)	Ordinary	Ireland
Rinocloud Limited	100% (direct)	Ordinary	Ireland
STOER Ireland Limited	100% (direct)	Ordinary	Ireland
Integumen Limited	100% (direct)	Ordinary	United Kingdom
Modern Water plc*	100% (direct)	Ordinary	United Kingdom
Modern Water Holdings Limited ^	100% (direct)	Ordinary	United Kingdom
Modern Water Technology (Shanghai) Co Limited^	100% (indirect)	Ordinary	China
Aguacure Limited^	100% (indirect)	Ordinary	United Kingdom
Surrey Aquatechnology Limited^	100% (indirect)	Ordinary	United Kingdom
MW Monitoring Limited^	100% (indirect)	Ordinary	United Kingdom
Cymtox Limited^	100% (indirect)	Ordinary	United Kingdom
Modern Water INC^	100% (indirect)	Ordinary	USA
MW Monitoring IP Limited^	100% (indirect)	Ordinary	United Kingdom
MW Monitoring Limited^	100% (indirect)	Ordinary	United Kingdom
Modern Water Nominees Limited^	100% (indirect)	Ordinary	United Kingdom
Modern Water Technologies LCC^	70% (indirect)	Ordinary	Oman
Poseidon Water Limited^	51% (indirect)	Ordinary	United Kingdom
Encylco Water Technology (Zhejiang) Co. Ltd^	49% (indirect)	Ordinary	China

\* Modern Water plc was acquired by the Company in an all share offer for the entire issued capital of Modern Water plc

^ A Modern Water plc subsidiary.

On 9 November 2020, 80.85% of Modern Water plc shareholders agreed to the Company share offer. On 17 November 2020, the close of the formal acceptance period, 93.47% of Modern Water plc shareholders agreed to the Company share offer.

As more than 90% of Modern Water Plc shareholders agreed to the Company share offer, under sections 974-991 of the Companies Act 2006, the Company was entitled to acquire the minority shareholders. On 15 January 2021 the Company allotted a further 3,636,915 0.1p ordinary shares to complete the acquisition of Modern Water plc.

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### b) Other investments

Company	2020 £'000	2019 £'000
Carrying amount:		
At 1 January	708	708
Impairment during the year	(354)	-
<b>End of the year</b>	<b>354</b>	<b>708</b>

In August 2018, the Company acquired 9.35% of the ordinary shares of Cellulac plc for a consideration of £708,000 through the issue of 82,844,388 ordinary shares of 0.01p each.

COVID-19 travel restrictions has impacted in the short term on large scale applications of the Cellulac energy reduction and water processing projects. Although the long-term value of the technology has not changed the Directors have taken the view that a reduction of £354,000 (2019: £nil) in the carrying value of the asset is prudent given the uncertainty in relation to COVID-19 restrictions continuing into the future.

### 18. Financial instruments by category

#### (a) Assets

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>31 December</b>				
<b>Assets as per balance sheet</b>				
Trade and other receivables excluding prepayments and corporation tax	1,288	466	237	388
Cash and cash equivalents	1,441	1,193	451	1,115
<b>Total</b>	<b>2,729</b>	<b>1,659</b>	<b>620</b>	<b>1,503</b>

#### (b) Liabilities

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>31 December</b>				
<b>Liabilities as per balance sheet</b>				
Borrowings	1,932	317	1,500	-
Lease Liabilities	622	504	-	-
Trade and other payables	2,669	693	745	516
<b>Total</b>	<b>5,223</b>	<b>1,514</b>	<b>2,245</b>	<b>516</b>

Liabilities in the analysis above are all categorised as 'other financial liabilities at amortised cost' for the Group and Company.

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

#### (c) Credit quality of financial assets

The Group is exposed to credit risk from its operating activities (primarily for trade receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

##### Trade receivables

The credit quality of trade receivables that are neither past due date nor impaired have been assessed based on historical information about the counterparty default rate. The Group does not hold any other receivable balances with customers, whose past default has resulted in the non-recovery of the receivables balances.

##### Cash at bank

The credit quality of cash has been assessed by reference to external credit ratings, based on reputable credit agencies' long-term issuer ratings:

	2020	2019
Rating	£'000	£'000
A – AAA	1,441	1,193
<b>Total</b>	<b>1,441</b>	<b>1,193</b>

#### 19. Inventories

	Group	Group
	2020	2019
	£'000	£'000
Raw materials and finished goods	1,347	85
<b>Inventory</b>	<b>1,347</b>	<b>85</b>

There are no inventories in the Company. The Directors consider that the carrying amount of inventory approximates to their fair value.

#### 20. Trade and other receivables

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade receivables	1,061	402	-	-
Less: provision for impairment of trade receivables	(53)	(32)	-	-
Trade receivables – net	1,008	370	-	-
Prepayments and accrued income	160	83	10	19
Amounts owed by subsidiary undertakings	-	-	67	350
Taxation	177	81	68	32
Other receivables	103	15	101	6
	<b>1,448</b>	<b>549</b>	<b>246</b>	<b>407</b>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.



## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

The carrying amounts of the Group's trade and other receivables denominated in foreign currencies were as follows:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Sterling	697	375	-	407
US Dollars	537	-	-	-
Euro	163	174	-	-
	<b>1,397</b>	<b>549</b>	<b>-</b>	<b>407</b>

#### 21. Cash and cash equivalents

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and on hand	1,441	1,193	451	1,115
<b>Cash and cash equivalents</b>	<b>1,441</b>	<b>1,193</b>	<b>451</b>	<b>1,115</b>

The Group's cash and cash equivalents are held in non-interest-bearing accounts. The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

#### 22. Trade and other payables

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade payables	1,714	159	271	83
Amounts due to group companies (note 29)	-	-	-	-
Amounts due to connected parties (note 29)	-	-	-	-
Social security and other taxes	181	30	2	-
Accrued expenses and deferred income	652	480	352	433
Other creditors	120	24	120	-
	<b>2,667</b>	<b>693</b>	<b>745</b>	<b>516</b>

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 23. Deferred income tax

#### Deferred tax liabilities

Deferred tax balances were as follows:

	Group 2020 £'000	Group 2019 £'000
Deferred tax liability to be recovered after more than one year	2,951	500
Deferred tax liability to be recovered within one year	345	61
	<b>3,296</b>	<b>561</b>

Deferred tax liabilities were made up as follows:

Accelerated tax depreciation	3,296	561
	<b>3,296</b>	<b>561</b>

The movement on the deferred tax income tax account is as follows:

	Group 2020 £'000	Group 2019 £'000
At 1 January	561	90
On acquisition of subsidiary	2,840	565
Income statement movement – continuing operations (note 12)	(105)	(94)
At 31 December	<b>3,296</b>	<b>561</b>

There were no deferred tax liabilities in the Company.

#### Deferred tax assets

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately £ 1,566,000 (2019: £1,204,000) mainly in respect of tax losses amounting to approximately £8,684,000 (2019: £6,697,000) that can be carried forward against future taxable income. An average tax rate of 18% (2019: 18%) has been used.

There was no deferred tax asset recognised for the Company.

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 24. Borrowings

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>Non-current</b>				
Bank borrowings	583	135	583	-
Other borrowings	-	-	-	-
	<b>583</b>	<b>135</b>	<b>583</b>	<b>-</b>
<b>Current</b>				
Bank borrowings	1,187	182	917	-
Other borrowings	162	-	-	-
	<b>1,349</b>	<b>182</b>	<b>917</b>	<b>-</b>

The maturity profile of bank borrowings was as follows:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>Amounts falling due</b>				
Within 1 year	1,349	182	917	-
Between 1 and 2 years	583	135	583	-
Between 2 and 5 years	-	-	-	-
<b>Total borrowings</b>	<b>1,932</b>	<b>317</b>	<b>1,500</b>	<b>-</b>

### Security on bank borrowings

As at 31 December 2020 loan balance of £139,000 (2019: £318,000) was owing to Ulster Bank Ireland. The 5-year term loan bearing a fixed coupon of 4.33% annually over the bank's cost of funds matures in August 2021. The loan is secured with a floating charge against the assets of Innovenn UK Limited.

On 29 July 2020 the Company signed a £3,000,000 loan facility with Riverfort Global Opportunities PCC Limited and YA II PN, Ltd with a 3-year term. On the date of signing the Company drew down £1,500,000, 50% of the facility, as a 24-month loan with the first six months interest only. The interest applicable to outstanding drawdown amounts is 1.05% per month with a repayment fee of 8% payable on the date the principal sums are repaid. The amount of the loan outstanding at 31 December 2020 was £1,500,000 (2019: £nil). The loan is secured by a cross-company guarantee.

As at 31 December 2020 loan balance of £131,000 (2019: £440,000) was owing to Barclays Bank by Modern Water plc. The loan attracts an interest rate of 8% above the Barclays base rate. The loan is secured by a fixed and floating charge over the assets of Modern Water plc and all subsidiary companies through a cross guarantee. The loan was fully repaid in March 2021 and a statement of satisfaction releasing the security was registered with Companies House on 7 May 2021.

The Company has been compliant with its banking covenants throughout the year. The bank borrowings are repayable by monthly instalments. The Company is not exposed to interest rate changes or contractual re-pricing dates at the end of the reporting period, as the borrowings are fixed in nature.

The fair value of both current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant.

The Group's bank borrowings are denominated in Sterling, Dollars and Euro.

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 25. Share capital

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
165,877,296 0.1p Ordinary shares (2019: 1,072,416,903 0.01p ordinary shares)	166	108	166	108
223,685,232 (2019: 223,685,232) Deferred shares of 0.99p	2,214	2,214	2,214	2,214
<b>Total</b>	<b>2,380</b>	<b>2,322</b>	<b>2,380</b>	<b>2,322</b>

During the year, the following ordinary shares were issued:

#### Placing subscribers warrants exercise of 0.01p ordinary shares during 2020:

Date granted	Number of shares	Exercise price	Consideration
30 May	3,000,000	1.5p	£ 45,000
5 January	3,333,332	1.5p	£ 50,000
7 August	1,715,714	2p	£ 34,314
14 August	26,071,429	2p	£ 521,429
14 August	3,333,333	1.5p	£ 50,000
24 August	1,249,999	2p	£ 25,000
26 August	1,928,573	2p	£ 38,571
28 August	13,464,286	2p	£ 269,286
8 September	500,000	2p	£ 10,000
10 September	<u>4,417,857</u>	2p	<u>£ 88,357</u>
<b>Sub Total</b>	<b>59,014,523</b>		<b>£ 1,131,957</b>

On 15 September 2020 a share consolidation was approved at General Meeting such that existing warrants for ordinary shares of 0.01 pence each were consolidated into warrants for one new ordinary share of 0.1 pence in nominal value on a 10 for 1 basis with effective date of 16 September 2020.

#### Placing subscribers warrants exercise of 0.1p ordinary shares during 2020:

Date granted	Number of shares	Exercise price	Consideration
16 September	42,500	20p	£ 8,500
25 September	82,142	20p	£ 16,428
25 September	266,666	15p	£ 40,000
2 October	10,000	20p	£ 2,000
9 November	178,571	20p	£ 35,714
10 November	<u>40,000</u>	20p	<u>£ 8,000</u>
<b>Sub Total</b>	<b>619,879</b>		<b>£ 110,643</b>

#### Shares in lieu of invoice issue at 0.1p ordinary shares during 2020:

Date granted	Number of shares	Exercise price	Consideration
9 November	81,967	30p	£ 25,000

# DeepVerge Plc

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### Shares issued for Modern Water plc shares offer agreement in 2020:

Date granted	Number of shares	Exercise price	Consideration
3 November	40,677,491	23p	£ 9,355,823
9 November	1,741,870	22.5p	£ 391,921
17 November	<u>9,612,946</u>	24.7p	<u>£ 2,369,591</u>
<b>Sub Total</b>	<b>52,032,307</b>		<b>£ 12,117,335</b>

### Share Capital Movement

	Ordinary Share 0.01p	Ordinary Share 0.1p
<b>As 1 January</b>	1,072,416,903	-
Issued to 15 September	<u>59,014,523</u>	-
Total 0.01p	1,131,431,426	-
16 September Share consolidation	-	113,143,143
Issued to 31 December	-	52,743,153
<b>Shares in Issue at 31 December</b>	-	<b>165,877,296</b>

As at 31 December 2020, the Company had an issued share capital of 165,877,296 ordinary shares of 0.1p each and 223,685,232 deferred shares of 0.99p each.

### Share Warrants

As at 1 January 2020 the Company had granted the following warrants:

Warrant holder	Date granted	Number of Ordinary shares of 0.01p each	Exercise price	Expiry date
Turner Pope Investments (TPI) Ltd	5 April 2017	1,800,000	6.25p	5 April 2022
Placing subscribers	5 January 2018	14,066,666	1.5p	5 January 2023
Hybridan LLP	5 January 2018	1,000,000	1.5p	5 January 2023
Turner Pope Investments (TPI) Ltd	5 January 2018	300,000	1.5p	5 January 2023
Placing subscribers	2 May 2019	95,624,999	2.0p	2 May 2021
Turner Pope Investments (TPI) Ltd	2 May 2019	8,142,857	1.4p	2 May 2022
Turner Pope Investments (TPI) Ltd	16 December 2019	<u>5,279,999</u>	1.5p	16 December 2022
		126,214,521		

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### Share warrants granted during the year

On 15 September 2020 warrants of 18,905,021 ordinary shares of 0.01p to the value of £375,000 were granted to Riverfort Global Opportunities PCC Ltd and YA II PN Ltd as a condition of the Loan Agreement entered into on 29 July 2020. The exercise price of the warrants is 2.57868 pence for each ordinary share with an exercise period of 48 months ending on 15 September 2024. Following the share consolidation both Riverfort and YA II PN Ltd hold warrants to subscribe for 945,251, at exercise price of 25.7868 pence, per new ordinary shares of 0.1 pence.

On 9 November 2020 the Company gained control of Modern Water in the share for share acquisition of Modern Water. The consideration was for the issue of 1 DeepVerge ordinary 0.1p share for every 10 Modern Water 0.25p ordinary shares. As at this date warrants to subscribe for 70,500,000 Modern Water ordinary shares with an exercise price of 0.5p per share were held by JIM Nominees, acting as nominees for Turner Pope International, broker to Modern Water. JIM Nominees elected to exchange outstanding warrants over 70,500,000 Modern Water ordinary shares for warrants over 7,050,000 DeepVerge ordinary 0.1p shares with same exercises times.

### Share warrants exercised during the year

For the period 1 January 2020 to 15 September 2020

- A total of 9,666,665 ordinary shares of 0.01p each were issued to various placing subscribers for the exercised warrants granted on 5 January 2018 at 1.5p per ordinary share of 0.01p.
- A total of 49,347,858 ordinary shares of 0.01p each were issued to various placing subscribers for the exercised warrants granted on 2 May 2019 at 2p per ordinary share of 0.01p.

On 15 September 2020 a share consolidation was approved at General Meeting such that existing warrants for ordinary shares of 0.01 pence each were consolidated into warrants for one new ordinary share of 0.1 pence in nominal value on a 10 for 1 basis with effective date of 16 September 2020.

For the period 16 September 2020 to 31 December 2020

- A total of 266,666 ordinary shares of 0.1p each were issued to various placing subscribers for the exercised warrants granted on 5 January 2018 at 15p per ordinary share of 0.1p.
- A total of 4,274,501 ordinary shares of 0.1p each were issued to various placing subscribers for the exercised warrants granted on 2 May 2019 at 20p per ordinary share of 0.1p.

### Share warrants at end of year

As of 31 December 2020, valid share warrants in issue were:

Warrant holder	Date granted	Ordinary shares of 0.1p each	Exercise Price	Expiry Date	Outstanding at 30 June 2021
Turner Pope Investments (TPI) Ltd	5 Apr 2017	180,000	62.5p	5 Apr 2022	180,000
Placing subscribers	5 Jan 2018	173,334	15p	5 Jan 2023	173,334
Hybridan LLP	5 Jan 2018	100,000	15p	5 Jan 2023	100,000
Turner Pope Investments (TPI) Ltd	5 Jan 2018	30,000	15p	5 Jan 2023	-
Placing subscribers	2 May 2019	4,274,501	20p	2 May 2021	-
Turner Pope Investments (TPI) Ltd	2 May 2019	814,285	14p	2 May 2022	-
Turner Pope Investments (TPI) Ltd	16 Dec 2019	527,999	15p	16 Dec 2022	-
Riverfort Global Opportunities PCC	15 Sep 2020	945,251	25.7868p	15 Sep 2024	945,251
YA II PN, Ltd	15 Sep 2020	945,251	25.7868p	15 Sep 2024	945,251
Turner Pope Investments (TPI) Ltd	9 Nov 2020	7,050,000	5p	16 Feb 2023	-
		15,040,621			2,343,836

# DeepVerge Plc

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 26. Retained earnings

	Group £'000	Company £'000
<b>At 1 January 2019</b>	<b>(13,221)</b>	<b>(13,778)</b>
Loss for the year	(2,265)	(1,384)
Transfer from Share Option reserve	86	86
<b>At 31 December 2019</b>	<b>(15,400)</b>	<b>(15,076)</b>
<b>At 1 January 2020</b>	<b>(15,400)</b>	<b>(15,076)</b>
Loss for the year	(2,718)	(1,590)
Subsidiary loan forgiveness	-	(3,185)
Premium on acquisition of NCI	(846)	-
<b>At 31 December 2020</b>	<b>(18,964)</b>	<b>(19,851)</b>

### 27. Other reserves

#### Group

	Share premium £'000	Foreign currency reserve £'000	Reverse acquisition reserve £'000	Capital Redemption reserve £'000	Share based equity reserve £'000
<b>At 1 January 2019</b>	<b>3,662</b>	<b>(251)</b>	<b>(2,843)</b>	<b>9,519</b>	<b>90</b>
Issue of ordinary shares (note 25)	8,419	-	-	-	-
Costs of Share issue	(338)	-	-	-	-
Currency translation differences	-	(8)	-	-	-
Transfer to retained earnings (note 32)	-	-	-	-	(86)
Share option-based charge (note 32)	-	-	-	-	2
<b>At 31 December 2019</b>	<b>11,743</b>	<b>(259)</b>	<b>(2,843)</b>	<b>9,519</b>	<b>6</b>
<b>At 1 January 2020</b>	<b>11,743</b>	<b>(259)</b>	<b>(2,843)</b>	<b>9,519</b>	<b>6</b>
Issue of ordinary shares (note 25)	13,326	-	-	-	-
Currency translation differences	-	33	-	-	-
Share option-based charge (note 32)	-	-	-	-	191
<b>At 31 December 2020</b>	<b>25,069</b>	<b>(226)</b>	<b>(2,843)</b>	<b>9,519</b>	<b>197</b>

The reverse acquisition reserve arose as result of the reverse acquisition of Innovenn UK Limited and its subsidiary by DeepVerge Plc.

Currency translation differences arose from the translation of the net investment in foreign subsidiaries.

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

#### Company

	Share premium £'000	Capital Redemption reserve £'000	Share based equity reserve £'000
<b>At 1 January 2019</b>	<b>3,662</b>	<b>9,519</b>	<b>90</b>
Issue of ordinary shares (note 25)	8,419	-	-
Costs of Share issue	(338)	-	-
Transfer to retained earnings (note 32)	-	-	(86)
Share option-based charge (note 32)	-	-	2
<b>At 31 December 2019</b>	<b>11,743</b>	<b>9,519</b>	<b>6</b>
<b>At 1 January 2020</b>	<b>11,743</b>	<b>9,519</b>	<b>6</b>
Issue of ordinary shares (note 25)	13,326	-	-
Costs of Share issue	-	-	-
Transfer to retained earnings (note 32)	-	-	-
Share option-based charge (note 32)	-	-	191
<b>At 31 December 2020</b>	<b>25,069</b>	<b>9,519</b>	<b>197</b>

#### 28. Cash used in operations

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>Loss for the year from continuing activities</b>	<b>(2,718)</b>	<b>(2,271)</b>	<b>(1,590)</b>	<b>(1,384)</b>
<u>Adjustments for:</u>				
– Depreciation and amortisation	1,113	543	15	22
– Impairment of intangible assets	-	241	15	-
– Impairment of investments	354	-	354	-
– Foreign currency translation of net assets	36	(7)	59	4
– Exceptional Items	-	-	-	(1,332)
– Net finance costs	303	26	210	2
– Taxation	(182)	(126)	-	(31)
– Share option-based charge	191	2	191	2
Changes in working capital				
– Inventories	344	50	-	-
– Trade and other receivables	(513)	(120)	(3,151)	14
– Trade and other payables	(1,026)	(62)	(229)	(184)
Net cash used in discontinued operations (note 34)	-	(557)	-	-
<b>Net cash generated (used) in operations</b>	<b>2,098</b>	<b>(2,281)</b>	<b>(4,141)</b>	<b>(2,887)</b>



## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 29. Related Party Disclosures

#### Amounts due from connected parties

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Drive4Growth Company Limited	36	89	-	-
	<b>36</b>	<b>89</b>	-	-

The Company owns 9.35% of Cellulac plc (note 17). Gerard Brandon and Camillus Glover are directors of Cellulac Ltd and Cellulac plc.

On 12 June 2020 Cellulac Ltd entered into a loan agreement with the Company whereby Cellulac Limited agreed to lend the Company up to £400,000 at an interest rate of 5% to be drawn down no later than 30 September 2020. The Company did avail of the facility and the loan agreement lapsed 1 October 2020.

Fin Murray is a director of Drive4Growth Company Limited which held a sales agency agreement with Rinocloud Ltd until 31 October 2019.

During the year, the Company paid £27,000 (2019: £17,550) to Dagmara Brandon, close family member of the director Gerard Brandon, for professional services provided to the Company.

#### The Company

#### Amounts due from group companies

	Company 2020 £'000	Company 2019 £'000
Innovenn UK Limited	1,188	2,604
Lifesciencehub UK Limited	217	208
Rinocloud Limited	1,095	350
Integumen Ireland Limited	316	370
STOER Ireland Limited	51	77
Modern Water Plc	67	-
	<b>2,934</b>	<b>3,609</b>
Non Current Assets	2,867	-
Current Assets	67	-

As part of the review of the recoverability of subsidiary indebtedness to the Company the Directors considered the position of Innovenn UK in the group since listing in April 2017 and in particular the contribution the subsidiary has made to the overall group. It was considered reasonable that £3,185,000 of monies owing by Innovenn UK to the Company be forgiven and that the ultimate cost of this would be borne by the Company, resulting in the amount owing from Innovenn UK falling to £1,188,000.

During the year, the Company charged management charges of £105,000 (2019: £88,000) to Innovenn UK Limited, £84,000 to Rinocloud Limited (2019: £71,000), £ 25,000 to Stoer Ireland Ltd (2019: £21,000) and £8,000 (2019: £7,000) to Lifesciencehub UK Limited.

Rinocloud Limited charged sales and management charges to Innovenn UK Limited of £ 215,000 (2019: £105,000).

During the year, the Company was recharged costs by Integumen Ireland Limited of £ 280,000 (2019: £169,000).

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 30. Capital commitments

The Group had no capital commitments at 31 December 2020.

### 31. Financial commitments

The Group had no financial leases.

### 32. Share options

The Company has achieved multiple positive milestones since 2018 and shareholder value has improved substantially in that time. Team members across the Group have been entirely responsibly for achieving the returns by as much as 500% from the lows of 2018. Therefore, it is only right and fitting that future growth is incentivised for all Team members who contribute to increased returns for shareholders. That is why management have implemented only recently a Share Options Scheme to deliver on this objective.

#### Management and Staff options

The Company introduced an EMI approved share option scheme for employees in the UK, a Share Options Scheme for employees and in Ireland and an unapproved share options scheme as a means to act as motivation to staff to deliver overall shareholder.

Options were granted to management and staff for 5,609,650 ordinary shares of 0.1p each at an exercise price of 30p, and 492,790 ordinary shares of 0.1p each at an exercise price of 35.5p, each vesting over a period of 3 years. Further options for 465,670 ordinary shares of 0.1p each were granted to staff at an exercise price of 0.1p, each vesting over a period of 9 months. The options are conditional a number of performance conditions and options lapse if employee leaves the Company.

Share Options Issued and as at 31 December 2020 are as follows:

<i>Date</i>	<i>Number of Shares</i>	<i>Exercise Price</i>	<i>Exercise Date 30%</i>	<i>Exercise Date 35%</i>	<i>Exercise Date 35%</i>
18 September 2020	325,570	0.1p	31 December 2020	31 March 2021	30 June 2021
18 September 2020	916,680	30p	1 January 2021	1 January 2022	1 January 2023
18 September 2020	492,970	35.5p	1 January 2021	1 January 2022	1 January 2023
19 November 2020	113,100	0.1p	31 December 2020	31 March 2021	30 June 2021
19 November 2020	4,692,970	30p	1 January 2021	1 January 2022	1 January 2023

The estimated fair values of the share options were calculated by applying the Black Scholes Model. The period of exercise of the options is 10 years for the EMI approved and unapproved scheme and 7 years for the Irish Share Options Scheme. The volatility of the share of the share price since listing in April 2017 resulted in a volatility coefficient of 45.0%. Due to the high coefficient the Directors considered that the most appropriate method of calculating the volatility was to use the Company's share price history as the likelihood for using comparable listed historic volatility could be misleading.

<i>Date</i>	<i>Number of Shares</i>	<i>Exercise Price</i>	<i>Exercise Date 31 Dec 2020</i>	<i>Fair Value Share Price</i>	<i>Exercise Date 31 Mar 2021</i>	<i>Fair Value Share Price</i>	<i>Exercise Date 30 Jun 2021</i>	<i>Fair Value Share Price</i>
<b>18 Sept 2020</b>	325,570	0.1p	105,771	28.7p	123,400	28.7p	123,400	28.7p
<b>19 Nov 2020</b>	113,100	30p	33,930	17.2p	39,585	17.2p	39,585	17.2p
			<i>Exercise Date 1 Jan 2021</i>		<i>Exercise Date 1 Jan 2022</i>		<i>Exercise Date 1 Jan 2023</i>	
<b>18 Sept 2020</b>	916,680	30p	275,004	9.7p	320,838	9.7p	320,838	9.7p
<b>18 Sept 2020</b>	492,970	35.5p	147,891	8.1p	172,540	8.1p	172,540	8.1p
<b>19 Nov 2020</b>	4,692,970	30p	1,407,891	3.0p	1,642,540	3.0p	1,642,540	3.0p

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 2017 Management Options

In 2017, the Company had awarded options to key management over 6,720,000 ordinary shares of 1p each. These options were exercisable after two years provided that the holder of the options is still an employee of the Company. Of these, 3,360,000 have an exercise price of 5p and 3,360,000 have an exercise price of 6p each.

During the 2019 options over 963,200 ordinary shares of 1p each lapsed when option holders left the employment of the Company. An amount of £9,010 in 2019 was transferred from the share option-based reserve to retained earnings with respect to these lapsed options. The cumulation of lapsed options since 2017 has meant that options over only 638,400 ordinary shares of 1p each remain.

Following the share consolidation on 15 September 2020, when every 10 ordinary existing shares of 0.01p was consolidated into one ordinary share of 0.1p, the outstanding options granted were as follows at 31 December 2020:

Director	Date granted	No. of 0.1p ordinary shares under option	Exercise price	Exercise period
Ross Andrews	5 April 2017	63,840	50p-60p	From 5 April 2017 to 5 April 2027

The share option-based charge with respect to all share options for the year was £191,000 (2019: £2,000).

### 33. Business combinations

On 13 October 2020 the Company issued an Offer Document to the shareholders of Modern Water to acquire the full share capital of the company. This all share offer was based on the issue of 1 DeepVerge ordinary 0.1p share for every 10 Modern Water 0.25p ordinary shares. The purchase consideration was paid by the Company through the issue of 55,669,222 ordinary shares of 0.1p each at an average market price of 23.92 per share, valuing the acquisition at £13,315,114.

#### 33. (a) Acquisition of Modern Water plc

Date acceptance	No. of MW ordinary shares	% acceptance cumulative	Issued DV shares	Closing Share Price on listing date	Valuation Cumulative
3 November 2020	406,775,279	77.23%	40,677,491	23.00p	£9,355,823
9 November 2020	17,418,730	80.85%	1,741,870	22.50p	£9,747,744
23 November 2020	96,129,677	93.46%	9,612,946	24.625p	£12,114,932
15 January 2021	36,369,528	100.00%	3,636,915	33.00p	£13,315,114

As at 9 November 2020 based on 80.85% acceptances of the offer by Modern Water plc shareholders the Company gained control of Modern Water plc as the offer became unconditional.

#### Fair Value Calculation

As at 31 December 2020 the Company had acquired 93.46% of Modern Water plc shares for a consideration of £12,114,932. Modern Water has a 30-year legacy and global footprint across industries that monitor for toxicity:

The Directors believe the acquisition will:

- Access to Modern Water distributors and customers across 60 countries and 5 continents
- Access to a brand that is the gold standard for water monitoring and in many countries is the regulatory standard
- Immediate presence in North America and China extending the Company's reach and expertise with laboratories and trading entities to expand business in these territories
- Access to a range of equipment and membrane to add to the group's EcoWaterOS vision of a total water monitoring and mitigation solution that will be enhanced by the group's software and AI capabilities
- Equipment and expertise to allow the rapid development of the Company's COVID-19 and pandemic surveillance system
- Generation of recurring revenue opportunities with a range of leading reagents sold with all equipment

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

The following table summarises the consideration paid, and the amounts of the assets acquired, the fair value of these assets and liabilities assumed at the acquisition date of Modern Water plc.

<b>Modern Water plc</b>	<b>£'000</b>
<b>Fair value consideration</b>	
Initial Consideration	9,748
Non Controlling Interest at fair value	2,309
<b>Total fair value consideration</b>	<b>12,057</b>
<b>Net Asset Acquired</b>	
Intangible Asset arising on Acquisition	13,960
Tangible fixed assets (note16a)	273
Intangible assets	922
Right of use of asset (note14)	159
Inventory	1,606
Trade and other receivables	371
Bank and cash	739
Trade and other payables	(2,825)
Lease Liability	(177)
Bank Loans	(319)
Deferred tax liabilities (note 23)	(2,652)
<b>Total fair value of identifiable net assets</b>	<b>12,057</b>
<b>Excess of net assets over consideration</b>	<b>-</b>

The directors have reviewed the book value of the assets acquired is the same as the fair value as the value attributed on acquisition.

The fair value of acquired trade and other receivables is £371,00. The gross contractual amount for trade and other receivables due is £237,000, all of which is expected to be collectible. The fair value of Inventory is £1,606,000 as of which is valued at the lower of cost and net resaleable value.

The following table is the statement of comprehensive income for Modern Water plc's pre and post-acquisition trading:

<b>Business Combination – Modern Water plc</b>	<b>313 days ended 08 November 2020</b>	<b>53 days ended 31 December 2020</b>
<b>Statement of Comprehensive Income</b>	<b>£'000</b>	<b>£'000</b>
Revenue	2,167	1,121
Costs of sales	(1,501)	(735)
Gross profit	666	386
Administrative Costs	(2,117)	(392)
Operating Profit	(1,451)	(6)
Depreciation and amortisation	468	86
Exceptional items	240	-
EBITDA (loss)/profit before exceptional items	(743)	80
Finance costs	(33)	(3)
(Loss) before income tax	(1,484)	(9)
Income tax credit	-	-
FX (loss)/ gain	(20)	12
(Loss)/Profit for the period	(1,504)	3

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

### 33. (b)

#### Non-controlling interests

Minority Interest arising from the acquisition of Modern Water plc arising from the dates on which share acceptance from Modern Water shareholders for the share for share consideration.

		2020
Non-controlling interests reserve	% NCI	£'000
Opening balance 1 January 2020		-
Upon control on acquisition on 9 November 2020	19.15%	2,309
Acquisition of non controlling interest on 23 November 2020	-12.61%	(1,520)
<b>Closing Balance 31 December 2020</b>	<b>6.54%</b>	<b>789</b>

	2020
Premium on Acquisition of non-controlling interests	£'000
Acquisition fair value at 9 November 2020 if 100% ownership	12,057
Value of non-controlling interests at 9 November 2020 19.15%	2,309
Fair value of non-controlling interest at 23 November 2020 19.15%	2,367
Acquired value of non-controlling interest at 23 November 2020 12.61%	(1,520)
Equity movement in retained profits	847
Fair value on 9 November 2020 of remaining NCI of 6.54%	789

### 33. (c) Acquisition of Rinocloud Ltd

	2019
	£'000
<b>Fair value consideration</b>	
Deemed consideration of acquisition of share capital at 2 May 2019	3,000
<b>Total fair value consideration</b>	<b>3,000</b>
<b>Recognised amounts of identifiable assets acquired, and liabilities assumed</b>	
Intellectual Property (note 15)	3,377
Tangible fixed assets (note 16)	-
Trade and other receivables	237
Bank and cash	22
Trade and other payables	(71)
Deferred tax liabilities (note 23)	(565)
<b>Total fair value of identifiable net assets at 31 December 2019</b>	<b>3,000</b>
<b>Excess of net assets over consideration</b>	<b>-</b>
<b>Total fair value of identifiable net assets at 31 December 2020</b>	<b>3,000</b>

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

#### 34. Disposal of Visible Youth Ltd

On 2 May 2019, the Company disposed of its subsidiary Visible Youth Ltd. to Enhance Skin Products Inc. for zero consideration. The sale includes the two subsidiaries of Visible Youth Ltd, Visible Youth Ireland Ltd and Integumen, Inc. The Visible Youth companies ("Visible Youth") own the rights to a range of female cosmetic products. As part of the sale, the Company agreed to settle certain Visible Youth liabilities of £557,000 by:

- arranging cash payments of £226,000 and
- issuing 23,637,429 ordinary shares of 0.01p each at an issue price of 1.4p totalling £331,000.

Financial information relating to the discontinued operation for the period to the date of the disposal is set out below:

	2020 £'000	2019 £'000
<b>Statement of Comprehensive Income</b>		
Administrative Costs	-	-
<b>Operating profit/(loss)</b>	-	6
Amortisation	-	-
Impairment of intangible assets	-	-
Exceptional items	-	6
<b>EBITDA before exceptional items</b>	-	-
Finance costs	-	-
<b>Profit/(loss) before income tax</b>	-	6
Income tax credit	-	-
<b>Profit/(loss) for the period</b>	-	6

#### Discontinued operations exceptional items

Included within administrative expenses are exceptional items as shown below:

	2020 £'000	2019 £'000
Gain on disposal of subsidiary	-	6
<b>Total exceptional gain</b>	-	6

	£'000	£'000
<b>Details of the gain on disposal of Visible Youth are as follows:</b>		
<b>Consideration received:</b>		
Total consideration	-	-
Liabilities settled by the Company under the sale agreement	-	(557)
<b>Total fair value consideration</b>	-	(557)
<b>Recognised amounts of identifiable liabilities disposed</b>		
Trade and other payables	-	(563)
<b>Total fair value of identifiable net liabilities</b>	-	(563)
<b>Excess of net liabilities over consideration (gain on disposal)</b>	-	6

## Notes to the Financial Statements (continued) For the year ended 31 December 2020

Discontinued Operations - Visible Youth	2020	2019
Statement of Cash Flows	£'000	£'000
<b>Profit/(loss) for the year from discontinuing operations</b>	-	6
Adjustments for:		
– Amortisation	-	-
– Impairment of intangible assets	-	-
– Gain on disposal of subsidiary	-	-
Changes in working capital		
– Trade and other payables	-	(563)
<b>Cash Flow from operating activities</b>	-	<b>(557)</b>
<b>Cash flow from financing activities</b>		
Loan from parent company	-	557
<b>Net cash generated by financing activities</b>	-	<b>557</b>
<b>Net increase in cash and cash equivalents</b>	-	-
Cash and cash equivalents at the beginning of period	-	-
<b>Cash and cash equivalents at the end of the period</b>	-	-

### 35. Ultimate controlling party

There is no one controlling party.

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2020

#### 36. Post balance sheet events

##### Completion of Compulsory Acquisition of Modern Water plc

On 19 November 2020 having obtained the acceptances of 93.47% of Modern Water plc shareholder to the offer to acquire the company the Company commenced compulsory acquisition proceedings under sections 974-991 of the Companies Act 2006.

Date	Type	No of shares	Price at Date of Listing	Consideration
15 January 2021	Acquisition Shares	3,636,915	33p	£1,200,182

On 15 January 2021 the Company allotted 3,636,915 ordinary 0.1p shares in respect of the compulsory acquisition of all the remaining Modern Water plc shares. The £1.2m consideration takes the total cost of the 100% acquisition of shares to £13.3m.

#### Shares issued for cash consideration in 2021:

Date	Transaction	No of shares	Exercise price	Consideration
18 January	Share Options	25,860	0.01p	£ 26
25 January	Placing Warrants	535,714	20p	£ 107,143
1 February	Placing Warrants	178,570	20p	£ 35,714
26 February	Placing Warrants	1,230,738	20p	£ 246,148
26 February	Broker Warrants	557,999	15p	£ 83,700
26 February	Broker Warrants	814,285	14p	£ 114,000
5 March	Placing Warrants	17,857	20p	£ 3,571
16 March	Placing Warrants	188,071	20p	£ 37,614
23 March	Placing Warrants	35,714	20p	£ 7,143
24 March	Placing Warrants	78,570	20p	£ 15,714
7 April	Share Options	18,102	0.01p	£ 18
13 April	Placing Warrants	10,714	20p	£ 2,143
21 April	Placing Warrants	221,285	20p	£ 44,257
21 April	Broker Warrants	7,050,000	5p	£ 352,500
29 April	Placing Warrants	942,857	20p	£ 188,571
30 April	Placing Warrants	384,425	20p	£ 76,885
11 June	Share Placing	21,086,888	30p	£ 6,326,066
25 June	Share Placing	<u>12,246,446</u>	30p	<u>£ 3,673,934</u>
<b>Sub Total</b>		<b>45,624,095</b>		<b>£ 11,315,147</b>