Report of the Directors and Consolidated Financial Statements

For the year ended 31 May 2020

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Company Information

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Prof R Shaw (Appointed 29 August 2019)
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L Melvin
A Denning (appointed 3 February 2020)
Prof T N Irish
P Prince (appointed 15 July 2020)
S Sturge

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L Melvin

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Chairman's Statement

Chairman's Statement 2019-20 and post period

The 2019/2020 financial year has been an incredibly dynamic period for the Company. The Group has accomplished a great deal during testing times and has initiated a number of major changes.

Bleepa

Our flagship product Bleepa, has been developed from a concept to a fully certified, CE marked medical device in less than a year. By any industry standard this is a staggering achievement, even more so within healthcare. Bleepa was launched at NHS Expo in September 2019 and was in use by frontline NHS clinicians at Pennine Acute Hospitals Trust within 2 months of launch.

Bleepa is our proprietary communication platform which combines access to clinical grade medical imaging, with instant messaging-based communication. It allows frontline clinical teams to discuss patient cases and make management decisions remotely using any internet connected device from phones to tablets and desktops.

The Company initially raised £2 million, before expenses, in August 2019 in order to develop the product, achieve the CE mark and launch Bleepa into the NHS; targets that were all achieved by June 2020 despite the global pandemic arising from COVID-19.

Bleepa has been manufactured in accordance with our corporate quality management system which was successfully re-accredited as meeting the ISO 13485 standard in July 2020 by our notified body SGS UK Ltd. As well as achieving compliance with the NHS Data Protection and Security Toolkit in March 2020, the Company also successfully accredited Bleepa with the Cyber Essentials certification relating to cyber security standards in September 2019 and is currently undertaking an application for ISO 27001 accreditation.

The onset of COVID-19 saw Bleepa deployed at scale across Pennine Acute Hospitals Trust in order to support care delivery and COVID-19 inpatient referral pathways. What had started as a product pilot and clinical evaluation was rapidly converted into a frontline deployment and catapulted Bleepa into the attention of the NHS mainstream, culminating ultimately in the appointment of Bleepa onto the NHSx Clinical Communications Framework in July 2020.

Bleepa is uniquely placed as a communication platform and has been endorsed by NHSx through its appointment to the NHSx National Communications Framework. This framework provides centralised funding up to a total value of £3 million to support NHS Trusts to procure solutions for up to a two year period and forms part of the Secretary of State's policy around pager removal from the NHS by 2021. Bleepa is the only product on the framework that has achieved a CE mark for medical imaging and is therefore able to display digital patient images for diagnostic purposes as part of clinical case discussion. This unique position enables our technology to be used by clinicians to review safely patient medical images "on the go", as part of wider team discussions, and as part of formal multidisciplinary team meetings.

Given Bleepa's initial success and evident market opportunities, the Company completed an equity fundraise in order to secure £5.3 million (before expenses) in June 2020. This funding is being used to help the Company achieve the scale required to drive sales and develop further opportunities for the Bleepa product line. As you will read in our strategic report, we believe that this is just the beginning of the journey for this exciting product as the Company now looks to grow.

Chairman's Statement

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Other products

Sales of TexRAD, which had grown since 2014, have now slowed. When he joined the Company, Tom initiated a strategic review into the Company's then products. The review revealed that TexRAD revenues were flattening despite escalating cost of sales. The Company was largely dependent on expensive direct sales routes which were not easily scalable. The routes represented a rising marginal cost as new sales became more difficult to secure and were often linked to bespoke new software development, such as GLCM (Gray Level Cooccurrence Matrix). Furthermore, the installation and maintenance contracts for TexRAD were requiring ever more costly scientific support from the team without any substantial repeat revenues from individual customers.

TexRAD remains an exciting imaging tool, based on exceptional technology. The evidence base for the product is encouraging but needs further studies in order to prove its clinical case with sufficient confidence. Currently the Company does not have sufficient funding to commission and finance the necessary research and is therefore dependent on the academic outputs of existing TexRAD customers, which the Company is unable to influence or coordinate. Without this degree of oversight, it is difficult to know when a sufficient evidence base will materialise in order to take the product forward into the clinical setting where its true potential could be realised.

The board has therefore taken the decision to reduce the costs associated with TexRAD sales by leveraging the Company's existing distribution partner GE Healthcare and reseller agreements with third parties in Korea, both on a commission only basis. The Company also stopped providing scientific support to customers and made certain personnel changes greatly reducing the costs associated with this product line.

The strategic review also touched the Company's other product, Cadran. Cadran has been a longstanding workhorse for the Company, delivering Picture Archiving and Communications System (PACS) services to four NHS Trusts since 2001. May 2020 saw the contract renewal of Cadran's service contract by its main customer, the Royal Papworth Hospital, showing the ongoing value of this core technology to its customers. Bleepa is based largely on Cadran's technology and was itself an output of Tom's initial strategic review when he joined the Company in February 2019.

In addition to Bleepa, the Company has already spun out a further application of the Cadran technology in the form of its Fluorocapture software which is being offered under licence to Imaging Engineering, LLC in the USA. Imaging Engineering is using the Fluorocapture software to update fluoroscopy equipment across the USA. Approximately 2,000 providers across the US will need to update or replace their fluoroscopy equipment in the next few years. Updating the equipment is considerably more cost effective than replacing it, and the board believes that this will create a sizable opportunity for the licencing of the Fluorocapture software.

With the appointment of Dr Tom Oakley as CEO and wider team members from the London area it became clear that the Company's office in Bourn was no longer the optimal location for the Company's operations. Tom initiated a culture of remote working and eventually closed the Bourn office in December 2019. The Company opened new offices in Peterborough for its technical and support staff in November 2019, this represented a more cost-effective office solution which was more easily accessible for all personnel. The Company's head office moved to the Health Foundry in January 2020, a dynamic co-working space established by St Thomas' Hospital in London which provided cost effective, scalable working space and benefited from close proximity to the frontline clinicians at St Thomas' Hospital. The prior development of a home working policy stood the Company in good stead when COVID-19 forced many organisations to close their offices in March 2020, as Feedback staff were already well versed in this way of working and were able to continue delivery without breaking step.

Chairman's Statement

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Feedback is a very different company today to the one it was even a year ago. The Company has had to come to terms with difficulties in its other product lines whilst simultaneously recognising the huge latent potential within them and aggressively leveraging that potential through its new products Bleepa and Fluorocapture. COVID-19 has presented many challenges but also provided an opportunity for Bleepa to demonstrate how its remote working capabilities can transform care delivery. The Company, already being familiar with remote working, has been able to rise to deliver on the opportunities presented and the team has moved at pace to deliver a truly transformative product to the market. It is a year that we are all very proud of.

I am extremely grateful for the hard work and support of my Board colleagues, and in particular for the efforts of the operational management team and their staff who have worked so effectively together during the past year and the Covid Pandemic. This has been an extraordinarily difficult time, and everyone has worked exceptionally well to bring our new products to the point where they are actually helping deliver better patient care. This progress constitutes a major strategic development for the Company. I would also like to thank shareholders for their continued support in the Company, our vision and strategic direction. We share a common aim of producing the best technology to meet the market need, and thus grow the company and increase shareholder value.

R Shaw

Prof R Shaw
Chairman

12 October 2020

Strategic Report

The Directors present their strategic report on the Group for the year end 31 May 2020.

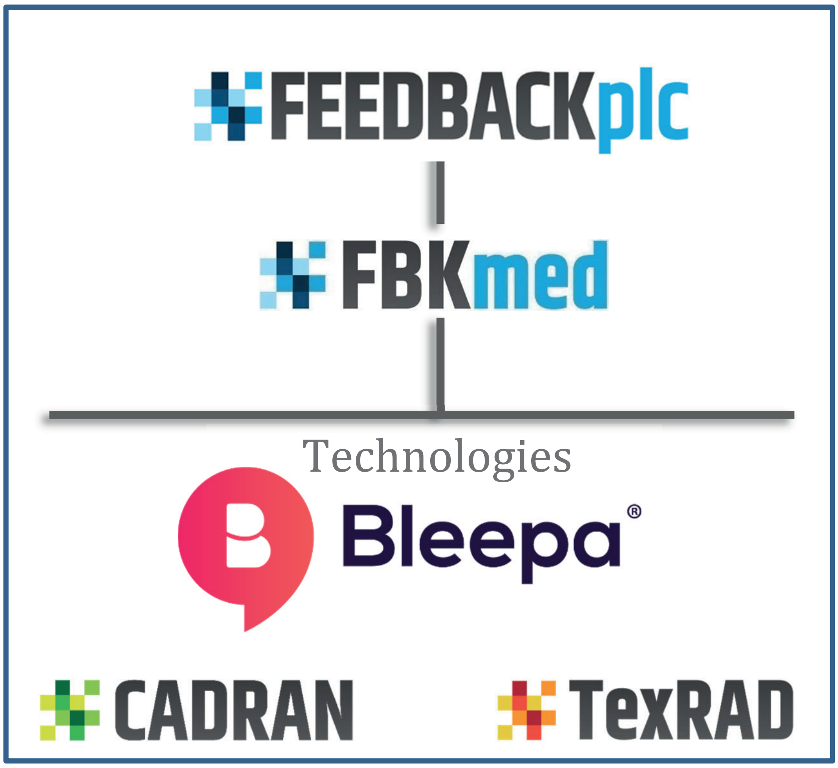
Principal Activities

The principal activity of the Group is the development and selling of the Group's proprietary technologies.

Operational review

Feedback Medical

Feedback Medical Limited (FM Ltd) develops and sells the Group's proprietary technologies – Bleepa®, the image-based communication platform for frontline clinicians, Cadran PACS, our longstanding Picture Archiving and Communication System and TexRAD®, the quantitative texture analysis platform.



A shift in focus

Over the last year the Company has pivoted to embrace a change in the healthcare sector, as detailed below. The shift in strategic focus sees targeted investment in Bleepa with a deliberate move away from our legacy product lines.

As part of concentrating the Company's focus, the board has also considered ways of driving efficiencies in the business and reducing the associated cost base of maintaining existing product lines. This year saw the closure of the Bourn office as this location no longer suited the wider business needs of the Company and management were spending large amounts of time inefficiently commuting to this location. New offices were sourced in Peterborough as a regional centre for the support team and a head office was opened in London which provided easier access to customers and investors. Dr Balaji Ganeshan left the Group as part of the restructuring of the TexRAD division, driven by the need to reduce the costs associated with sales through focusing on indirect market opportunities through third party distributors.

Bleepa addresses a widespread change in the medical imaging market and leverages the Company's experience in the field of medical imaging to great effect.

Strategic Report

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Heritage

Feedback Medical has supplied medical imaging products since 2001, starting with Cadran PACS, then TexRAD and now Bleepa. The Company has pioneered its imaging technology over years of frontline delivery experience, building expertise in the form of its technological capabilities, integration capabilities with other technology platforms and regulatory expertise relevant to the field of medical imaging. This deep-seated heritage has enabled the rapid transformation of the Company in response to a dynamic and shifting market.

Market

The world of medical imaging is changing. With increasing workload and medical sub-specialisation, not only do specialist radiologists need to review all the medical images, but their front-line patient facing clinician colleagues now need immediate access to all the imaging data in order to rapidly make the correct clinical management decisions, often through discussion with colleagues. Medical imaging is core to almost all clinical decision making processes and the dependence on medical imaging is increasing[1] whilst at the same time there is a growing shortage of radiologists.[2] The deficit has worsened the backlogs of imaging studies and delays in image reporting. Out of necessity, frontline clinicians are having to increasingly review their own patient's images, often ahead of the Radiologist reports being made available. The impacts are wide reaching with surgical specialties reviewing imaging directly in order to plan operations and the demand for timely access to medical imaging spreading to medical specialty areas such as stroke.

This is not the only change, however. Clinical practice is becoming more mobile. In a study by the British Medical Journal it was found that 97% of clinicians were using WhatsApp for routine clinical communication.[3] Clinicians want to access information flexibly on the go whilst simultaneously being connected to colleagues, who may or may not be at the same physical site. COVID-19 has further driven this need for remote access, creating a number of situations where clinical staff need access to colleagues and patient imaging from home, such as when clinicians have to self-isolate.

Traditional providers of medical imaging solutions are struggling to keep pace with this change. PACS vendors have traditionally sold to Radiologists and understand the needs of this customer group. However, as the users of medical imaging grows beyond the traditional user base, providers need to adapt to service this broader range of customers.

This has created an opportunity for the Company. As a small PACS company, Feedback was perfectly placed and dynamic enough to evolve its product offering. We have leveraged our heritage of medical imaging expertise and repurposed them to meet the needs of a new and evolving market. We are now a PACS company that does not only sell to Radiologists, we also sell to everyone else. We have produced Bleepa.

Bleepa®

Bleepa is our flagship product, the culmination of nearly two decades of imaging experience and our answer to the rapidly changing medical imaging market.

Bleepa is a secure communication platform that combines remote access to clinical grade medical imaging with team based instant messaging. It allows clinicians to review patient imaging and discuss cases collaboratively with colleagues on the go using any internet connected device such as laptops, desktops, tablets and smartphones.

(1) https://www.england.nhs.uk/statistics/wp-content/uploads/sites/2/2018/11/Annual-Statistical-Release-2017-18-PDF-1.6MB-1.pdf
(2) https://www.rcr.ac.uk/posts/nhs-does-not-have-enough-radiologists-keep-patients-safe-say-three-four-hospital-imaging
(3) O'Sullivan DM, O'Sullivan E, O'Connor M, *et al* WhatsApp Doc? *BMJ Innovations* 2017;238-239

Strategic Report

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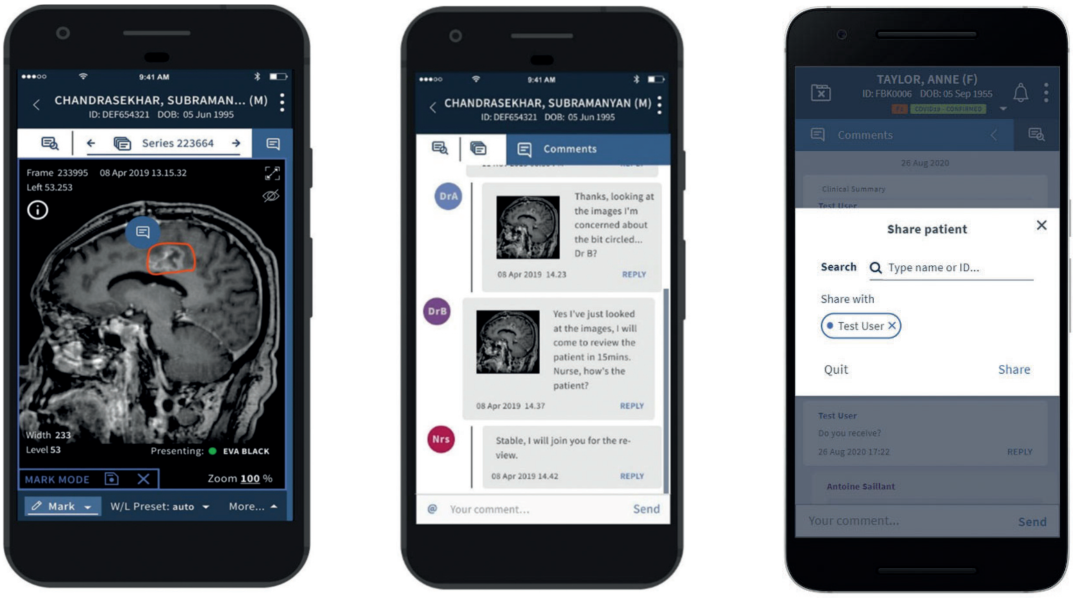

Bleepa is a zero footprint application meaning that no patient data is stored locally on the device used to access the service. If a clinician loses their phone there is no data on the device that can be hacked, access to that device is simply shut off and the clinician can access the service immediately from another device.

The key differentiator of Bleepa is the quality of the imaging provided by the platform. Bleepa uses DICOM formatted imaging, extracted directly from the client's PACS and renders the image at a quality that is certified as being suitable for clinical review. Bleepa conforms with the provisions of the Medical Device Directive[4], which considers any product that displays digital patient images for the purpose of diagnosis to constitute a medical device. As a medical device Bleepa has been developed according to an ISO 13485 certified quality management system and holds a CE mark.

In August 2019, the Company raised £2 million to develop Bleepa and take it to market within the NHS and the company has delivered what it set out to achieve in this period. The Company has taken Bleepa from a concept to fully certified medical device in under a year and seen it adopted at two NHS sites. The product was successfully launched at NHS Expo in September 2019 and subsequently piloted at Pennine Acute Hospitals NHS Trust in December 2019. The pilot at Pennine was used to provide the clinical evaluation component required as part of the CE marking process and was undertaken using a CE mark waiver for this reason.

Unfortunately, the pilot was interrupted by Covid-19. However the Trust had seen enough of the product to realise the potential it held in assisting with their response to the pandemic. As a result the pilot evaluation was paused and Bleepa was rolled out across the Trust as a tool to support internal Covid-19 referrals and facilitate referral to the RECOVERY Trial, which aimed to assess the impact of patient comorbidities on outcome following infection with the virus. After the initial rollout of Bleepa, work on the CE mark recommenced and was completed on 1 June 2020.

[4] https://ec.europa.eu/docsroom/documents/17921/attachments/1/translations/en/renditions/native

Strategic Report

The pilot at Pennine Acute Hospitals Trust concluded with a benefits analysis from the Respiratory and Gastroenterology teams' usage of Bleepa, performed by the Trust. This analysis found that:

- The average time from point of referral to clinician review was reduced from 2.1 days to 0.4 days by Bleepa.
- The referral process was able to be completely automated by Bleepa, having previously required administrative time to process each referral and the referral process was both digitally stored and auditable.
- Bleepa reduced the time taken, on average, for clinicians to access the clinical information that they needed about a patient from 5.47 minutes to 1.04 minutes, saving on average 4.43 minutes of clinician time per referral.
- Bleepa reduced the process of replying to referrals by an average of 7.5 minutes per clinical referral over traditional communication processes, such as pagers and telephones.
- Based on the nearly 7,000 referrals performed last year at the Royal Oldham Hospital, it is predicted that Bleepa could save up to 36.3 weeks of clinical time per annum.

Bleepa was included as a product upgrade to Cadran Web Viewer as part of the Cadran contract with Royal Papworth Hospital on 21 May 2020, to be deployed at the Trust once the CE mark was achieved.

More broadly, Bleepa operates a SaaS model of recurring monthly revenue. Prices vary between NHS and private sector offerings but follow a fixed price per user per month on a recurring annual contract basis. The model used is comparable to a sim only mobile phone contract.

In August 2020, Bleepa was successfully appointed onto the NHSx Clinical Communication Framework. This framework was established to deliver the Secretary of State's mandate to remove pagers and fax machines from NHS communications by 2021. The framework enables NHS Trusts to select communication tools from a list of approved suppliers and NHSx then pay the contract on behalf of that Trust for up to two years, drawing down from a £3 million central pot of NHS funding. Appointment to the framework acts both as an endorsement of the product but also provides a mechanism for reimbursement. Bleepa is the only product on the framework that is certified to display medical images at a quality sufficient for clinical review and is therefore the only product to hold a CE mark for this purpose. This gives Bleepa a strong competitive advantage over other providers who are unable to display digital patient images for diagnostic purposes alongside chat and video calling. Our imaging USP makes us an attractive partner for other organisations who are looking to partner in the market and the company are currently evaluating a number of commercial partnership opportunities with large and small companies.

Following our initial success Feedback raised £5.27 million, before expenses, in July 2020 in order to drive Bleepa sales and further develop the product. The fundraise attracted a number of institutional investors including Unicorn Asset Management Limited, Octopus Investments, Premier Miton Investors and Tyndall Investment Management along with renewed support from many of our existing shareholders. The Company now stands ready to deliver the exciting potential of our flagship product.

CADRAN

Cadran was where it all started. This PACS product has been in use in the NHS since 2001 and forms the base technology for both Bleepa and TexRAD. For those who are unfamiliar with medical imaging, PACS is essentially a digital library of medical images which radiologists use to store, locate and review medical imaging studies.

Strategic Report
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Despite a number of incredible technical features, Cadran has never realised its full potential. The traditional PACS market is dominated by large providers who compete on technical features, driven by the needs of an ever sub-specialising user base of Clinical Radiologists; customers are sticky which, combined with convoluted procurement processes, results in limited provider turnover. In this environment, growing a market share is challenging and relies on implementing costly product features more quickly than your competitors. For a company of Feedback's size this was never going to be achievable when compared with large providers. However, the loyalty of Cadran's customer base is testament to the quality of the product – despite very few technical modifications, Feedback has managed to fend off the incursions of much larger providers for many years.

Now the imaging market is changing, and changing quickly, with the demand for imaging extending far past the specialist field of Radiology. There is now a growing opportunity for smaller, dynamic providers who can move at pace. Now the very factors that worked against Feedback, most noticeably its small size, are the very factors that the Directors believe will enable Feedback to capitalise on this renaissance of medical imaging. As a small company, Feedback is agile and we are not starting from scratch but from an established market position. Leveraging the foundation of Cadran has allowed Bleepa to meet the needs of the emerging market at a pace larger providers cannot match whilst simultaneously giving a vastly superior product to new market entrants that are having to start their product development from scratch.

On 21 May 2020, the Company announced that Royal Papworth Hospital NHS Foundation Trust, Cadran's largest customer, had renewed its support contract for Cadran for another year.

Fluorocapture

Fluoroscopy is the use of high frame rate X-ray capture to generate cinematic views of patients allowing clinicians to examine the patient in real time. It is typically used in the field of Gastroenterology for swallowing assessments, Orthopaedics for dynamic joint imaging and during surgical procedures, and in Cardiology and Radiology for interventional procedures.

As fluoroscopy uses ionising radiation in the form of X-Rays there is an incentive to reduce the amount of radiation required to generate images. The majority of fluoroscopy equipment is old and in need of replacement or updating in order to improve the rate of image capture and achieve the desired reduction in radiation dose. Replacing the equipment can be extremely costly, in some cases over $1 million, therefore updating the equipment is preferred.

Imaging Engineering, LLC, our US partner organisation, has longstanding expertise in installing and updating fluoroscopy equipment. A version of our Cadran software is a core element of updating the fluoroscopy equipment and Feedback has licenced the software to Imaging Engineering in order to enable it to update fluoroscopy equipment across the USA. Our software is offered under licence per installation. Beyond maintaining the source code, Feedback has no obligations under this licencing agreement and there is no ongoing requirement for internal resource in order to deliver the product. Revenue generated from this licensing agreement is therefore considered to be additional revenue leveraged from an existing technology which is already maintained under our existing NHS contracts.

Imaging Engineering estimates that there are approximately 2,000 fluoroscopy centres in the USA that will need to update their equipment in the next few years and is aiming to update 200 centres within the next 18 months, though this has been impacted by COVID-19 and the inability of external companies to physically enter hospital premises during the pandemic.

Fluorocapture represents another example of how the Company is seeking to efficiently leverage its existing products to generate additional, low resource revenue opportunities.

Strategic Report
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TexRAD

TexRAD sales have traditionally accounted for approximately half of the Company's revenue but owing to market saturation the cost of sales has increased and revenues are now declining. In anticipation of this, management took pre-emptive action earlier in the year to drive down the internal cost of sales whilst continuing to drive revenue through third party distributors.

When a clinician reviews a medical imaging study, he/she typically produces a report which gives a qualitative analysis of the imaging study. TexRAD is a proprietary technology which measures areas of a scan to give a quantitative output, a texture feature, typically displayed as a histogram plot. The shape of the histogram plot changes according to the composition of the area of the scan that has been analysed. The aim of TexRAD has been to prove a link between the quantitative changes seen and underlying pathological changes in the patient's tissue. If a link between a texture feature and an underlying change in tissue can be proven then TexRAD could be used to monitor disease states in a quantitative way, in theory supporting clinical diagnosis and measuring treatment response. The goal is to move TexRAD from an academic research tool into a clinical tool that can inform treatment, however this requires a suitable body of evidence.

To date TexRAD has been deployed in more than 60 research centres around the world, each one looking to find a link between texture changes and disease. Without paying for these studies the Company is unable to coordinate the texture features being evaluated or the disease states that the studies are being conducted in. Without coordination, the evidence base is sporadic with insufficient depth in any one disease or texture feature to justify the transition to a clinical application. Given this, the strategy has been to continue selling TexRAD to academic centres to try to grow the evidence base organically until a texture feature is consistently demonstrated to be linked to a disease state and can be used to support clinical delivery.

The Company had been deploying an internal sales resource to drive direct sales of TexRAD to academic centres, however this direct sales approach was not cost effective. In May 2019, management reviewed the TexRAD pipeline and noted that the customer acquisition cost for new customers was rising and that the rate of new customer acquisition was declining, in part due to saturation of the available market. In response to customer feedback the board made a small investment to upgrade the TexRAD software and delivered the Grey Level Co-occurrence Matrix (GLCM) product feature in July 2019 with a view to re-energising the TexRAD sales pipeline. This upgrade had a moderate, but short term, impact on sales leading to a 14% increase in revenue as reported in the Company's interim results on 18 February 2020. Despite this momentary boost, sales of TexRAD continued to decline whilst at the same time the cost of sales were increasing, owing in part to the associated development costs. In light of this, management took the decision to reduce the cost base associated with research sales by removing our direct to market sales function, instead focusing on indirect sales through third party distributors on a commission only basis. The volume of sales has continued to decline, as expected, in the second half of the year which has impacted the overall revenue of the Company, however the reduced cost base associated with this business unit has resulted in a smaller net loss for this part of the business.

The Company believes that it remains viable to continue selling TexRAD through third party distributors, owing to the lower cost base, with a view that this may afford an opportunity for the evidence base associated with the product to grow. The opportunity for TexRAD still lies in the transition to the clinical setting once a sufficient evidence base is available, however the Company is not in control of this timeline. On this basis, the focus has now shifted to cost reduction associated with this product rather than driving new sales at a growing acquisitional cost.

Strategic Report
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R&D progress

Feedback recognises the potential in developing new products from its existing technologies. It is working closely with existing customers to identify unmet needs. To increase its software development capabilities the Group is continuing and expanding its collaboration with Future Processing to develop new imaging software products.

Feedback capitalises external development costs for writing off against income generated in future accounting periods. The Directors carefully consider what elements of this development expenditure will generate future economic benefits. This is based upon customer feedback on Bleepa, product enhancements and assessing the potential of Bleepa in non-medical markets and overseas requirements.

Current trading and future developments

The Group continues to focus on growing the opportunity of its flagship product Bleepa. Bleepa is currently installed in two NHS Trusts and the Company is seeking to grow the product's UK footprint through its recent appointment to the NHSx Communication Tool framework. This framework represents a key opportunity for the Company, it both validates Bleepa as a product, giving it NHS endorsement, but it additionally provides a route to revenue, allowing NHS Trusts to procure Bleepa for up to two years whilst NHSx pays for it on their behalf.

Beyond the NHS market the Company is pursuing opportunities for the CE marked version of Bleepa in adjacent market segments, such as the UK private healthcare sector, veterinary services and international healthcare setting. The Company is currently evaluating the relevant regulatory aspects of international expansion and are considering partnership opportunities to help scale the product more cost effectively to a wider market audience.

We have a big vision for Bleepa. Bleepa is about more than just bringing frontline clinicians together digitally and giving them access to imaging. In our advertising materials we coined the phrase 'Bleep-Share the whole picture'. Although this neatly covers imaging, it also encompasses our much larger vision to bring together all the information that clinicians need when making decisions about patients.

Our vision is that Bleepa will become the platform that all frontline clinicians use to access information about their patients and to speak with colleagues to reach collective and informed management decisions.

To progress this strategy, we need to scale the product, at pace, in order to acquire as large a userbase as possible.

Inherent to the value proposition of Bleepa is the requirement for Bleepa to be integrated into hospital systems and to be able to present patient data securely to clinical users. This requirement for integration means that market growth must be achieved on an institutional basis rather than directly to users; a freemium model, directly to clinical users, will therefore not work in this market. Selling to institutions requires multi-stakeholder engagement and is both time and resource intensive. The requirement to deploy on an institutional basis stands to slow down the rate of deployment but it does create a barrier to entry for competitors and a stickiness from customers that will ultimately result in a higher lifetime value of each customer site.

However, there are options to achieving rapid growth despite the institutional integration requirements. The Company is evaluating a number of relationships with third parties that can help to achieve this scale at a greater pace and more cost effectively than if we were to undertake that growth alone. The Company intends to help others grow the value proposition and scale the product, wherever possible leveraging its network of third parties to distribute the product cost effectively. However, firstly we have to initiate the market traction, grow the product footprint and get as many clinicians as possible using the platform. Our recent funding positions us well to deliver on this potential.

Strategic Report

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Financial summary

	2020 £'000	2019 £'000
Revenue	450	563
Operating loss	(1,415)	(1,132)
Operating cash flow useage	(787)	(983)
Cash invested in intangibles	876	398
Year end cash balance	733	541
Intangible assets	1,297	449
Net assets	1,769	946

In the year to 31 May 2020, the recognised turnover of £449,983 decreased by 20% compared with the previous financial year. 35% of the turnover is attributable to one customer (compared with 40% in the previous financial year). Overheads, especially employment costs, have increased in the year to 31 May 2020, due to gearing up to deliver the new strategic direction as outlined above. The operating cash useage reduced mainly due to the research and development tax credit. The Company continued to invest shareholder funds in Bleepa development which resulted in a large increase in intangible assets. The net assets reflected the fund raise of £2m. The loss per share has decreased from 29p to 22p per share primarily due to increase in number of issued shares.

In line with International Financial Reporting Standards, Feedback's accounting policy is to spread the income from its software licence and support sales over the duration of the contract, usually one to two years. The Group's balance sheet contains a significant deferred revenue liability to reflect this. Only external development costs are capitalised. All internal research and development costs are written off in the year in which they are incurred. All development costs relating to TexRAD have been fully impaired.

In August 2019, the Company raised £2 million, before expenses, by way of a placing and subscription of 166,666,667 new Ordinary Shares at a price of 1.2 pence per share with new and existing investors. The proceeds from this fundraise were deployed to develop the innovative Bleepa product for UK and Worldwide usage.

Operational cash flows have been satisfactory and reflect customer payments for new purchases and contracts before the periods in which the revenue is recognised. The August 2019 equity fundraise supported a healthy cash balance at the financial year end and has financed an acceleration in product development expenditure leading to increased intangible assets.

Principal risks and uncertainties

Economic and market risks

Feedback Medical is in the medical imaging market. The market is fragmented and the future success of the business is dependent on the ability of Feedback Medical to secure new and renew current contracts. These contracts are often with Government supported organisations and the timing of these can be dependent on market conditions. The Group's dependence on the award or renewal of contracts means that its revenue stream is not constant and has the potential to be particularly irregular. The outcome of Brexit is unlikely to affect existing trading arrangements so is anticipated to have little impact on the Group. The impact of Covid-19 has been both positive and negative for the future prospects of the Company. A number of potential customers delayed any further discussions due to their focus on COVID-19 management. However Pennine Acute Trust recognised the value of Bleepa in helping them to effectively manage the impact of COVID-19 and as a result are now rolling Bleepa out as a mainstream solution to more efficient patient care. COVID-19 was also a key driver to the creation of the NHSx Clinical Communication Framework which has both endorsed the product and created a vehicle for reimbursement.

Strategic Report

Regulatory approval

The development, evaluation and marketing of the Company's products and ongoing research and development activities are subject to regulation by governments and regulatory agencies in all territories within which the Company intends to market its products (whether itself or through a partner). There can be no assurance that any of the Company's products will successfully complete the trial process or that regulatory approvals to market these products will ultimately be obtained. Failure to obtain regulatory approvals for its products could threaten the Company's ability to trade in the long term.

The time taken to obtain regulatory approval varies between territories and there can be no assurance that any of the Company's products will be approved in any territory within the timescale envisaged by the Board, or at all, and this may result in a delay, or make impossible, the commercial exploitation of the Company's products. Furthermore, each regulatory authority may impose its own requirements and may refuse to grant, or may require additional data before granting an approval, even though the relevant product may have been approved by another country's authority.

If regulatory approval is obtained, products will be subject to continual review and there can be no assurance that such approvals will not be withdrawn or restricted. Changes in applicable legislation or regulatory policies, or discovery of problems with products may result in the imposition of restrictions on sale, including withdrawal of the product from the market, or may otherwise have an adverse effect on the Company's business and/or revenue streams. FM Ltd first obtained certification to ISO 13485 in 2014 and continues to maintain compliance with the current version of this Medical Device manufacturing standard.

Product Development Risk

The Group capitalises development costs where there is an expectation that commercially successful products will be developed. The products in development may cost more and/or take longer to develop than the current estimates. It is possible that commercially successful products may not be developed. The Board monitors progress on product development on a regular basis and discusses with potential customers their requirements to mitigate this risk. The new Bleepa is both innovative and unique but further iterations will be required to be produced quickly to ensure that Bleepa retains this position.

Liquidity

Management of liquidity risk has concentrated on the maintenance of appropriate credit lines and funding sources to ensure adequate cash resources for the Company's operations. The Group was successful in raising additional cash through equity fundraises in both 2019 and 2020 to enable it to implement its strategy. The Board regularly monitors the cash position of the Group and ongoing cash requirements. The Board believes the Group is likely to have access to adequate cash resources from a combination of operational cash generation and, if necessary, obtaining further equity finance from the capital markets to support its strategy.

Credit Risk

The Group's credit risk is primarily attributable to its cash and cash equivalents and trade receivables. The credit risk on other classes of financial assets is considered insignificant. Credit risk is managed through credit review and approval processes for new customers and ongoing review of each customer's credit history.

Other Risks

There is a risk that existing and new customer relationships will not lead to the income currently forecast (especially, as noted above, from new products currently in development). As with other technology businesses, the Group is reliant on a small number of highly skilled staff.

Strategic Report
CONTINUED

Post Balance Sheet Events

In July 2020, the Company raised £5.27 million, before expenses, by way of a placing and subscription of 505,000,000 new Ordinary Shares at a price of 1 pence per share with new and existing investors and 21,981,769 new Ordinary Shares at a price of 1 pence per share via an Open Offer to existing shareholders. The proceeds will be invested in developing the Bleepa product.

Key Performance Indicators

The Company monitors the following: its cash position, its investment in Bleepa development, Bleepa enquiries and feedback from pilot studies. The Board is developing key performance indicators to assess performance based on user acquisition, utilisation rates and revenue which will be necessary as Bleepa sales are made. These KPIs will be deployed across industry segments and by country.

By Order of the Board on 12 October 2020 and signed on its behalf

R Shaw

Prof R Shaw

Directors' Report

The Directors present their report and the Financial Statements for the year ended 31 May 2020.

Future developments

The future developments for the Group are discussed in the Chairman's Statement and the Strategic Report.

Directors

The Directors of the Company during the year were:

Prof R Shaw	(Appointed 29 August 2019)
Dr T Oakley	
L Melvin	
A Denning	(Appointed 3February 2020)
Prof T N Irish	
S Sturge	
Dr A Riddell	(Resigned 29 August 2019)

Directors' shareholdings

The shareholdings in the Company of the Directors as at 31 May 2020 were:

	No. of Shares	%
Prof R Shaw	4,166,667	0.77
S Sturge	12,833,333	2.38
L Melvin	1,066,667	0.19

Significant shareholders

Shareholders who have notified the Company of shareholdings in excess of 3% as at 31 May 2020 were:

	No. of Shares	%
T W G Charlton	120,000,000	22.22
J Cranston	42,000,000	7.78
Hargreaves Lansdown Nominees	33,750,000	6.25
M D Barnard	16,666,667	3.09

Employment policies

The Group is committed to employee involvement in the business and there are consultative procedures available for management and other employees to discuss matters of mutual interest.

The Group has a policy of non-discrimination in respect of sex, colour, religion, race, disability, nationality or ethnic origin.

Creditor payment policies

The Group's policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. Payment terms for the year ended 31 May 2020 averaged 32 days (2019: 32 days).

Directors' Report

CONTINUED

Business relationships

The Group's key business relationship is with Future Processing who support our research and development function. Regular dialogues, virtual and face to face meetings occur weekly and they have been integral to the development of Bleepa. The Group treats many smaller suppliers as business partners as they are required to support our limited internal resources. Our annual energy consumption is well below 40,0000 Kw Hours.

Treasury policy

The Group has adopted formal treasury policies to control its financial instruments. It has a Group Treasury policy not to undertake transactions of a speculative nature. Group cash flows are managed centrally, and surplus cash is invested in short-term financial instruments. The Group does not undertake hedging transactions in foreign currencies. Foreign currencies are generally converted automatically into sterling on receipt.

Compliance with these policies is monitored by the Board. Other than for currency disclosures, the Group has taken advantage of the exemption permitting it not to treat short-term debtors and creditors as financial instruments.

Strategic report

Information regarding the Group's principal risks, results, future developments, dividends and key performance indicators are provided in the Strategic Report.

Dividends

No dividend was declared in the year (2019:£nil).

Audit information

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, there is no relevant audit information of which the auditors are unaware.

Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Going concern

Having updated the Group's business plan and cash flow forecasts and having considered other factors such as the economic environment and the availability of further equity finance if required, the Directors consider that the Group and the Company are likely to have access to adequate cash resources for at least the next twelve months from existing cash balances.

These cash balances will be used to provide working capital, enable continued product development and international expansion. If further resources are required, the Directors consider, that although future equity fundraising can never be guaranteed, the group's recent history of successful fundraising means it likely that the group will be able to raise further finance through future equity issues.

Accordingly, the Directors believe that the Group and Company are a going concern and have therefore prepared the financial statements on a going concern basis.

By order of the Board on 12 October 2020 and signed on its behalf

R Shaw

Prof R Shaw
Chairman

Directors' Report

CONTINUED

Statement of Directors' responsibilities

The Directors are responsible for preparing the Group and parent Company financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent Company and of the profit and loss of the Group for that period.

In preparing each of the Group and parent Company 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 they have been prepared in accordance with IFRSs as adopted by the EU subject to any material departures disclosed and explained in the parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and parent Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They have general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and parent Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report to comply with that law and those regulations.

In determining how amounts are presented within terms in the income statement and balance sheet the Directors have had regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting principles or practice.

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

Directors' Report
CONTINUED

Directors' Biographies

Prof Rory Shaw BSc MD MBA FRCP, Chairman (appointed to the Board on 29 August 2019)

Professor Rory Shaw was appointed as non-executive director, Deputy Chairman and subsequently Chairman of Feedback PLC on 29 August 2019. He was previously Medical Director of Feedback Medical Limited, the Company's operating subsidiary. During this time, he has contributed to the development of the Company's strategy and to building relationships with the UK medical community. Since his appointment as Chairman he has continued to play an active part in promoting Bleepa within the medical profession.

Professor Rory Shaw has extensive managerial and overseas trade experience as well as a strong academic and clinical background. Professor Shaw was previously the Medical Director of Healthcare UK within the Department of International Trade. Over the previous 15 years, he has been Medical Director of three NHS Trusts; North West London Hospitals NHS Trust, the Royal Berkshire NHS Foundation Trust and the Hammersmith Hospital NHS Trust. In 2001, he was appointed by the then Minister of Health as the first Chairman of the National Patient Safety Agency and was also a non-executive director of the NHS Litigation Authority. Professor Shaw's clinical specialty is respiratory and general medicine. He has been published extensively in academic journals and was also a professor of respiratory medicine at Imperial College School of Medicine. Rory was appointed to the remuneration committee on 29 August 2019 and was appointed to and became chair of the nomination committee on the same date.

Dr Tom Oakley, BM(Hons) BSc (Hons) Chief Executive Officer (appointed to the Board on 9 April 2019)

Dr Tom Oakley trained as a Radiology Registrar before becoming an NHS England Clinical Entrepreneur Fellow where he supported a number of companies looking to launch products in the NHS. He joined as CEO of Feedback Medical Ltd in February 2019 before being appointed as CEO of Feedback PLC on 9th April 2019. Since joining the Company he has led a strategic review into the Cadran product portfolio which has culminated in the development of Bleepa, the Company's secure clinical messaging and image sharing communication tool. Tom has led the Company through two successful funding rounds raising approximately £7.3m to stimulate the development and launch of Bleepa, taking this product from concept to a fully certified medical device installed in two NHS Trusts within a year

Lindsay Melvin, BSc (Hons) ACA CTA CIPP Chief Financial Officer (appointed to the Board on 16 March 2018)

Lindsay is a chartered accountant and brings 30 years of financial and business experience to Feedback. Most recently he was Chief Executive Officer of the Chartered Institute of Payroll Professionals (CIPP) for eight years until July 2016. CIPP was voted the UK's best association in the 2016 Associations Excellence Awards and was also voted as one of the SundayTimes "Best 100 Not for Profit Organisations" in 2016. Previously, Mr Melvin held Director-level roles in small to medium sized public and private companies including Arthur Shaw & Co plc where he was Finance Director for six years. Lindsay started his career at Grant Thornton where he spent 11 years.

Adam Denning, Non-Executive Director (appointed to the Board on 3 February 2020)

Adam currently serves as a non-executive director of Droplet Computing, an app containerisation start-up, and as managing director of Logical Operators Limited, his own consultancy firm. Previously, he spent 25 years at Microsoft Corporation in various roles. From 2011-2017, he was a Partner Group Program Manager. In this role, he reported directly to the Corporate VP of the Windows platform, leading an international team of over 100 people and executing updates to Windows to deliver new customers. Before then, from 1999-2001, he served as an Assistant Technical Advisor to the Executive Office, presenting "demo days", where he would demonstrate internal and external technology to Bill Gates and would attend all of his product reviews. Adam was appointed to the audit and remuneration committees on 3 February 2020.

Directors' Report

CONTINUED

Prof Tim Irish, MA MSc MBA BSc Non-Executive Director (appointed to the Board on 8 June 2017)

Tim Irish has worked in the life sciences industry for thirty years with a career spanning global health technology companies across Europe and North America, including GSK, GE and Philips. Between 2007 and 2015 Tim served on ten Boards, five as Chair, where he successfully executed two trade sales and raised significant equity financing, including an IPO. Since 2015 his governance portfolio covers Life Sciences and Healthcare, both public and private, including board roles as Vice Chair and Non-Executive Director at NICE, other digital/medtech NED roles, and Professor of Practice at King's College London's School of Management and Business. Tim was appointed to the audit and remuneration committees on 8 June 2017 and became chair of both on 8 June 2017.

Philipp Prince, MA(Cantab) FCA, Non-Executive Director (appointed to the Board on 15 July 2020)

Philipp is a chartered accountant with extensive experience in senior finance roles in both private and listed technology companies. He runs his own financial consultancy business and recently joined BCB Group Holdings Limited, a financial services challenger, as its non-board CFO. He was previously a board adviser at Overmore Limited, a marketing technology firm, the CFO of Defenx plc, an AIM-listed mobile cyber security company, where he managed the IPO process, fundraising and investor relations and Interim CFO at Enecsys plc, a private equity backed solar micro-inverter developer. For over 20 years, Philipp worked at BDO LLP, where he was a corporate finance partner from 2002-2013. Philipp was appointed to the audit and remuneration committees on 15 July 2020. He became chair of the audit committee on 8 September 2020.

Simon Sturge, BSc (Hons) Non-Executive Director (appointed to the Board on 16 April 2018)

Simon joined Merck Healthcare in 2014. He left Merck and is currently the Chief Executive of Kymab Group Limited. He is an experienced healthcare executive in the UK and has built a very strong reputation not only in the biotechnology industry but also, in the investment community. His experience includes eight years at Celltech, and he was the founder and CEO of RiboTargets which later reversed into Vernalis Plc. After serving as CEO of OctoPlus N.V. for two years, he became Senior Vice President of Boehringer Ingelheim's Biopharmaceutical Business. Simon is a regular speaker at conferences including the World Economic Forum. Simon was appointed to the audit and remuneration committees on 16 April 2018.

Corporate Governance Statement

The Directors present their Corporate Governance Statement for the year ended 31 May 2020.

The Board has adopted the QCA Corporate Governance Code (the "QCA Code"), in line with the London Stock Exchange's changes to the AIM Rules requiring all AIM quoted companies to adopt and comply with a recognised corporate governance code and detail how it complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so. The Board believes that the application of the QCA code supports the company's medium to long-term success. Further details on the Company's adoption and compliance with the QCA Code can be found on the Company's website at www.fbkmed.com.

Board of Directors

In common with other organisations of a similar size, the Executive Directors are heavily involved in the day-to-day running of the business. The Board of Directors meets regularly and holds video conference calls at least ten times a year and is responsible for formulating strategy, and for the trading subsidiaries, monitoring financial performance and approving major items of capital expenditure.

For the majority of the year the Board comprised two Executive Directors and four Non-Executive Directors. It currently has a Chief Executive, a Chief Finance Officer, a Non-Executive Chairman, and four Non-Executive Directors.

Dr Tom Oakley, the Chief Executive, trained as a Radiology Registrar before becoming an NHS England Clinical Entrepreneur Fellow where he supported a number of companies looking to launch products in the NHS. He joined as CEO of Feedback Medical Ltd in February 2019 before being appointed as CEO of Feedback PLC on 9th April 2019. Lindsay Melvin, the Chief Finance Officer, is a chartered accountant and brings 30 years of financial and business experience. He was recently a Chief Executive Officer to the Chartered Institute of Payroll Professionals. Previously, he held Director-level roles in small to medium sized public and private companies.

The Company currently has five Non-Executive Directors (including the Chairman) therefore providing a suitable balance of executive and non-executive directors. The biographies of each of the Non-Executive Directors are included above.

Based on the mix of experience and skills held by the directors, as detailed above, the Board believes it has the necessary qualities and capabilities to deliver the Group's strategy.

For the year under review, the Board included four Non-Executive Directors which was considered appropriate. The Board has scheduled monthly meetings but during the COVID-19 lockdown it has held regular weekly update meetings. In the year to 31 May 2020, eleven formal meetings across the year and 5 supplementary weekly update meetings were held, making 16 in total. The attendance records at these meetings has been consistently high and no Non-Executive Director has been absent from more than one meeting and this only occurred for one director due to international travel delays and for the other due to family illness.

Director	Board	Audit Committee	Remuneration Committee	Nominations Committee
Tom Oakley	16	N/A	N/A	N/A
Lindsay Melvin	16	N/A	N/A	N/A
Rory Shaw (appointed 29/8/2020)	14	N/A	N/A	3
Tim Irish	15	2	1	3
Simon Sturge	15	2	1	3
Adam Denning (appointed 03/02/2020)	8	1	1	1
Alastair Riddell (resigned 29/08/2019)	2	N/A	N/A	1

Corporate Governance Statement

CONTINUED

The Board retains full responsibility for the direction and control of the Group. No strategic powers have been delegated and for these reasons the Board did not have, during the year, a formal schedule of matters specifically reserved to it. The Board receives monthly board papers which cover operational, financial and key stakeholder up to date information. Board minutes are recorded and approved at the next meeting. All Board members are well versed in their roles and responsibilities. All Directors have direct access to the advice and services of the Company's professional advisers, enabling them access to all required information in the furtherance of their duties.

The Board have sought professional legal, HR and NOMAD advice as and when appropriate to do so, given the level of skills, knowledge and experience of each Board member. Each director ensures that their skillset is up to date by attending events, reading appropriate journals and news bulletins and in discussions with colleagues.

Non-Executive Directors

The appointment of Non-Executive Directors is a matter for the Board as a whole. There is currently no formal selection process, which the Board deems appropriate for the size and nature of the Company. The Non-Executive Directors have contracts for services for an unspecified period. Non-Executive Directors are subject to re-election every three years.

Terms and conditions of appointment of the Non-Executive Directors are available for inspection.

Rory Shaw, Tim Irish, Simon Sturge, Adam Denning and Philipp Prince are considered to be independent directors as none of them have any notifiable conflict of interest and none of them have any managerial responsibilities in the Company.

Executive Directors

Executive Directors are appointed by the Board of Directors but stand for election by the shareholders at the Annual General Meeting. The Executive Directors are subject to re-election every three years.

Audit Committee

An Audit Committee is in place comprising the Non-Executive Directors. Its purpose is to review the Group's financial systems, internal controls and financial reporting procedures, notably the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor. The Company's approach to internal control is described below. The Audit Committee was chaired by Tim Irish until 8 September 2020 when Philipp Prince became chair. The Audit Committee had two scheduled meetings in the year. All serving members attended both meetings. The Audit Committee considered that the internal control procedures were adequate for the size of the Group. Internal processes are reviewed twice a year and improvements implemented. Given the size of the Group the audit committee does not consider it necessary to prepare a formal audit committee report as its significant work and actions are reported on elsewhere in this statement.

The Audit Committee reviewed and made recommendations to the Board on any significant accounting issues, any changes to accounting policies and processes, going concern and liaised with the external auditors.

The significant accounting areas and judgements considered by the Committee were:

Revenue recognition – The Committee discussed the evolution of the Group's product mix and specifically the basis used to determine how TexRAD software licence and support revenues are split and recognised over time. The Committee was satisfied that management's judgement in the absence of explicit performance obligations and the consequential recognition of revenue and deferred revenue in the accounts was reasonable.

Corporate Governance Statement

CONTINUED

Valuation of intangible assets – The Committee reviewed the basis of capitalisation and considered the intangible value attributed to its intangible software development costs. The Committee was satisfied that the forecast cash flows from the anticipated level of future revenues, supported by customer interest and the sales pipeline, are sufficient to support the carrying values.

Going concern – The Committee reviewed the cash flow forecasts for the Group and discussed the key assumptions and risks relevant to their achievement. The Committee was satisfied that the basis for adopting the going concern basis in preparing the Group and Company financial statements, set out in note 3 on page 38, was reasonable.

Remuneration Committee

A Remuneration Committee is in place comprising the Non-Executive Directors and where appropriate, the Chief Executive and/or the Chief Finance Officer. The Remuneration Committee is chaired by Tim Irish and has one scheduled meeting in the year. All serving members attended the meeting held in the year. Its purpose is to regularly review the remuneration package of all senior employees.

During the year it reviewed and made recommendations to the Board on the remuneration policy for the coming year (year ending 31 May 2021), the share option policy and any decisions required to be made in the year due to changes in employees are their roles.

It agreed on a performance bonus of £40,000 for Tom Oakley to reflect the significant contribution he has made to the Company in developing a dynamic strategy and considerable future potential shareholder value.

Nomination Committee

The Nomination Committee consists of the Non-Executive Directors and it met once in August 2019, February 2020 and July 2020. It is chaired by Rory Shaw.

It recommended to the Board the appointment of two new non-executive directors, Adam Denning and Philipp Prince.

Current business model and risk management

Further details on Feedback's business model, principal risks and uncertainties are contained within the Strategic Report on pages 5 to 14 of this document.

The Board considers business risk at every Board meeting. This includes risks associated with its key customers and suppliers, ongoing trading performance and budgets.

The Company has a Management group who meet on average three times a week to discuss operational issues, strategic relationships, sales opportunities, planned meetings and events and strategic issues. Actions from the meetings are followed up at the next management meeting. The CEO and the CFO are both part of the Management group.

A risk register covering all business areas was prepared by the management team, is updated regularly, and is reviewed and approved by the Board. The risks identified are evaluated into cause, impact on the Company, likelihood and seriousness, mitigating actions, timelines and responsibilities.

Business processes are regularly reviewed, and possible enhancements debated, evaluated and, if appropriate, implemented.

Corporate Governance Statement

CONTINUED

Company culture

The Company is evolving a formal set of ethical values and behaviours. It endorses a 'no-blame' culture and has an 'open door' policy with regular staff meetings and management meetings. Management conduct regular one-to-one meetings with all staff, through which they are able to support staff in ensuring the Company's values are being recognised and reflected and assist in any staff training needs. The Board are committed to developing a high standard in both ethical behaviours and values and are very supportive of employee wellbeing.

The Directors believe that this culture is desirable to move the business forwards in its strategic growth and its present objectives and business model. All staff worked from home during the COVID-19 lockdown. Many staff had been working from home before the lockdown commenced so the transition to total home working was very smooth.

Performance evaluation

The Chairman, Rory Shaw, has implemented a formal performance evaluation of the Board, its committees and its individual directors. The non-executive directors are responsible for reviewing the directors' performance and highlighting any issues identified.

In addition, one-third of the Board is required to retire and seek re-election at the AGM, in accordance with good governance. The Board will continue to be mindful of succession planning.

Communication with shareholders

Feedback encourages two-way communication with its investors and responds quickly to queries received. The Company has an email address (IR@fbk.com) where shareholders can communicate with the Board. The Directors are available to shareholders at any time to discuss strategy and governance matters. The Chairman communicates regularly with major shareholders and ensures that their views and concerns are fully communicated back to the Board and management team.

In addition, all Company announcements are published on the Company's website, together with financial results.

All shareholders have the opportunity to ask questions and express their views ahead of the Company's Annual General Meeting. Should voting decisions not be in line with Board's expectations then the Board will liaise with shareholders in order to address any issues.

Further details on the Company's consideration of wider stakeholder and social responsibilities can be found on the Company's website at www.fbkmed.com/plc-landing-page/governance.

S.172 Companies Act 2006 Statement

The Directors have had regard to the matters set out in section 172(1) (a)-(f) when performing their duty under section 172. The likely consequences of any decision in the long term is covered in the Strategic Report of this report. The need to foster excellent relationships with employees, suppliers, customers, shareholders and other stakeholders is paramount and is covered above in the corporate governance statement and the Directors, report. The Directors endeavour to maintain a culture built on integrity; take into account the desirability of the Company maintaining a reputation for high standards of business conduct, and; have regard to the need to act fairly. The Directors assess and take into account what is most likely to promote the success of the Company for its members in the long term as part of their decision-making process, and make this assessment fairly and in good faith. The Directors continue to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

Corporate Governance Statement

CONTINUED

Audit and internal control

The primary role of the Audit Committee was to keep under review the Group's financial systems and controls and its financial reporting procedures. In fulfilling this role, it received and reviewed work carried out by the external auditors and their findings.

The Board had overall responsibility for operating and monitoring the system of internal control within the Group and for monitoring its effectiveness. The system includes an on-going process for identifying, evaluating and managing significant business risks.

Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's system was designed to provide the Directors with reasonable assurance that any material problems were identified on a timely basis and dealt with appropriately.

Guidance to Directors of UK Companies on internal control procedures and good practice on risk management is provided by the Financial Reporting Council.

The Audit Committee reviewed the effectiveness of the internal controls on an annual basis on behalf of the Board and considered that they have complied throughout the year ended 31 May 2020 with those provisions of the Code which they consider to be practicable and appropriate for a relatively small public company.

The key elements of the system, which had been designed to meet the specific needs and business risks of the Group, include:

- clearly defined organisation structures with segregation of duties wherever practicable;
- agreement of Group short term financial objectives and business plans;
- monthly review by the Board of Group Management Accounts and monitoring of results against budgets;
- Board control over treasury, taxation, legal, insurance and personnel issues;
- Board control over appraisal, review and authorisation of capital expenditure.

As common with organisations of similar size, the Executive Directors and the Non-Executive Directors are heavily involved in the day-to-day running of the business. The directors believe that although the Group's controls may be slightly less formal than those of larger groups and companies, the continued close involvement of the Non-Executive Directors more than compensated for this.

The Board believes that it is not currently appropriate for the Group to maintain an internal audit function because of the small size of the Group.

The Audit Committee considers the independence and objectivity of the external auditors on an annual basis, with particular regard to non-audit services. Price Bailey were appointed as auditors during the year as Haysmacintyre, the previous auditors, had been the Group's auditors for many years and so the Board decided to follow best practice and change auditors. The split between audit and non-audit fees for the year and information on the nature of the non-audit fees appear in note 6 to the financial statements. There are no non-audit fees that could affect the independence or objectivity of the auditors. The Audit Committee monitors such costs in the context of the audit fee for the year, ensuring that the value of non-audit services does not increase to a level where it could affect the auditors' objectivity and independence.

Corporate Governance Statement

CONTINUED

Going concern

Having updated the Group's business plan and cash flow forecasts and having considered other factors such as the economic environment and the availability of further equity finance if required, the Directors consider that the Group and the Company are likely to have access to adequate cash resources for at least the next twelve months from existing cash balances. These cash balances will be used to provide working capital, enable continued product development and international expansion. If further resources are required, the directors consider, that although future equity fundraising can never be guaranteed, the group's recent history of successful fundraising means it likely that the group will be able to raise further finance through future equity issues.

Accordingly, the Directors believe that the Group and Company are a going concern and have therefore prepared the financial statements on a going concern basis.

Independent Auditors' Report to the members of Feedback plc

Opinion

We have audited the financial statements of Feedback PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2020 which comprise the statement of comprehensive Income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, notes to the consolidated financial statements including a summary of significant accounting policies, the company balance sheet, the company statement of changes in equity, the company statement of cash flows and notes to the company financial statements. The financial reporting framework that has been applied in their preparation 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 May 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditors' Report to the members of Feedback plc CONTINUED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period and include the most significant addressed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: overall audit strategy, the allocation of resources in the audit, the directing of 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, we do not provide a separate opinion on these matters.

Revenue recognition

In our assessment of audit risk, we determined that the existence and timing of revenue recognition give rise to a significant risk of material misstatement. The group has a variety of revenue streams including software installation, software licences, scientific and software support and consultancy. The risk is that income is overstated through non-deferral of income which should be deferred as the criteria of income have yet to be met.

We focused on timing of revenue recognition in accordance with stated accounting policies and its subsequent presentation in the statement of comprehensive income.

Our procedures included:

Detailed analytical procedures and depth testing on a sample of transactions to confirm the validity of sales recorded and the point of transfer of the risks and rewards of ownership through identification of the timing of revenue recognition by sampling a number of transactions and contracts throughout the year ensuring they had been accounted for correctly and that revenue is complete.

Reviewing the systems and procedures implemented to ensure revenue is recognised in the appropriate accounting period, testing a sample of entries where necessary.

Reviewing the recognition and recoverability of trade receivables at the year end to assess the validity of their recognition and carrying values as at 31 May 2020.

Our work did not identify any items that could not be substantiated.

Intangible assets – capitalised development costs and valuation

The Group holds material intangible assets in relation to patents, customer relationships and software developments. The main risk is ensuring that intangible assets are held at the appropriate value and recognition criteria under IAS 38 have been met before being capitalised.

We focused on intangible assets valuation and recognition in accordance with stated accounting policies.

Our procedures included:

Reviewing a sample of additions to supporting invoices and documentation received from third parties to ensure intangible assets were correctly valued. We carried out audit testing to ensure that amounts capitalised met the recognition criteria within the standard and were in accordance with stated accounting policies. We also reviewed whether any impairment was required by looking at the progress made in development, discussed recent trials, reviewed update in the development phase and reviewed correspondence with potential customers.

The rationale for recognition of these costs was discussed with management, and the products for which items had been capitalised assessed against the recognition criteria of IAS38 by reference to supporting evidence.

Independent Auditors' Report to the members of Feedback plc CONTINUED

Covid-19 and Going Concern

Since the beginning of 2020 COVID-19 (the Coronavirus) has spread rapidly around the world with increasingly drastic effects on society and the economy. While the general effects on the economy and society are negative, at the time of writing the full consequences are impossible to foresee.

Management have considered the impact of COVID-19 including in respect of the going concern basis of preparation of the financial statements and in respect of any potential impairment of the assets.

Our procedures included:

The Company was able to successfully raise additional funds subsequent to the year end and we have seen evidence of these funds being received. We have also reviewed the forecasts prepared by management to see whether this will be sufficient to meet their requirements for the next 12 months.

We evaluated the key assumptions in the forecasts and considered whether these appeared reasonable.

We made enquiries of management to understand the period of assessment considered by management, the completeness of the adjustments taken into account and implications of those when assessing management's estimates. We considered different scenarios and the impact on the Company's going concern position.

We evaluated and assessed the adequacy and appropriateness of Directors' disclosure in respect of COVID-19 implications and impact, in particular disclosures within principal risks and uncertainties and going concern.

Based on the work performed, we are satisfied that adopting the going concern basis for preparation of the financial statements is appropriate.

Our application of materiality

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable knowledgeable users that are taken on the basis of financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We based materiality for the group's financial statements as whole on the pre-tax loss for the group and concluded materiality to be £36,000. We consider that loss provides us with the most relevant performance measure to stakeholders of the entity given the stage of the Group's activity and growth.

We also assessed materiality for the parent company's financial statements as a whole on the same basis. The materiality we have applied to the parent company's financial statements is £18,000.

We apply the concept of materiality both in the planning and performance of the audit, and in evaluating the effects of misstatements.

During the course of the audit we reassessed materiality from planning to reflect the final reported performance of the Group. There was no change made to our planning materiality.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment. We determined materiality and assessed the risk of material misstatement in the financial statements. In particular we looked at where the directors had made subjective judgements within accounting estimates. We addressed the risk of management override of internal controls including whether there was evidence of bias by the directors that represented a risk of material misstatements due to fraud.

Independent Auditors' Report to the members of Feedback plc CONTINUED

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 auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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 our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 17, 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.

Independent Auditors' Report to the members of Feedback plc CONTINUED

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

Martin Clapson FCA *(Senior Statutory Auditor)*

For and on behalf of

Price Bailey LLP,
Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

12 October 2020

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MAY 2020

	Note	2020 £	2019 £
Revenue	4	449,983	563,092
Cost of sales		(1,866)	(4,896)
Gross profit		448,117	558,196
Other operating expenses	5	(1,863,180)	(1,690,052)
Operating loss	6	(1,415,063)	(1,131,856)
Net finance income	7	606	1,283
Loss on ordinary activities before taxation		(1,414,457)	(1,130,573)
Tax credit	9	327,000	157,464
Loss on ordinary activities after tax attributable to the equity shareholders of the Company		(1,087,457)	(973,109)
Total comprehensive expense for the year		(1,087,457)	(973,109)
Loss per share (pence)			
Basic and diluted	11	(0.22)	(0.29)

The notes on pages 37 to 57 form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MAY 2020

Group

	Share Capital £	Share Premium £	Capital Reserve £	Retained Earnings £	Translation Reserve £	Share option Reserve £	Total £
At 31 May 2018	704,042	2,713,933	299,900	(3,142,540)	(209,996)	–	365,339
New shares issued	229,167	1,145,833	–	–	–	–	1,375,000
Costs associated with the raising of funds	–	(82,912)	–	–	–	–	(82,912)
Share option expense reserve	–	–	–	(261,300)	–	261,300	–
Loss for the year	–	–	–	(711,809)	–	–	(711,809)
At 31 May 2019	933,209	3,776,854	299,900	(4,115,649)	(209,996)	261,300	945,618
New Shares issued	416,667	1,583,333	–	–	–	–	2,000,000
Costs associated with the raising of funds	–	(138,905)	–	–	–	–	(138,905)
Share options lapsed	–	–	–	92,141	–	(92,141)	–
Share option expense reserve	–	–	–	(50,000)	–	50,000	–
Loss for the year (excluding share option reserve)	–	–	–	(1,037,457)	–	–	(1,037,457)
At 31 May 2020	1,349,876	5,221,282	299,900	(5,110,965)	(209,996)	219,159	1,769,256

Company

	Share Capital £	Share Premium £	Retained Earnings £	Share option Reserve £	Total £
At 31 May 2018	704,042	2,713,933	(3,312,163)	–	105,812
New shares issued	229,167	1,145,833	–	–	1,375,000
Costs associated with the raising of funds	–	(82,912)	–	–	(82,912)
Share option expense reserve	–	–	(223,159)	223,159	–
Loss for the year	–	–	(980,492)	–	(980,492)
At 31 May 2019	933,209	3,776,854	(4,515,814)	223,159	417,408
New shares issued	416,667	1,583,333	–	–	2,000,000
Costs associated with the raising of funds	–	(138,905)	–	–	(138,905)
Share option expense reserve	–	–	(50,000)	50,000	–
Share option lapsed	–	–	54,000	(54,000)	–
Loss for the year	–	–	(1,906,671)	–	(1,906,671)
At 31 May 2020	1,349,876	5,221,282	(6,418,485)	219,159	371,832

The notes on pages 37 to 57 form part of these financial statements.

Consolidated Balance Sheet

AT 31 MAY 2020

	Notes	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	13	11,830	6,428
Intangible assets	14	1,296,784	449,497
		1,308,614	455,925
Current assets			
Trade and other receivables	15	456,664	493,446
Cash and cash equivalents		732,650	540,735
		1,189,314	1,034,181
Total assets		2,497,928	1,490,106
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	18	1,349,876	933,209
Share premium account	18	5,221,282	3,776,854
Capital reserve	18	299,900	299,900
Translation reserve	18	(209,996)	(209,996)
Share option expense reserve	18	219,159	261,300
Retained earnings	18	(5,110,965)	(4,115,649)
Total equity		1,769,256	945,618
Liabilities			
Current liabilities			
Trade and other payables	16	718,788	498,342
		718,788	498,342
Non-current liabilities			
Other payables	16	9,884	46,146
Total liabilities		728,672	544,488
Total equity and liabilities		2,497,928	1,490,106

The financial statements were approved and authorised for issue by the Board of Directors on 12 October 2020 and were signed below on its behalf by:

R Shaw

Prof Rory Shaw
Chairman

The notes on pages 37 to 57 form part of these financial statements.

Company Balance Sheet

AT 31 MAY 2020

	Notes	2020 £	2019 £
Assets			
Non-current assets			
Investments	12	–	–
Current assets			
Other receivables	15	27,538	29,131
Cash and cash equivalents		473,809	452,697
		–	481,828
Total assets		501,347	481,828
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	18	1,349,876	933,209
Share premium account	18	5,221,282	3,776,854
Share option expense reserve	18	219,159	223,159
Retained earnings	18	(6,418,485)	(4,515,814)
		371,832	417,408
TOTAL EQUITY		371,832	417,408
Current liabilities			
Trade and other payables	16	129,515	64,420
Total current liabilities		129,515	64,420
Total Equity and Liabilities		501,347	481,828

The Company's loss for the year was £1,906,671 (2019: £1,203,651)

The financial statements were approved and authorised for issue by the Board of Directors on 12 October 2020 and were signed below on its behalf by:

R Shaw

Prof Rory Shaw
Chairman

The notes on pages 37 to 57 form part of these financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MAY 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss before tax	(1,414,457)	(1,130,573)
Adjustments for:		
Net finance income	(606)	(1,283)
Depreciation and amortisation	30,277	106,781
Share based payment expense	50,000	261,300
Decrease/(Increase) in trade receivables	103,063	(114,323)
Decrease in other receivables	11,921	2,248
Increase in trade payables	88,886	8,870
Increase/(Decrease) in other payables	95,258	(154,164)
Corporation tax received	249,011	37,953
Total adjustments	627,810	147,382
Net cash used in operating activities	(786,647)	(983,191)
Cash flows from investing activities		
Purchase of tangible fixed assets	(7,189)	(3,422)
Purchase of intangible assets	(875,950)	(398,308)
Net finance income received	606	1,283
Net cash used in investing activities	(882,533)	(400,447)
Cash flows from financing activities		
Net proceeds of share issue	1,861,095	1,292,088
Net cash generated from financing activities	1,861,095	1,292,088
Net increase/(decrease) in cash and cash equivalents	191,915	(91,550)
Cash and cash equivalents at beginning of year	540,735	632,285
Cash and cash equivalents at end of year	732,650	540,735

The notes on pages 37 to 57 form part of these financial statements.

Company Cash Flow Statement

FOR THE YEAR ENDED 31 MAY 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss before tax	(1,906,671)	(1,203,651)
Adjustments for:		
Net finance income	(606)	(1,364)
Provision against intercompany receivable	1,267,998	524,671
Share based payment expense	–	223,159
Increase in other receivables	(1,266,405)	(521,253)
Decrease in trade payables	5,619	(23,393)
Decrease/(Increase) in other payables	59,476	(20,808)
	66,082	219,153
Net cash used in operating activities	(1,840,589)	(1,022,639)
Cash flows from investing activities		
Net finance income	606	1,364
Net cash generated from investing activities	606	1,364
Cash flows from financing activities		
Net proceeds of share issue	1,861,095	1,292,088
Net cash generated from financing activities	1,861,095	1,292,088
Net increase in cash and cash equivalents	21,112	270,813
Cash and cash equivalents at beginning of year	452,697	181,883
Cash and cash equivalents at end of year	473,809	452,697

The notes on pages 37 to 57 form part of these financial statements.

Notes to the Financial Statements

1. General information

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 00598696 in England and Wales. The Company's registered office is Health Foundry, Canterbury House, I Royal Street, London SE1 7LL.

The Company is quoted on AIM, a market operated by the London Stock Exchange. These Financial Statements were authorised for issue by the Board of Directors on the 12 October 2020.

2. Adoption of the new and revised International Financial Reporting Standards

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the current reporting period.

The following new and revised Standards and Interpretations are relevant to the company, but the Company has not early adopted this new standard. The Directors do not anticipate that the adoption of this standard will have a material impact on the reported results of the Company:

- Annual Improvements to IFRSs 2015-2017 Cycle (IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing Costs)

The following new and revised Standards and Interpretations are relevant to the Company but not yet effective for the year commencing 1 April 2019 and have not been applied in preparing the financial statements:

- IAS 1 Presentation of Financial Statements – classification of liabilities as current and non-current
- IAS8 1 and IAS 8 Accounting Policies-definition of materiality

The following Accounting Standards and Interpretations are most relevant to the Company:

IFRS16 – Leases

The Company transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior year figures were not adjusted. The Company has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application. In such cases, the leases are accounted for as short term leases and the lease payments associated with them are recognised as an expense from short-term leases through the statement of comprehensive income.

3. Significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements. The policies set out below have been consistently applied to all the years presented.

No separate income statement is presented for the parent Company as provided by Section 408, Companies Act 2006.

3. Significant accounting policies (continued)

(b) Basis of consolidation

The Group financial statements consolidate the financial statements of Feedback plc and its subsidiaries (the "Group") for the years ended 31 May 2020 and 2019 using the acquisition method.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(c) Going Concern

The Group incurred a net loss of £1,087,457 and had a net cash outflow of £786,647 from operating activities for the year which are matters which may indicate a material uncertainty about the Group's ability to continue as a going concern. However, on 1 July 2020, the Company raised £5.27m before expenses by the issue of 505,000,000 new ordinary shares at a price of 1 pence per share to new and existing shareholders and 21,981,769 new ordinary shares at a price of 1 pence per share via an Open Offer to existing shareholders. Following this fundraise the directors updated and reviewed the Group's business plan and cash flow forecasts and consider that the Group and the Company will have adequate cash resources for at least the next twelve months to October 2021, from existing cash balances. These cash balances will be used to provide working capital, enable continued product development and international expansion. If further resources are required, the directors consider, that although future equity fundraising can never be guaranteed, the group's recent history of successful fundraising means it likely that the group will be able to raise further finance through future equity issues. Accordingly, the Directors believe that the Group and Company are a going concern and have therefore prepared the financial statements on a going concern basis.

(d) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be reliably measured.

The significant intangible asset cost related to external software development of products which are integral to the trade of the Group's medical imaging products. Amortisation and impairment charges are recognised in other operating expenses in the income and expenditure account. Internal development costs are not capitalised but written off during the year in which the expenditure is incurred.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstance indicate that the carrying value may not be recoverable. Impairment losses are recognised in other operating expenses in the income and expenditure account. Impairment reviews are carried out annually.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Only external research expenditure is capitalised. Internal research expenditure is written off in the year in which it is incurred. Other development expenditure is recognised as an expense as incurred. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight line basis as follows:

Intangible asset	Useful economic life
Patents	Over the life of the patent
Customer relationships	4 years
Software development	Over the anticipated life of the product

Software development costs capitalised in the year relate to products and product improvements which are yet to be ready for use. They are not yet amortised.

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

(e) Valuation of Investments

Investments held as non-current assets are stated at cost less provision for impairment.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. When used, bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Goodwill

Business combinations on or after 1 April 2006 are accounted for under IFRS 3 using the acquisition method. Any excess of the cost of business combinations over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised.

After initial recognition, goodwill is not amortised but is stated at cost less accumulated impairment loss, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstance indicate that the carrying value may be impaired.

For the purposes of impairment testing, goodwill is allocated to the related cash generating units monitored by management. Where the recoverable amount of the cash generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the statement of comprehensive income.

(h) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Depreciation on other assets is provided on cost or valuation less estimated residual value in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Computer equipment 10 – 50% p.a.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(i) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the income statement.

(j) Revenue recognition

Sales transactions include software installation, software licenses, scientific and software support and consultancy. Revenue is measured at the fair value of the contractually agreed consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below. The sales invoice is raised when the customer's purchase order is received and the debt is payable within 60 days of the invoice date. In practice the debt is paid when the software installation has been completed. There are no obligations for returns, refunds or warranties.

Revenue relating to software consultancy and similar services is recognised as the services are performed and completed. The invoice is recognised on a linear basis over the duration of the contract.

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

(j) Revenue recognition (continued)

Revenue relating to the sale of software licences or associated support services is recognised over the contractual period to which the licence relates or the duration of the support contract.

Revenue recognised from the sale of TexRAD software and related scientific support services are recognised over the estimated duration of the Group's involvement in a customer's project which is considered to represent its performance obligation. There are no explicit performance obligations as such but a clear understanding that the Group will provide the support required as agreed when the sale was made.

(l) Pension Costs

The Group operated a defined contribution pension scheme during the year. The pension charge represents the amounts payable by the Group to the scheme in respect of that year.

(m) Taxation

The tax credit represents the sum of the current tax credit and deferred tax credit.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

(n) Financial instruments

In relation to the disclosures made in note 17:

- the Group does not hold or issue derivative financial instruments for trading purposes.

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

(o) Employee share options and warrants

The Group has applied the requirements of IFRS 2 Share-based Payment.

The Group has issued equity-settled share-based payment transactions to certain employees and previously issued warrants to the vendors of the acquired subsidiary, TexRAD Limited. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

(p) Key sources of estimation uncertainty

The preparation of financial statements requires the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses. These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The key areas of estimation uncertainty are:

- Intangible assets – Patents are included at cost less amortisation and impairment. Other intangible assets including development costs are recognised only when it is probable that a project will be a success. There is a risk therefore that a project previously assessed as likely to be successful fails to reach the desired level of commercial or technological feasibility. Where there is no probable income to be generated from these assets an estimation of the carrying value and the impairment of the intangible assets and development costs, including goodwill, has been made.

- Fair value measurement – share options and warrants issued included in the Group's and Company's financial statements require measurement at fair value. The calculation of fair values requires the use of estimates and judgements.

- Revenue recognition-revenue on the sale of TexRAD software and provision of related scientific support services is recognised over the expected duration of the group's involvement in customer's projects as the group's staff contribute significant support, analysis and input to those customers using TexRAD software for research purposes. Judgement based on past experience is used to determine the expected duration of involvement over which income should be deferred and recognised however the duration of the group's involvement may vary from expectations.

Notes to the Financial Statements

CONTINUED

4. Segmental reporting

The Directors have determined that the operating segments based on the management reports which are used to make strategic decisions are medical imaging and head office. The trading activities of the Company solely relate to Medical Imaging and the Head Office covers the costs of running the parent company, Feedback PLC.

Year ended 31 May 2020

	Medical Imaging £	Head Office £	Total £
Revenue			
External	449,983	–	449,983
Expenditure			
External	(1,233,767)	(630,673)	(1,864,440)
Loss before tax	(783,784)	(630,673)	(1,414,457)
Balance sheet			
External Assets	1,996,581	501,347	2,497,928
External Liabilities	(599,157)	(129,515)	(728,672)
	1,397,424	371,832	1,769,256
Capital expenditure (all located in the UK)	883,139	–	883,139

Year ended 31 May 2019

	Medical Imaging £	Head Office £	Total £
Revenue			
External	563,092	–	563,092
Expenditure			
External	(1,014,683)	(678,982)	(1,693,665)
Loss before tax	(451,591)	(678,982)	(1,130,573)
Balance sheet			
External Assets	1,008,278	481,828	1,490,106
External Liabilities	(480,068)	(64,420)	(544,488)
	528,210	417,408	945,618
Capital expenditure (all located in the UK)	401,724	–	401,724

Notes to the Financial Statements

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4. Segmental reporting (continued)

Reported segments' assets are reconciled to total assets as follows:

	External revenue by location of customer		Total assets by location of assets		Capital expenditure by location of assets	
	2020 £	2019 £	2020 £	2019 £	2020 £	2019 £
United Kingdom	229,073	282,118	2,497,928	1,490,106	728,672	544,488
Europe	57,073	85,868	–	–	–	–
Rest of the world	163,837	195,106	–	–	–	–
Total	449,983	563,092	2,497,928	1,490,106	728,672	544,488

Major customers

During the year ended 31 May 2020, the Group generated £172,000 (2019: £222,000) of revenue from one customer in the United Kingdom, which is equal to 35% (2019: 40%) of total Group revenues in the year.

5. Other operating expenses

	2020 £	2019 £
Administrative costs:		
Employment and other costs	1,832,987	1,583,271
Amortisation and depreciation costs	30,193	106,781
	1,863,180	1,690,052

6. Operating loss

	2020 £	2019 £
This is stated after charging		
Depreciation and amortisation		
Owned assets	1,530	3,554
Amortisation of intangible assets	28,663	103,227
Provision for doubtful debts	28,000	–
Foreign exchange differences	14,646	8,488
Auditors' remuneration		
Audit of parent company and group financial statements	10,000	14,000
Audit of subsidiaries	7,000	8,500
Tax and other services	–	–
Operating lease rentals		
Land and buildings (see note 19)	–	12,179
Research and development costs expensed	–	38,408

Notes to the Financial Statements

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7. Net finance income

	2020 £	2019 £
Interest received	606	1,283
	606	1,283

8. Directors and employees

	2020 Average	2019 Average
Number of employees		
Selling and distribution	2	2
Administration	4	4
Research and development	6	3
	12	9

	2020 £	2019 £
Staff costs		
Wages and salaries	882,197	656,007
Social security costs	95,085	72,950
Payments to defined contribution pension scheme	81,499	67,928
Share based payment expense	50,000	261,300
	1,108,781	1,058,185

Notes to the Financial Statements

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8. Directors and employees (continued)

The value of all elements of remuneration received by each Director in the year was as follows:

	Salary £	Fees £	Pension £	Benefits in kind £	Total £
Year ended 31 May 2020					
Executive Directors					
T Oakley (including £40,000 performance bonus)	170,000	–	–	–	170,000
L Melvin	59,240	–	6,671	711	66,622
A Riddell* (1 June 2019 – 29 August 2019)	–	8,500	–	–	8,500
Non-Executive Directors					
R Shaw (appointed 29 August 2019)	30,000	–	–	–	30,000
T Irish**	–	25,000	–	–	25.000
S Sturge	–	–	–	–	–
A Riddell* (29 August – 18 November 2019)	–	10,168	–	–	10,168
A Denning (appointed 3 February 2020)		8,333	–	–	8,333
Total	259,240	52,001	6,671	711	318,623

	Salary £	Fees £	Pension £	Benefits in kind £	Total £
Year ended 31 May 2019					
Executive Directors					
A Riddell	41,591	–	–	–	41,591
L Melvin	72,107	–	10,861	626	83,594
T Oakley (appointed 9 April 2019)	18,712	–		–	18,712
D Crabb*** (to 6 July 2018)	30,178	–	2,708	28	32,914
Non-executive Directors					
T Irish**	–	25,000	–	–	25,000
S Sturge	–	–	–	–	–
A Riddell*	–	2,667	–	–	2,667
Total	162,588	27,667	13,569	654	204,478

During the year, retirement benefits under money purchase pension schemes were accruing to 1 director (2019: 2)

* A Riddell was paid consultancy fees through an agreement with AJR & Associates limited.

** T Irish was paid consultancy fees through an agreement with Pembrokeshire Retreats Limited.

*** D Crabb was paid £5,000 ex-gratia payment

Notes to the Financial Statements

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8. Directors and employees (continued)

The following share options were issued and vested in the year and were outstanding at 31 May 2020. Further information is provided in Note 18.

	2020 Number	2019 Number
R Shaw	7,800,000	2,800,000
L Melvin	4,300,000	2,800,000
T. Oakley	9,332,081	9,332,081
S Sturge	2,500,000	2,500,000

9. Taxation on loss

	2020 £	2019 £
(a) The tax credit for the year:		
UK Corporation tax	(327,000)	(157,464)
Current tax credit	(327,000)	(157,464)
Under provision in prior year	–	–
Deferred tax charge	–	–
	(327,000)	(157,464)
(b) Tax reconciliation		
Loss before tax	(1,414,457)	(1,130,573)
Loss at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(268,747)	(215,065)
Effects of:		
Expenses non-deductible for tax purposes	8,916	56,624
Additional deduction for R&D expenditure	(242,737)	(116,623)
Surrender of tax losses for R & D tax credit refund	102,458	48,869
Adjustments to tax charge in respect of previous periods	–	–
Deferred tax not recognised	128,605	61,496
Adjusting opening and closing deferred tax to average rate	(55,495)	7,235
Tax charge for the year	(327,000)	(157,464)

(c) Factors which may affect future tax charges

In view of the tax losses carried forward there is a deferred tax amount of approximately £596,000 (2019: £446,000) which has not been recognised in these Financial Statements. This contingent asset will be realised when the Group makes sufficient taxable profits in the relevant company.

(d) Deferred tax – company

In view of the tax losses carried forward there is a deferred tax amount of approximately £584,000 (2019: £425,000) which has not been recognised in these Financial Statements. This contingent asset will be realised when the Company makes sufficient taxable profits.

Notes to the Financial Statements

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10. Results of Feedback Plc

As permitted by Section 408 of the Companies Act 2006, the income and expenditure account of the parent company is not presented as part of these financial statements. The Company's loss for the financial year is £1,906,671 (2019: £1,203,651 loss)

11. Loss per share

Basic loss per share is calculated by reference to the loss on ordinary activities after taxation of £1,122,065 (2019: £973,109) and on the weighted average of498,854,027 (2019: 333,151,019) shares in issue.

	As at 31 May 2020 £	As at 31 May 2019 £
Net loss attributable to ordinary equity holders	(1,087,457)	(973,109)

	As at 31 May 2020 £	As at 31 May 2019 £
Weighted average number of ordinary shares for basic earnings per share	498,854,027	333,151,019
Effect of dilution:		
Share Options	–	–
Warrants	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	498,854,027	333,151,019
Loss per share (pence)		
Basic	(0.22)	(0.29)
Diluted	(0.22)	(0.29)

As disclosed in note 22, the Company issued 526,981,769 ordinary shares in July 2020. There is no dilutive effect of the share options and warrants as the dilution would be negative.

Notes to the Financial Statements

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12. Investments

	Share in group undertakings £	Shares in joint venture £	Total £
Company			
Cost			
At 31 May 2018	2,334,455	1,000	2,335,455
At 31 May 2019	2,334,455	1,000	2,335,455
Addition (see note below)	46,000		46,000
As at 31 May 2020	2,380,455	1,000	2,381,455
Provision for impairment			
At 31 May 2018	2,334,455	1,000	2,334,455
At 31 May 2019	2,334,455	1,000	2,335,455
Additional impairment (see note below)	46,000		46,000
At 31 May 2020	2,380,455	1,000	2,381,445
Net Book Value			
At 31 May 2020	–	–	–
At 31 May 2019	–	–	–

All of the above investments are unlisted.

The directors have made full provision against the cost of investment in the subsidiaries due to the net liabilities shown in the subsidiary financial statements. The addition in the current year related to options in FM which would be satisfied with PLC shares if/when they are exercised.

Particulars of principal subsidiary companies during the year, all the shares of which being beneficially held by Feedback PLC, were as follows:

Company	Activity	Country of incorporation and operation	Proportion of Shares held
Feedback Black Box Company Limited	Dormant	England	100% Ordinary £1
Brickshield Limited	Dormant	England	100% Ordinary £1
Feedback Medical Limited	Medical Imaging	England	100% A Ordinary £1 100% B Ordinary 1p
TexRAD Limited	Medical Imaging	England	100% Ordinary 1p

TexRAD Limited is owned 100% by virtue of a direct holding by Feedback plc of 91% and an indirect holding via Feedback Medical Ltd of 9%.

All the subsidiary companies have been included in these consolidated financial statements. Each subsidiary has a registered office of Health Foundry, Canterbury House, 1 Royal Street, London SE1 7LL.

Notes to the Financial Statements

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13. Property, plant and equipment

	Computer Equipment £	Total £
Group		
Cost		
At 31 May 2018	19,811	19,811
Additions	3,422	3,422
At 31 May 2019	23,233	23,233
Additions	7,189	7,189
As 31 May 2020	30,422	30,422
Depreciation		
At 31 May 2018	13,508	13,508
Charge for the year	3,554	3,554
At 31 May 2019	17,062	17,062
Charge for the year	1,530	1,530
At 31 May 2020	18,592	18,592
Net Book Value		
At 31 May 2020	11,830	11,830
At 31 May 2019	6,428	6,428

Notes to the Financial Statements
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14. Intangible assets

	Software development £	Customer relationships £	Patents £	Goodwill £	Total £
Group					
Cost					
At 31 May 2018	652,468	100,000	141,720	271,415	1,165,603
Additions	385,602	–	12,700	–	398,302
At 31 May 2019	1,038,070	100,000	154,420	271,415	1,563,905
Additions	865,035	–	10,915	–	875,950
At 31 May 2020	1,903,105	100,000	165,335	271,415	2,439,855
Amortisation					
At 31 May 2018	563,099	100,000	76,667	271,415	1,011,181
Impairment charge	38,408	–	–	–	38,408
Amortisation charge for year	44,009	–	20,810	–	64,819
At 31 May 2019	645,516	100,000	97,477	271,415	1,114,408
Impairment charge	–	–	–	–	
Amortisation charge for year	–	–	28,663	–	28,663
At 31 May 2020	645,516	100,000	126,140	271,415	1,143,071
Net Book Value					
At 31 May 2020	1,257,589	–	39,195	–	1,296,784
At 31 May 2019	392,554	–	56,943	–	449,497

15. Trade and other receivables

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Amounts falling due within one year				
Trade receivables	99,560	202,623	–	–
Other receivables	7,648	11,843	7,648	7,783
Corporation tax recoverable	326,787	248,585	–	–
Prepayments	22,669	30,395	19,890	21,348
	456,664	493,446	27,538	29,131

Notes to the Financial Statements

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16. Trade and other payables

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Amounts falling due within one year				
Trade payables	119,424	30,538	20,227	14,608
Other payables	8,490	4,081	6,672	–
Other taxes and social security	165,666	39,311	52,082	7,312
Accruals	135,101	78,691	50,534	42,500
Deferred income	290,107	345,721	–	–
	718,788	498,342	129,515	64,420
Amounts falling due after one year				
Deferred income	9,884	46,146	–	–

Neither the Group or the Company has any borrowings and so there are no changes in liabilities arising from financing activities.

17. Financial instruments

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments comprise cash and cash equivalents and various items such as trade payables and receivables that arise directly from its operations. The Group is exposed through its operations to the following financial risks:

- Credit risk
- Foreign currency risk
- Liquidity risk
- Cash flow interest rate risk
- Reliance on one major customer

Fair value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

– Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

– Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

– Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The share options and warrants issued by the group during the current year and prior years were valued under level three above as noted in note 18 below.

Notes to the Financial Statements
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17. Financial instruments (continued)

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks and consequently the objectives, policies and processes are unchanged from the previous period.

The Board has overall responsibility for the determination of the Group's risk management policies. The objective of the Board is to set policies that seek to reduce the risk as far as possible without unduly affecting the Group's competitiveness and effectiveness. Further details of these policies are set out below:

Credit risk

The Group is exposed to credit risk primarily on its trade receivables, which are spread over a range of countries, a factor that helps to dilute the concentration of the risk. The IFRS 9 expected credit loss impairment model is applicable to the Group's financial assets including trade receivables.

Group policy, implemented locally, is to assess the credit risk of each new customer before entering into binding contracts. Each customer account is then reviewed on an ongoing basis (at least once a year) based on available information and payment history.

The Group holds no collateral. It has a minimal risk policy with funds held following fund raises so it holds the cash with mainstream UK banks.

The maximum exposure to credit risk is represented by the carrying value in the balance sheet.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Cash, loans and receivables	
	2020 £	**2019** £
Current financial assets		
Trade and other receivables	107,208	214,466
Cash and cash equivalents	732,650	540,735
	839,858	755,201

Analysis of trade receivables

	Total £	Current £	30 days past due £	60 days past due £	90 days past due £
2020	99,560	4,959	–	22,513	72,088
2019	202,623	68,149	51,602	38,225	44,646

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. The provision for credit losses on trade receivables is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime.

Notes to the Financial Statements

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17. Financial instruments (continued)

The Group policy is to make provisions against those debts that are overdue, unless there are grounds for believing that the debts will be collected. During the year, the value of provisions made in respect of bad and doubtful debts was £18,000 (2019: £Nil). Each debt was reviewed in detail, reviewing correspondence and customer engagement and a view was taken on which debts should be provided for and which debts should be realised.

Foreign currency risk

Foreign exchange transaction risk arises when the Group enters into transactions denominated in a currency other than the functional currency. Foreign currency amounts generated from trading are converted back to sterling and required foreign currency amounts for suppliers will be converted from sterling and the use of forward currency contracts is considered. However, the Group does not currently use any forward contracts.

The Group's main foreign currency risk is the short-term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries' functional currency. The risk arises on the difference in the exchange rate between the time invoices were raised/received and the time invoices were settled/paid.

The following table shows the net assets, stated in pounds sterling, exposed to exchange rate risk that the Group has at 31 May 2020

	2020 £	2019 £
Trade receivables	99,560	104,904
	99,560	104,904

As at 31 May 2020 £55,768 of Feedback Medical's trade receivables are denominated in foreign currency. A 5% increase/fall in exchange rates would lead to a profit/loss of £2,788. The foreign currencies are US dollars and Euros. The Directors do not generally consider it necessary to enter into derivative financial instruments to manage the exchange risk arising from its operations, but from time to time where the Directors consider foreign currencies are weak and it is known that there would be a requirement to purchase those currencies, forward arrangements may be entered into. There were no outstanding forward currency arrangements as at 31 May 2020 or at 31 May 2019.

Liquidity risk

Cash flow forecasting is performed for both the Group and in the operating entities of the Group. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs.

	Financial liabilities measured at amortised cost	
	2020 £	2019 £
Current financial liabilities		
Trade and other payables	127,914	153,621

Notes to the Financial Statements

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17. Financial instruments (continued)

The following are maturities of financial liabilities, including estimated contracted interest payments.

	Carrying amount £	Contractual cash flow £	6 months or less £
2020			
Trade and other payables	127,914	127,914	127,914
2019			
Trade and other payables	153,261	153,261	153,261

Cash flow interest rate risk

The Group presently has no substantial interest rate risk exposure.

Capital under management

The Group considers its capital to comprise its ordinary share capital, share premium, capital reserve, and accumulated retained earnings.

The Group's objectives when managing the capital are:

- To safeguard the Group's ability to remain a going concern.
- To maximise returns for shareholders in order to meet capital requirements and appropriately adjust the capital structure, the Group may issue new shares, dispose of assets to pay down debt, return capital to shareholders and vary dividend payments.

There have been no changes to the group's capital management objectives in the year, and there have been no changes to the group's exposure to financial instrument risk in the year.

18. Share capital and reserves

	2020 £	2019 £
Authorised and issued share capital		
Ordinary shares of 0.25 pence each	1,349,876	933,209

Allotted, called up and fully paid share capital:

	Number	Number
As at 31 May 2019	373,283,250	281,616,584
Issued	166,666,667	91,666,666
As at 31 May 2020	539,949,917	373,283,250

Notes to the Financial Statements

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18. Share capital and reserves (continued)

Share Options

Share options are granted to directors and employees. Options are conditional on the employee completing a specific length of service (the vesting period). The options are exercisable from the end of the vesting period and lapse after ten years after the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options are valued using the Black-Scholes option pricing model and no performance conditions are included in the fair value calculations. The risk-free rate was 0.29%. The expected volatility is based on historical volatility over the last two years and is estimated to be 124.32%. None of the share options were exercised. During the year, the Company had the following share options in issue:

	Number of options					
At 31 May 2019	**Lapsed**	**Issued**	**Issued to**	**At 31 May 2020**	**Exercise price (pence)**	**Exercise date**
2,400,000	–	–	–	2,400,000	1.25	21/05/14 to19/05/24
4,000,000	–	–	–	4,000,000	3.00	21/05/15 to19/05/24
4,000,000	–	–	–	4,000,000	5.00	21/05/15 to19/05/24
4,000,000	4,000,000	–	–	4,000,000	1.86	26/06/18 to 26/06/28
2,500,000	–	–	–	2,500,000	1.86	26/06/18 to 26/06/28
2,800,000	–	–	–	2,800,000	1.86	01/03/19 to 26/06/28
2,800,000	–	–	–	2,800,000	1.86	01/03/19 to 26/06/28
2,800,000	2,800,000	–	–	–	1.86	01/03/19 to 26/06/28
9,332,081	–	–	–	9,332,081	1.09	09/04/19 to 09/04/29
		13,498,748	T Oakley	13,498,748	1.2	29/08/19 to 29/08/29
		5,000,000	Prof R Shaw	5,000,000	1.2	24/04/21 to 24/04/33
		1,500,000	L Melvin	1,500,000	1.2	24/04/21 to 24/04/33
		8,000,000	4 senior managers	8,000,000	1.2	24/04/21 to 24/04/33
		2,000,000	2 middle managers	2,000,000	1.2	24/04/21 to 24/04/33
		2,500,000	5 support staff	2,500,000	1.2	24/04/21 to 24/04/33
34,632,081	**6,800,000**	**32,498,748**		**60,330,829**		

With the exception of the share options issued on 24 April 2020, all share options vested one year after the grant date. The 19,000,000 share options issued on 24 April 2020 will vest, subject to the grantees' continued employment with the Company, over three years as to one-third on the first anniversary of the date of grant, one-third on the second anniversary of date of grant and one-third on the third anniversary of date of grant. The Employee Options expire 10 years after date of grant. All other options can only be exercised from one year after the grant date to ten years after the date of grant.

Warrants

Warrants were issued to the vendors of TexRAD Limited at the time of acquisition. The warrants are exercisable from the end of the vesting period and lapse ten years after the grant date. The Group has no legal or constructive obligation to repurchase or settle the warrants in cash.

Notes to the Financial Statements
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18. Share capital and reserves (continued)

Number of warrants

At 31 May 2019	Granted	Exercised	At 31 May 2020	Exercise price (pence)	Exercise date
4,200,000	–	–	4,200,000	1.25	19/05/16 to 19/05/24
18,200,000	–	–	18,200,000	3.00	19/05/17 to 19/05/24
22,400,000	–	–	22,400,000		

Reserves

The nature and purpose of each reserve within equity is as follows:

Share premium	Amount subscribed for share capital in excess of nominal value.
Capital reserve	Reserve on consolidation of subsidiaries
Translation reserve	Gains and losses on the translation of overseas operations into GBP
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere
Share Option Reserve	Fair value of share options issued

19. Financial commitments

As at 1 June 2019, the Group operated from two rental properties in Bourn, Cambridgeshire. One of the leases was due to end 31 October 2020 but was exited early in December 2019 with full agreement of the landlord and with no financial penalty, as the landlord had another tenant wishing to occupy the premises. The lease on the other rental property was due to end on 3 January 2024 but there was a break clause within it which enabled the Group to exit the lease on 3 January 2020 with no financial penalties. The Directors therefore consider that these are (in substance over form) short term leases which have now been terminated.

There were therefore no lease commitments as at 31 May 2020.

The Directors have assessed the impact and the disclosure requirements of the adoption of IFRS 16 and consider that they do not affect the Statement of Comprehensive Income for the year or the Consolidated Balance Sheet as at 31 May 2020.

The total payments made in the year and recognised in the consolidated statement of comprehensive income relating to both premises, consisting of rent, maintenance charges, dilapidations totalled £11,735.

20. Pensions

The Company operated a defined contribution scheme during the year and the assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable and amounted to £81,499 (2019: £57,067). A balance of £8,491 (2019: £-) was payable at the year end.

Notes to the Financial Statements

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21. Related party transactions

Key management personnel

Refer to note 8 for detail on directors' remuneration.

The Directors interests in shares of the Company are contained in the Directors' Report

22. Post balance sheet events

On 1 July 2020, the Company raised £5.27 million by way of a placing and subscription of 505,000,000 new ordinary shares and 21,981,769 new ordinary shares via an Open Offer. All were issued at 1 pence per share.

23. Ultimate controlling party

There is no ultimate controlling party.

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting ("**Meeting**") of Feedback plc (the "**Company**") is to be held at the offices of Trowers & Hamlins LLP, 3 Bunhill Row, London EC1Y 8YZ at 11.00 a.m. on 5 November 2020. You will be asked to consider and vote upon the resolutions below. Resolutions 1 to 6 will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution.

Ordinary resolutions

1. To receive and adopt the Company's annual accounts for the financial year ended 31 May 2020 together with the Directors' report and the auditors' report on those accounts.
2. To elect A Denning, who, having been appointed since the previous annual general meeting of the Company, retires pursuant to the articles of association of the Company and who, being eligible, offers himself for re-election as a Director.
3. To elect P Prince, who, having been appointed since the previous annual general meeting of the Company, retires pursuant to the articles of association of the Company and who, being eligible, offers himself for re-election as a Director.
4. To re-elect Simon Sturge, who retires pursuant to the articles of association of the Company and who, being eligible, offers himself for election as a Director.
5. To appoint Price Bailey LLP as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.
6. That the Directors be generally and unconditionally authorised and empowered pursuant to and in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot shares and/or grant rights to subscribe for or to convert any security into shares ("**Rights**") up to an aggregate nominal value of:

    a. £889,110 (being the nominal value of approximately one third of the issued share capital of the Company); and

    b. £1,778,220 (being the nominal value of approximately two thirds of the issued share capital of the Company) (such amount to be reduced by the nominal amount of any shares allotted or Rights granted under sub-paragraph a. above in connection with an offer by way of a rights issue or other pre-emptive offer to:

        i. the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and

        ii. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

    such authorities to expire on the earlier of the next annual general meeting of the Company held after the date on which this resolution is passed and the date 15 months after the passing of this resolution, save that the Company may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of any such offer(s) or agreement(s) as if the authority conferred hereby had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

Notice of Annual General Meeting

CONTINUED

Special resolution

7. That subject to and conditional upon the passing of resolution number 6 above, the Directors be generally authorised in accordance with section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) of the Company for cash as if section 561(1) of the Act did not apply to any such allotment, provided that this authority shall be limited to:

    a. the allotment of equity securities in connection with an offer by way of rights issue in favour of the holders of equity securities in proportion (as nearly as may be possible) to the respective number of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems in respect of overseas holders or otherwise;

    b. the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company; and

    c. the allotment of equity securities (otherwise than pursuant to sub-paragraphs a. and b. above) up to a maximum aggregate nominal value of £266,733 (being the nominal value of approximately 10 per cent. of the issued share capital of the Company),

    and this authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company held after the date on which this resolution becomes unconditional and the date 15 months after the passing of this resolution save that the Company may make any offer(s) or enter into any agreement(s) before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer(s) or agreement(s) as if the authority conferred hereby had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

Dated 12 October 2020

By order of the Board

R Shaw

Rory Shaw
Chairman

Feedback plc
Health Foundry
Canterbury House
1 Royal Street
London
SE1 7LL

Notice of Annual General Meeting

CONTINUED

Explanatory Notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 6 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 7 is proposed as a special resolution. This means that for the resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Approval of the annual report and accounts

The Company is required to present its report and accounts to shareholders at its AGM. This provides an opportunity to discuss the performance of the Company during the year, its management and prospects for the future.

Resolutions 2 to 4: Re-election of directors

As is required by the Company's articles of association, Adam Denning and Philipp Prince are retiring at the first AGM since their appointments and the Board proposes them for election as Directors of the Company.

In addition, the Company's articles of association require one-third of the Board (excluding for this purpose any director seeking re-appointment at the first AGM since their appointment) to retire and seek re-election at the AGM. Accordingly, Simon Sturge will retire and seek re-election and, being eligible, the Board proposes his re-election as a Director of the Company.

Resolution 5: Auditors appointment and remuneration

It is a requirement that the Company's auditor must be appointed at each general meeting at which financial statements are laid, in effect, at each AGM. After considering relevant information, the Audit Committee recommended to the Board the appointment of Price Bailey LLP. The resolution proposes Price Bailey's appointment and to authorise the Directors to determine their remuneration.

Resolution 6: Directors' power to allot relevant securities

Under section 551 of the Act, relevant securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the Directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £1,778,220, which is equal to two thirds of the nominal value of the current share capital of the Company. Such authority will expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of the resolution (whichever is the earlier).

Resolution 7: Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This special resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the Directors to allot shares up to an aggregate nominal value of £266,733, which is equal to approximately 10% of the nominal value of the current share capital of the Company, without first offering them to existing shareholders in proportion to their existing holdings. The Directors believe that the powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next AGM of the Company or the date 15 months after the passing of the resolution (whichever is the earlier).

Notice of Annual General Meeting

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Notes

In light of COVID-19 shareholders will not be allowed to attend the Annual General Meeting in person and any shareholder seeking to attend the Annual General Meeting in person will be refused entry. The Annual General Meeting will comprise only the formal votes for each resolution as set out above.

The Company will host a Zoom meeting for shareholders wishing to attend the Annual General Meeting virtually. The details of this will be displayed on the Company's website. Shareholders will not be able to vote or ask questions whilst attending the AGM in this manner. Shareholders are urged to exercise their votes by submitting their Form of Proxy and appointing the Chairman of the meeting as their proxy to ensure their votes are counted. The Chairman of the meeting will direct that all resolutions take place by way of a poll, rather than on a show of hands.

The Company will monitor the developments in relation to COVID-19 and the associated government guidelines and will issue further information through a regulatory information service if it becomes necessary or appropriate to make any alternative arrangements for the Annual General Meeting.

1. A member of the Company entitled to vote at the meeting convened by this notice is entitled to appoint a proxy to exercise any of his rights to vote at that meeting on his behalf.

2. A Form of Proxy is enclosed. To be effective, the Form of Proxy together with any power of attorney or other written authority under which it is signed, or a notarially certified copy or a certified copy in accordance with the Powers of Attorney Act 1971 of such power or written authority must be completed signed and to be valid the proxy must be duly executed and deposited with the Company at the offices of the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by scan and email to Share Registrars at voting@shreregistrars.uk.com, not later than 11.00 a.m. on 3 November 2020.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company at the close of business on 3 November 2020 (or in the event of any adjournment, on the day which is two days before the day of the adjourned meeting) shall be entitled to vote at the AGM in respect of the shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to vote at the AGM.

4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

5. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

6. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Share Registrars. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Notice of Annual General Meeting

CONTINUED

8. In order to revoke a proxy instruction, you will need to inform the Company using one of the following methods:

   By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by Share Registrars no later than 11.00 a.m. on 3 November 2020.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid.

9. As at 5.00 p.m. on the date immediately prior to this notice the Company's issued share capital comprised 1,066,931,686 ordinary shares of 0.25 pence each ("Ordinary Shares"). Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at 5.00 p.m. on the date immediately prior to this Notice is 1,066,931,686.

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www.fbk.com