

**ORGANOX LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

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**ORGANOX LIMITED**  
**REGISTERED NUMBER: 06557113**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2020**

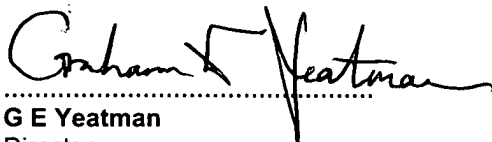
	Note	2020 £	2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	704,959	402,326
Intangible assets	10	53,443	55,062
		<u>758,402</u>	<u>457,388</u>
<b>Current assets</b>			
Inventories	7,12	1,399,567	1,463,545
Trade and other receivables	16	1,540,873	3,814,682
Cash and cash equivalents		4,961,340	3,578,212
		<u>7,901,780</u>	<u>8,856,439</u>
<b>Total assets</b>		<u>8,660,182</u>	<u>9,313,827</u>
<b>Liabilities</b>			
Loans and borrowings	19	2,018,965	2,562,500
<b>Current liabilities</b>			
Trade and other liabilities	17	1,913,184	1,266,825
Loans and borrowings	19	670,960	437,500
Provisions		-	10,000
		<u>2,584,144</u>	<u>1,714,325</u>
<b>Total liabilities</b>		<u>4,603,109</u>	<u>4,276,825</u>
<b>Net assets</b>		<u>4,057,073</u>	<u>5,037,002</u>
<b>Issued capital and reserves attributable to owners of the parent</b>	21		
Share capital	20	11,606	10,448
Share premium reserve		28,361,831	23,823,588
Other reserves		1,346,912	904,828
Retained earnings		(25,663,276)	(19,701,862)
		<u>4,057,073</u>	<u>5,037,002</u>
<b>TOTAL EQUITY</b>		<u>4,057,073</u>	<u>5,037,002</u>

**ORGANOX LIMITED**  
**REGISTERED NUMBER: 06557113**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 APRIL 2020**

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

The financial statements on pages 1 to 36 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

  
.....  
**G E Yeatman**  
Director

Date: 2 October 2020

**ORGANOX LIMITED**  
**REGISTERED NUMBER: 06557113**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2020**

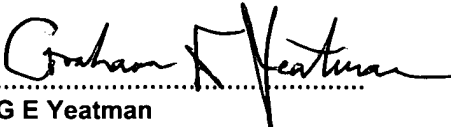
	Note	2020 £	2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	701,940	402,326
Intangible assets	10	53,443	55,062
Fixed asset investments		1	1
		<u>755,384</u>	<u>457,389</u>
<b>Current assets</b>			
Inventories	12	1,399,567	1,463,545
Trade and other receivables	16	1,539,418	3,828,839
Cash and cash equivalents		4,925,044	3,550,101
		<u>7,864,029</u>	<u>8,842,485</u>
<b>Total assets</b>		<u>8,619,413</u>	<u>9,299,874</u>
<b>Liabilities</b>			
Loans and borrowings	19	2,018,965	2,562,500
		<u>2,018,965</u>	<u>2,562,500</u>
<b>Current liabilities</b>			
Trade and other liabilities	17	1,904,305	1,259,746
Loans and borrowings	19	670,960	437,500
Provisions		-	10,000
		<u>4,594,230</u>	<u>4,269,746</u>
<b>Total liabilities</b>		<u>4,594,230</u>	<u>4,269,746</u>
<b>Net assets</b>		<u>4,025,183</u>	<u>5,030,128</u>
<b>Issued capital and reserves attributable to owners of the parent</b>	21		
Share capital	20	11,606	10,448
Share premium reserve		28,361,831	23,823,588
Other reserves		1,346,912	904,828
Retained earnings		(25,695,166)	(19,708,736)
<b>TOTAL EQUITY</b>		<u>4,025,183</u>	<u>5,030,128</u>

**ORGANOX LIMITED**  
**REGISTERED NUMBER: 06557113**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 APRIL 2020**

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

The financial statements on pages 1 to 36 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

  
.....  
**G E Yeatman**  
Director

Date: 2 October 2020

**ORGANOX LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2020**

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total attributable to equity holders of parent £	Total equity £
<b>At 1 May 2019</b>	10,448	23,823,588	904,828	(19,701,862)	5,037,002	5,037,002
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(5,973,492)	(5,973,492)
<b>Total comprehensive income for the year</b>	-	-	-	(5,973,492)	(5,973,492)	(5,973,492)
<b>Contributions by and distributions to owners</b>						
Issue of share capital	1,158	4,538,243	-	-	4,539,401	4,539,401
Release of share based payment charge	-	-	(12,078)	12,078	-	-
Share based payment charge	-	-	454,162	-	454,162	454,162
<b>Total contributions by and distributions to owners</b>	1,158	4,538,243	442,084	12,078	4,993,563	4,993,563
<b>At 30 April 2020</b>	<b>11,606</b>	<b>28,361,831</b>	<b>1,346,912</b>	<b>(25,663,276)</b>	<b>4,057,073</b>	<b>4,057,073</b>

The notes on pages 11 to 36 form part of these financial statements.

**ORGANOX LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2019**

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total attributable to equity holders of parent £	Total equity £
<b>At 1 May 2018</b>	9,364	18,536,047	481,578	(15,095,359)	3,931,630	3,931,630
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(4,606,503)	(4,606,503)
<b>Total comprehensive income for the year</b>	-	-	-	(4,606,503)	(4,606,503)	(4,606,503)
<b>Contributions by and distributions to owners</b>						
Issue of share capital	1,084	5,287,541	-	-	5,288,625	5,288,625
Share based payment charge	-	-	423,250	-	423,250	423,250
<b>Total contributions by and distributions to owners</b>	1,084	5,287,541	423,250	-	5,711,875	5,711,875
<b>At 30 April 2019</b>	<b>10,448</b>	<b>23,823,588</b>	<b>904,828</b>	<b>(19,701,862)</b>	<b>5,037,002</b>	<b>5,037,002</b>

The notes on pages 11 to 36 form part of these financial statements.

**ORGANOX LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2020**

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
<b>At 1 May 2019</b>	10,448	23,823,588	904,828	(19,708,736)	5,030,128
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	-	(5,998,508)
<b>Total comprehensive income for the year</b>	-	-	-	(5,998,508)	(5,998,508)
<b>Contributions by and distributions to owners</b>					
Issue of share capital	1,158	4,538,243	-	-	4,539,401
Release of share based payment charge	-	-	(12,078)	12,078	-
Share based payment charge	-	-	454,162	-	454,162
<b>Total contributions by and distributions to owners</b>	1,158	4,538,243	442,084	12,078	4,993,563
<b>At 30 April 2020</b>	<b>11,606</b>	<b>28,361,831</b>	<b>1,346,912</b>	<b>(25,695,166)</b>	<b>4,025,183</b>

The notes on pages 11 to 36 form part of these financial statements.



**ORGANOX LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2019**

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
<b>At 1 May 2018</b>	9,364	18,536,047	481,578	(15,095,359)	3,931,630
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	-	(4,613,377)
<b>Total comprehensive income for the year</b>	-	-	-	(4,613,377)	(4,613,377)
<b>Contributions by and distributions to owners</b>					
Issue of share capital	1,084	5,287,541	-	-	5,288,625
Share based payment charge	-	-	423,250	-	423,250
<b>Total contributions by and distributions to owners</b>	1,084	5,287,541	423,250	-	5,711,875
<b>At 30 April 2019</b>	<b>10,448</b>	<b>23,823,588</b>	<b>904,828</b>	<b>(19,708,736)</b>	<b>5,030,128</b>

The notes on pages 11 to 36 form part of these financial statements.

**ORGANOX LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 APRIL 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Loss for the year	(5,973,492)	(4,606,503)
<b>Adjustments for</b>		
Depreciation of property, plant and equipment	214,687	139,447
Amortisation of intangible fixed assets	17,712	12,335
NBV of leased asset sold in the year	-	29,255
Finance income	(27,089)	(13,881)
Finance expense	319,374	158,375
Share-based payment expense	454,162	423,250
Income tax expense	(739,676)	(1,220,611)
	<u>(5,734,322)</u>	<u>(5,078,333)</u>
<b>Movements in working capital:</b>		
Decrease / (Increase) in trade and other receivables	1,359,824	(1,465,992)
Decrease / (Increase) in inventories	63,978	(97,378)
Increase in trade and other payables	631,185	2,896,544
(Increase) / Decrease in provision	(10,000)	10,000
	<u>(3,689,335)</u>	<u>(3,735,159)</u>
<b>Cash used from operations</b>		
Income tax received / paid	1,669,397	-
	<u>(2,019,938)</u>	<u>(3,735,159)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(517,882)	(291,946)
Purchase of intangibles	(16,093)	(18,696)
Finance income	27,089	13,881
	<u>(506,886)</u>	<u>(296,761)</u>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	4,539,401	5,288,625
Capital repaid on loans	(310,075)	-
Finance expense	(319,374)	(158,375)
	<u>3,909,952</u>	<u>5,130,250</u>
<b>Net cash from financing activities</b>		

**ORGANOX LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 30 APRIL 2020**

	2020 £	2019 £
<b>Net cash increase in cash and cash equivalents</b>	<b>1,383,128</b>	<b>1,098,330</b>
Cash and cash equivalents at the beginning of year	<b>3,578,212</b>	<b>2,479,882</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,961,340</b>	<b>3,578,212</b>

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 1. Reporting entity

OrganOx Limited (the 'Company') is a limited company incorporated in England. The Company's registered office is at 9400 Garsington Road, Oxford Business Park, Oxford, Oxfordshire, OX4 2HN. These consolidated financial statements comprise the results of the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in the research, development and commercialisation of its proprietary technology of normothermic machine perfusion deployed within the field of organ transplantation.

#### 2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS's), the IFRS Interpretations Committee and the Companies Act 2006. The financial statements have been prepared on the going concern basis.

In the prior year, the Group applied the small companies exemption in order to not prepare consolidated financial statements. As a result, standalone Company financial statements were produced. In the current year, consolidated financial statements have been produced and, therefore, the comparatives have also been consolidated retrospectively.

Details of the Company's accounting policies are included in note 3. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

##### 2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis.

##### 2.2 Going concern

At the Balance Sheet date, the Group had net assets of £4,057,073 (2019: £5,037,002) and this included net current assets of £5,317,636 (2019: £7,142,114). During the year ended 30 April 2020, the Group made a loss after tax for the year of £5,973,492 (2019: £4,606,503). Notwithstanding these results for the year, during this stage of its lifecycle the Group is likely to remain in a net operating cash outflow position and, therefore, will likely require further investment at key events.

The Directors have prepared budgets and forecasts assessing the required resources to continue in operational existence for the foreseeable future. This includes consideration of the impact of COVID-19 on both sales conversion and the uptake of customer demand, together with the constraints being experienced by the Group on its supply chain of core components for manufacturing Metra L devices and disposable sets. The Group has introduced a range of measures to ensure a continued supply of products, services and technical support to its customers, and is continuing to invest in its research and development activities, whilst protecting the health and safety of its employees. Based on the progress to date of the research and development being undertaken, the Board's outlook regarding FDA regulatory process to marketing approval in the US anticipated in 2021, and the building momentum of the Group's Metra L Device in the marketplace, the Directors are confident that the necessary funds for the business to continue to execute its plans can be raised. During July and August 2020, the Group completed a funding round raising a total consideration of £6 million which secures the future of the business for at least twelve months from the date of the approval of the consolidated financial statements.

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 2.3 Changes in accounting policies

The Group has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant and effective for the Group's financial statements for the year ended 30 April 2020:

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

IFRS 14 Regulatory Deferral Accounts

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11

IAS 1 Disclosure Initiative - Amendments to IAS 1

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38

IAS 16 and IAS 41 Agriculture - Bearer Plants - Amendments to IAS 16 and IAS 41

IFRS 16 Leases

IFRIC 23: Uncertainty over Income Tax Treatments

The Group has assessed there to be no material impacts arising on implementation of these accounting standards in these financial statements.

The following new standards, amendments to existing standards or interpretations have been issued, but are not effective for the financial year ending 30 April 2020 and have not been adopted early:

#### **IFRS 3 Business Combinations**

Amendments to clarify the definition of a business, effective for business combinations on or after 1 January 2020.

This amendment is not expected to have a material impact on the Group.

#### **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

Amendments regarding the definition of material, effective for periods beginning on or after 1 January 2020.

The Directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the financial statements of the Group.

#### **Functional and presentation currency**

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 3. Accounting policies

##### 3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

##### 3.2 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 3. Accounting policies (continued)

##### 3.2 Revenue (continued)

###### Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Group and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from the lease of equipment is recognised over the lease period commencing on date of delivery of equipment.

Revenue from a contract to provide services is recognised by reference to the timing of delivery of the service.

##### 3.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

###### The Group as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 3. Accounting policies (continued)

##### 3.4 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the exchange rates at the dates of the transactions. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.



## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 3. Accounting policies (continued)

##### 3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### 3.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

##### 3.7 Share-based payments

###### Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 3. Accounting policies (continued)

##### 3.8 Taxation

###### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### 3.9 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Leased devices	25% straight line
Tooling	33% straight line
Lab equipment	25% straight line
Office equipment	20% straight line

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 3. Accounting policies (continued)

##### 3.10 Intangible assets

###### Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### 3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

##### 3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 3. Accounting policies (continued)

##### 3.13 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### 3.14 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the Consolidated Statement of Comprehensive Income in the year to which they relate.

##### 3.15 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently held at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income within administrative expenses.

##### 3.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, bank overdrafts and other short term highly liquid investments with original maturities less than 3 months. Short term liquid investments with a maturity of over three months would be included in a separate category, 'Short term liquid investments'.

##### 3.17 Trade payables

Trade payables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method.

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 4. Accounting estimates and judgements

##### 4.1 Estimates and assumptions

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the date of the Statement of Financial Position and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimations have had the most significant effects on the amounts recognised in the financial statements.

##### Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

##### Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against the losses that can be utilised. Judgement is required to determine the amount of deferred tax assets that should be recognised based upon likely timing and the level of future taxable profits, together with future planning strategies.

Research and development tax credits are recognised on an accruals basis.

##### Share based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the fair value of the options, expected volatility and attrition rate. For the measurement of equity settled share based payment transactions the Company uses the Black-Scholes model.

#### 5. Directors

Directors' remuneration	541,389	357,763
Share-based payment charge	128,747	129,169
Directors' pension contributions	9,661	1,229
	<u>679,797</u>	<u>488,161</u>

The number of Directors to whom retirement benefits were accruing was 2 (2019: 2).

No Directors exercised share options during the year (2019: Nil).

**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

Information regarding the highest paid Director for the year ended 30 April 2020 is as follows:

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Emoluments	<b>240,530</b>	231,000
Share-based payment charge	<b>61,724</b>	118,192
Pension contributions to money purchase schemes	<b>525</b>	1,167
	<b><u>302,779</u></b>	<u>350,359</u>

The key management personnel are the Directors of the Company and remuneration in respect of key management personnel is disclosed above.

**6. Wages and salaries**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,197,161</b>	1,286,281
Social security costs	<b>244,978</b>	135,502
Pension costs	<b>61,270</b>	60,581
Share-based payment charge	<b>454,162</b>	423,250
	<b><u>2,957,571</u></b>	<u>1,905,614</u>

**7. Finance income and expense**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
<b>Finance income</b>		
Interest on:		
Bank deposits	<b>27,089</b>	13,881
	<b><u>27,089</u></b>	<u>13,881</u>
<b>Total finance income</b>		
	<b><u>27,089</u></b>	<u>13,881</u>
	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
<b>Finance expense</b>		
Interest on loans and borrowings	<b>319,374</b>	158,375
	<b><u>319,374</u></b>	<u>158,375</u>
<b>Total finance expense</b>		
	<b><u>319,374</u></b>	<u>158,375</u>

**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

**8. Tax expense**

**8.1 Income tax recognised in profit or loss**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Current tax on profits for the year	<b>(739,676)</b>	<b>(1,216,394)</b>
<b>Total current tax</b>	<b>(739,676)</b>	<b>(1,216,394)</b>
<b>Deferred tax expense</b>		
	<b>(739,676)</b>	<b>(1,216,394)</b>
<b>Total tax expense</b>		
Research and development tax credit	<b>(739,676)</b>	<b>(1,216,394)</b>
	<b>(739,676)</b>	<b>(1,216,394)</b>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	<b>2020</b>	<b>As restated 2019</b>
	<b>£</b>	<b>£</b>
Loss for the year	<b>(5,973,492)</b>	<b>(4,606,503)</b>
Income tax credit/expense (including income tax on associate, joint venture and discontinued operation)	<b>(739,676)</b>	<b>(1,216,394)</b>
<b>Loss before income taxes</b>	<b>(6,713,168)</b>	<b>(5,822,897)</b>
Tax using the Company's domestic tax rate of 19% (2019:19%)	<b>(1,275,502)</b>	<b>(1,106,350)</b>
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	<b>109,183</b>	<b>20,794</b>
Adjustments to tax charge in respect of prior periods	<b>-</b>	<b>(372,601)</b>
Adjusting closing deferred tax to average of 19%	<b>-</b>	<b>233,958</b>
Adjusting opening deferred tax to average of 19%	<b>-</b>	<b>(170,322)</b>
Additional deduction for R&D expenditure	<b>(547,826)</b>	<b>(628,061)</b>
Surrender of tax losses for R&D tax credit refund	<b>229,555</b>	<b>263,175</b>
Deferred tax not recognised	<b>744,914</b>	<b>543,013</b>
<b>Total tax expense</b>	<b>(739,676)</b>	<b>(1,216,394)</b>

**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

**8. Tax expense (continued)**

**8.1 Income tax recognised in profit or loss (continued)**

**Changes in tax rates and factors affecting the future tax charges**

The Finance Act 2016 enacted a reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020. As this change of rate was enacted at the balance sheet date then deferred tax balances have been stated at a rate of 17%. On 17 March 2020 the Government announced their intention to cancel this reduction in the corporation tax rate. As a result the deferred tax timing differences are expected to reverse at 19%.

**9. Property, plant and equipment**

**Group**

	Leased Devices £	Tooling £	Lab equipment £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 May 2018	295,677	-	26,090	63,656	385,423
Additions	274,314	4,958	-	12,674	291,946
Disposals	(43,883)	-	-	-	(43,883)
<b>At 30 April 2019</b>	<u>526,108</u>	<u>4,958</u>	<u>26,090</u>	<u>76,330</u>	<u>633,486</u>
Additions	493,644	-	1,395	22,843	517,882
Disposals	-	-	-	(1,250)	(1,250)
<b>At 30 April 2020</b>	<u><u>1,019,752</u></u>	<u><u>4,958</u></u>	<u><u>27,485</u></u>	<u><u>97,923</u></u>	<u><u>1,150,118</u></u>



ORGANOX LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020

9. Property, plant and equipment (continued)

	Leased Devices £	Tooling £	Lab equipment £	Office equipment £	Total £
<b>Accumulated depreciation and impairment</b>					
At 1 May 2018	37,802	-	25,314	43,226	106,342
Charge owned for the year	127,476	323	372	11,275	139,446
Disposals	(14,628)	-	-	-	(14,628)
<b>At 30 April 2019</b>	<b>150,650</b>	<b>323</b>	<b>25,686</b>	<b>54,501</b>	<b>231,160</b>
Charge owned for the year	202,751	1,750	576	9,610	214,687
Disposals	-	-	-	(688)	(688)
<b>At 30 April 2020</b>	<b>353,401</b>	<b>2,073</b>	<b>26,262</b>	<b>63,423</b>	<b>445,159</b>
<b>Net book value</b>					
At 1 May 2018	257,875	-	776	20,430	279,081
At 30 April 2019	375,458	4,635	404	21,829	402,326
At 30 April 2020	666,351	2,885	1,223	34,500	704,959

The total net book value of property, plant and equipment held by the Company is £3,046 lower than that held by the Group, being £698,940. This is not materially different to the value held by the Group at 30 April 2020.

ORGANOX LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020

10. Intangible assets

Group and Company

	Software £	Patents £	Total £
<b>Cost</b>			
At 1 May 2018	-	138,578	138,578
Additions	-	18,696	18,696
<b>At 30 April 2019</b>	-	157,274	157,274
Additions	16,093	-	16,093
<b>At 30 April 2020</b>	<b>16,093</b>	<b>157,274</b>	<b>173,367</b>
	<b>Software £</b>	<b>Patents £</b>	<b>Total £</b>
<b>Accumulated amortisation and impairment</b>			
At 1 May 2018	-	89,877	89,877
Charge for the year	-	12,335	12,335
<b>At 30 April 2019</b>	-	102,212	102,212
Charge for the year	2,553	15,159	17,712
<b>At 30 April 2020</b>	<b>2,553</b>	<b>117,371</b>	<b>119,924</b>
<b>Net book value</b>			
At 1 May 2018	-	48,701	48,701
At 30 April 2019	-	55,062	55,062
At 30 April 2020	13,540	39,903	53,443

**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

**11. Fixed asset investments**

	Investment in subsidiary companies £
<b>Cost or valuation</b>	
At 1 May 2019	1
Aquisitions	-
	<u>1</u>
<b>At 30 April 2020</b>	<u><u>1</u></u>

**Subsidiaries**

In May 2018 OrganOx Limited incorporated a US based 100% subsidiary, OrganOx USA LLC.

The principal activity of OrganOx USA LLC is to support OrganOx Limited from the US with the research, development and commercialisation of OrganOx's proprietary technology of normothermic machine perfusion deployed within the field of organ transplantation.

**12. Inventories**

**Group and Company**

	2020 £	2019 £
Raw materials	762,396	891,232
Work in progress	3,533	498,813
Finished goods and goods for resale	633,638	73,500
	<u>1,399,567</u>	<u>1,463,545</u>

**13. Trade and other receivables**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade receivables	169,455	1,341,637	169,455	1,356,311
Other receivables	5,877	6,257	5,877	6,257
VAT	21,758	21,371	21,758	21,371
Prepayments and accrued income	593,783	781,432	592,328	780,915
Tax receivable	750,000	1,663,985	750,000	1,663,985
	<u>1,540,873</u>	<u>3,814,682</u>	<u>1,539,418</u>	<u>3,828,839</u>

**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

**14. Trade and other payables**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Trade payables	<b>972,257</b>	296,972	<b>969,646</b>	294,306
Amount owed to group undertaking	-	-	<b>17,503</b>	-
Social security and other taxes	<b>90,764</b>	35,472	<b>90,764</b>	35,475
Corporation tax	<b>9,347</b>	-	-	-
Other payables	<b>3,716</b>	10,825	<b>3,726</b>	10,826
Accruals and deferred income	<b>837,100</b>	923,356	<b>822,666</b>	919,140
	<b><u>1,913,184</u></b>	<u>1,266,625</u>	<b><u>1,904,305</u></b>	<u>1,259,747</u>

**15. Contingent liabilities**

During the reporting period an adviser invoiced a claim of £230,000 in relation to the 18 December 2019 fundraise. The claim has been rejected by the Company and no provision has been made in these financial statements as the Directors do not accept that any fee is payable.

**16. Provisions**

	<b>2020 £</b>	<b>2019 £</b>
At 1 May 2019	<b>10,000</b>	-
Charged to profit or loss	<b>(10,000)</b>	10,000
<b>At 30 April 2020</b>	<b><u>-</u></b>	<u>10,000</u>

A provision of £nil (2019: £10,000) has been recognised in the financial statements in respect of products that have been sold.

# ORGANOX LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

### 17. Loans and borrowings

	2020 £	2019 £
Non current loans	2,018,965	2,562,500
Current loans	670,960	437,500
<b>Total loans and borrowings</b>	<b>2,689,925</b>	<b>3,000,000</b>

On 30 October 2018, the Company took out a loan of £3,000,000 over a period of 5 years. The interest rate on the borrowings is the higher of 10.5% p.a. and LIBOR + 7.5% p.a.

#### Security in relation to the loan includes:

First Legal mortgage over each property (registered property and unregistered property).

First Fixed Charge over all properties, goodwill, uncalled capital, all equipment, all IP, all book debts, all investments, all monies in bank accounts.

First Floating Charge over all of the undertaking's property, assets and rights.

### 18. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £61,363 (2019: £60,581). Contributions totalling £3,726 (2019: £6,190) were payable to the fund at the balance sheet date and are included in other payables.

### 19. Leases

#### Operating leases - lessee

The total future value of minimum lease payments is due as follows:

	2020 £	2019 £
Not later than one year	69,944	69,944
Between one year and five years	1,986	5,409
	<b>71,930</b>	<b>75,353</b>

**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

**20. Share capital**

**Authorised**

	2020 Number	2020 £	2019 Number	2019 £
<b>Shares treated as equity</b>				
Ordinary A shares of £0.0100 each	1,069,827	10,698.27	973,109	9,731.09
Ordinary G shares of £0.0150 each	26,598	398.97	26,598	398.97
Ordinary H shares of £0.0100 each	50,919	509.19	31,750	317.50
	<u>1,147,344</u>	<u>11,606.43</u>	<u>1,031,457</u>	<u>10,447.56</u>

**Issued and fully paid**

	2020 Number	2020 £	2019 Number	2019 £
<b>Ordinary A shares of £0.0100 each</b>				
At 1 May	973,109	9,731.09	867,337	8,673.37
Shares issued	96,718	967.18	105,772	1,057.72
<b>At 30 April</b>	<u>1,069,827</u>	<u>10,698.27</u>	<u>973,109</u>	<u>9,731.09</u>

	2020 Number	2020 £	2019 Number	2019 £
<b>Ordinary G shares of £0.0150 each</b>				
At 1 May and 30 April	<u>26,598</u>	<u>398.97</u>	<u>26,598</u>	<u>398.97</u>

**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

**20. Share capital (continued)**

	2020 Number	2020 £	2019 Number	2019 £
<b>Ordinary H shares of £0.0100 each</b>				
At 1 May	31,750	317.50	29,250	292.50
Shares issued	19,169	191.69	2,500	25.00
<b>At 30 April</b>	<b>50,919</b>	<b>509.19</b>	<b>31,750</b>	<b>317.50</b>

On 23 September 2019, the Company issued 14,169 Ordinary H shares of £0.01 each for a total consideration of £141.69.

On 18 December 2019, the Company issued 92,470 Ordinary A shares of £0.01 each for a total consideration of £4,623,500.

On 26 February 2020, the Company issued 1,165 Ordinary A shares of £0.01 each for a total consideration of £13,747.

On 20 March 2020, the Company issued 2,585 Ordinary A shares of £0.01 each for a total consideration of £30,503.

On 20 March 2020, the Company issued 500 Ordinary A shares of £0.01 each for a total consideration of £6,490.

On 30 April 2020, the Company issued 5,000 Ordinary H shares of £0.01 each for a total consideration of £50.

**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

**21. Reserves**

**Share premium**

The share premium reserve includes all amounts paid in excess of nominal value for Ordinary shares issued less the cost of issuing shares.

**Retained earnings**

Retained earnings includes all current and prior year profits and losses.

**Other reserves**

The other reserve represents the share based payment reserve which represents the amount of accumulated vested costs relating to share options granted to employees of the Company.



**ORGANOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020**

**22. Financial instruments - fair values and risk management**

**22.1 Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 April 2020	Carrying amount	
	Held-for-trading £	Total £
<b>Financial assets not measured at fair value</b>		
Trade and other receivables	175,332	175,332
Cash and cash equivalents	4,961,340	4,961,340
	<u>5,136,672</u>	<u>5,136,672</u>
<b>Financial liabilities not measured at fair value</b>		
Secured bank loans	2,689,925	2,689,925
Trade and other payables	1,558,746	1,558,746
	<u>4,248,671</u>	<u>4,248,671</u>

ORGANOX LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2020

22. Financial instruments - fair values and risk management (continued)

22.1 Accounting classifications and fair values (continued)

30 April 2019	Carrying amount	
	Fair value - hedging instruments	Total
	£	£
<b>Financial assets not measured at fair value</b>		
Trade and other receivables	1,347,811	1,347,811
Cash and cash equivalents	3,578,212	3,578,212
	<u>4,926,023</u>	<u>4,926,023</u>
<b>Financial liabilities not measured at fair value</b>		
Secured bank loans	3,000,000	3,000,000
Trade and other payables	1,895,363	1,895,363
	<u>4,895,363</u>	<u>4,895,363</u>

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### 22. Financial instruments - fair values and risk management (continued)

##### 22.2 Financial risk management objectives

The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

##### 22.3 Market risk

The Group is exposed to market risks in the form of foreign currency risk, credit risk, liquidity risk and interest rate cash flow risk.

##### 22.4 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2020	2019	2020	2019
	£	£	£	£
US Dollars	673,658	12,882	116,716	51,946
Euro	68,220	27,338	106,483	770,942
	<u>741,878</u>	<u>40,220</u>	<u>223,199</u>	<u>822,888</u>

##### 22.5 Credit risk management

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The credit quality of the customer is assessed, taking into account the Group's understanding of its financial position, past experience and other factors.

##### 22.6 Liquidity risk management

Liquidity risk arises from the Group's management of working capital and funding required to develop devices. It is the risk that the Group will encounter difficulties in meeting its financial obligations as they fall due. The Group always aims to ensure it has sufficient cash to meet its liabilities as they fall due.

#### 23. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure. Total capital, which is the Group's primary source of funding, is calculated as "Total Equity" as shown in the Statement of Financial Position. In order to maintain or adjust the capital structure, the Group may adjust the return on capital to shareholders or issue new shares.

The Group had no undrawn committed borrowing facilities available during the period (2019: None).

# ORGANOX LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

### 24. Share based payments

#### 24.1. Employee share option plan of the Company

##### Details of the employee share option of the Company

All employees of the Company are eligible for options over Ordinary shares in the Company. Options have been awarded under the Company's EMI Share Option Scheme (the EMI Scheme) and the Company's Unapproved Share Option Scheme (the Unapproved Scheme).

Options granted under the EMI Scheme have a fixed exercise price based on the market price at the date of grant which has been agreed with HMRC as being the appropriate market value for the purposes of granting options. The contractual life of these options is ten years.

Options cannot normally be exercised before the option holder has completed one year of service with the Company and, furthermore, all outstanding options are forfeited in the event that the employee leaves the Company before the options have vested.

The following share-based payment arrangements were in existence during the current and prior years:

##### Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	Number of options	2020 Weighted average exercise price £	Number of options	2019 Weighted average exercise price £
Balance at the beginning of the year	66,009	19.18	57,773	10.59
Granted during the year	41,131	33.43	10,936	49.38
Forfeited during the year	(4,664)	28.16	(300)	24.00
Exercised during the year	(4,250)	11.94	-	-
Expired during the year	(2,000)	0.01	(2,400)	0.01
<b>Outstanding at the end of the year</b>	<b>96,226</b>	<b>25.55</b>	<b>66,009</b>	<b>19.18</b>

Options were valued using the Black-Scholes option pricing model. For each relevant option grant, individual valuation assumptions were assessed based upon conditions at the date of grant. The inputs into the Black-Scholes model are given below.

##### Fair value of the share options

Weighted average share price £0.01 - £49.38  
 Weighted average exercise price £0.01 - £49.38  
 Expected volatility 40%  
 Expected life 10 years  
 Risk free interest rate 0.75%-4.5%

The Company recognised total expenses of £454,162 (2019: £423,250) in relation to equity settled share based payment transactions.

## ORGANOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### **25. Related party transactions**

During the year ended 30 April 2020, the Company incurred £121,613 (2019: £99,284) of Directors' fees in respect of two Directors. No amounts were outstanding at 30 April 2020 (2019: £Nil).

During the year ended 30 April 2020, the Company reimbursed expenses of £nil (2019: £4,745) to Directors. No amounts were outstanding at 30 April 2020 (2019: £Nil).

During the year ended 30 April 2020, the Company paid £nil (2019: £8,000) for monitoring fees to a company in which a Director of OrganOx is also a Director. No amounts were outstanding at 30 April 2020 (2019: £800).

#### **26. Events after the reporting date**

On 27 July 2020, the Group allotted 12,980 Ordinary A shares with a nominal value of £0.01 for a total consideration of £649,000. During August 2020, the Group issued convertible loan notes for a total consideration of £5,351,000.

#### **27. Ultimate controlling party**

The Directors are of the opinion that the Company is not controlled by any one person.

#### **28. Auditor's information**

The auditor's report on the financial statements for the year ended 30 April 2020 was unqualified.

The audit report was signed on 2 October 2020 by Sue Staunton MA FCA CF (Senior Statutory Auditor) on behalf of James Cowper Kreston.