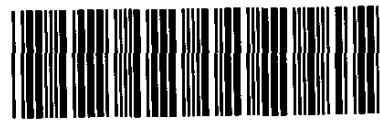


COMPANY REGISTRATION NUMBER: SC496410

**3F Bio Ltd**  
**Financial Statements**  
**31 December 2022**

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## **3F Bio Ltd**

### **Financial Statements**

**Year ended 31 December 2022**

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## **3F Bio Ltd**

### **Officers and Professional Advisers**

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**The Board of Directors**

R J T Laird  
N Elmslie  
E Ferguson  
G Semmens  
V Kanbi  
A Balhuizen  
J Matthijssen

**Registered Office**

163 Bath Street  
Glasgow  
Scotland  
G2 4SQ

**Auditor**

Chiene + Tait LLP (trading as CT)  
Chartered Accountants & Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Solicitors**

Kergan Stewart LLP  
163 Bath Street  
Glasgow  
G2 4SQ

## 3F Bio Ltd

### Directors' Report

#### Year ended 31 December 2022

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The directors present their report and the financial statements of the group for the year ended 31 December 2022.

#### Directors

The directors who served the company during the year were as follows:

R J T Laird	
N Elmslie	
E Ferguson	
G Semmens	
V Kanbi	
A Balhuizen	
J Matthijssen	(Resigned 14 August 2023)
D Robertson	(Resigned 31 December 2022)
H Kalms	(Appointed 14 August 2023)

#### Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 15 to the financial statements.

#### Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

#### Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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## 3F Bio Ltd

### Directors' Report *(continued)*

#### Year ended 31 December 2022

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This report was approved by the board of directors on ..... 27 September 2023 and signed on behalf of the board by:

*R J T Laird*  
R J T Laird  
Director

*E Ferguson*  
E Ferguson  
Director

Registered office:  
163 Bath Street  
Glasgow  
Scotland  
G2 4SQ

## **3F Bio Ltd**

### **Independent Auditor's Report to the Members of 3F Bio Ltd**

**Year ended 31 December 2022**

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#### **Opinion**

We have audited the financial statements of 3F Bio Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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## **3F Bio Ltd**

### **Independent Auditor's Report to the Members of 3F Bio Ltd** *(continued)*

#### **Year ended 31 December 2022**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

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

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

## **3F Bio Ltd**

### **Independent Auditor's Report to the Members of 3F Bio Ltd *(continued)***

#### **Year ended 31 December 2022**

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##### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006 and Health and Safety Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the management and the directors;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## **3F Bio Ltd**

### **Independent Auditor's Report to the Members of 3F Bio Ltd *(continued)***

#### **Year ended 31 December 2022**

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

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the *Companies Act 2006*. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Barry Truswell*

Barry Truswell CA (Senior Statutory Auditor)

For and on behalf of

CT

Chartered Accountants & Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

27 September 2023

**3F Bio Ltd****Consolidated Statement of Comprehensive Income****Year ended 31 December 2022**

	Note	Year to 31 Dec 22 €	Period from 1 Feb 21 to 31 Dec 21 €
<b>Turnover</b>		3,608	231,804
<b>Gross profit</b>		3,608	231,804
Administrative expenses		9,028,958	4,889,681
Other operating income		2,452,154	790,939
<b>Operating loss</b>		(6,573,196)	(3,866,938)
Interest payable and similar expenses		–	8,035
<b>Loss before taxation</b>	5	(6,573,196)	(3,874,973)
Tax on loss		(1,140,045)	(91,040)
<b>Loss for the financial year and total comprehensive income</b>		(5,433,151)	(3,783,933)

All the activities of the group are from continuing operations.

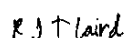
The notes on pages 13 to 23 form part of these financial statements.

**3F Bio Ltd****Consolidated Statement of Financial Position****31 December 2022**

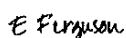
	Note	2022 €	2021 €
<b>Fixed assets</b>			
Intangible assets	6	2,152,205	1,730,946
Tangible assets	7	38,135,570	5,488,691
		<u>40,287,775</u>	<u>7,219,637</u>
<b>Current assets</b>			
Stocks		153,582	–
Debtors	9	3,191,028	1,236,306
Cash at bank and in hand		11,163,740	30,429,335
		<u>14,508,350</u>	<u>31,665,641</u>
<b>Creditors: amounts falling due within one year</b>	10	12,600,158	12,759,783
<b>Net current assets</b>		<u>1,908,192</u>	<u>18,905,858</u>
<b>Total assets less current liabilities</b>		<u>42,195,967</u>	<u>26,125,495</u>
<b>Net assets</b>		<u>42,195,967</u>	<u>26,125,495</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,014	736
Share premium account		57,334,213	36,290,226
Profit and loss account		(15,139,260)	(10,165,467)
<b>Shareholders funds</b>		<u>42,195,967</u>	<u>26,125,495</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 27 September 2023 and are signed on behalf of the board by:



R J T Laird  
Director



E Ferguson  
Director

Company registration number: SC496410

The notes on pages 13 to 23 form part of these financial statements.

**3F Bio Ltd****Company Statement of Financial Position****31 December 2022**

	Note	2022 €	2021 €
<b>Fixed assets</b>			
Intangible assets	6	2,152,205	1,730,946
Tangible assets	7	472,421	654,053
Investments	8	1	1
		<u>2,624,627</u>	<u>2,385,000</u>
<b>Current assets</b>			
Debtors	9	33,567,491	601,341
Cash at bank and in hand		10,750,816	29,376,976
		<u>44,318,307</u>	<u>29,978,317</u>
<b>Creditors: amounts falling due within one year</b>	10	1,374,200	5,645,296
<b>Net current assets</b>		<u>42,944,107</u>	<u>24,333,021</u>
<b>Total assets less current liabilities</b>		<u>45,568,734</u>	<u>26,718,021</u>
<b>Net assets</b>		<u>45,568,734</u>	<u>26,718,021</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,014	736
Share premium account		57,334,213	36,290,226
Profit and loss account		(11,766,493)	(9,572,941)
<b>Shareholders funds</b>		<u>45,568,734</u>	<u>26,718,021</u>

The loss for the financial year of the parent company was €2,652,910 (2021: €3,191,407).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 27 September 2022 are signed on behalf of the board by:

*R J T Laird*  
R J T Laird  
Director

*E Ferguson*  
E Ferguson  
Director

Company registration number: SC496410

The notes on pages 13 to 23 form part of these financial statements.

**3F Bio Ltd****Consolidated Statement of Changes in Equity****Year ended 31 December 2022**

	Called up share capital €	Share premium account €	Profit and loss account €	<b>Total €</b>
<b>At 1 February 2021</b>	445	7,886,175	(6,381,534)	1,505,086
Loss for the year	—	—	(3,783,933)	(3,783,933)
<b>Total comprehensive income for the year</b>	—	—	(3,783,933)	(3,783,933)
Issue of shares	291	28,404,051	—	28,404,342
<b>Total investments by and distributions to owners</b>	291	28,404,051	—	28,404,342
<b>At 31 December 2021</b>	736	36,290,226	(10,165,467)	26,125,495
Loss for the year	—	—	(5,433,151)	(5,433,151)
<b>Total comprehensive income for the year</b>	—	—	(5,433,151)	(5,433,151)
Issue of shares	278	21,043,987	—	21,044,265
Equity-settled share-based payments	—	—	459,358	459,358
<b>Total investments by and distributions to owners</b>	278	21,043,987	459,358	21,503,623
<b>At 31 December 2022</b>	<u>1,014</u>	<u>57,334,213</u>	<u>(15,139,260)</u>	<u>42,195,967</u>

The notes on pages 13 to 23 form part of these financial statements.

**3F Bio Ltd****Company Statement of Changes in Equity****Year ended 31 December 2022**

	Called up share capital €	Share premium account €	Profit and loss account €	<b>Total</b> €
<b>At 1 February 2021</b>	445	7,886,175	(6,381,534)	1,505,086
Loss for the year	—	—	(3,191,407)	(3,191,407)
<b>Total comprehensive income for the year</b>	—	—	(3,191,407)	(3,191,407)
Issue of shares	291	28,404,051	—	28,404,342
<b>Total investments by and distributions to owners</b>	291	28,404,051	—	28,404,342
<b>At 31 December 2021</b>	736	36,290,226	(9,572,941)	26,718,021
Loss for the year	—	—	(2,652,910)	(2,652,910)
<b>Total comprehensive income for the year</b>	—	—	(2,652,910)	(2,652,910)
Issue of shares	278	21,043,987	—	21,044,265
Equity-settled share-based payments	—	—	459,358	459,358
<b>Total investments by and distributions to owners</b>	278	21,043,987	459,358	21,503,623
<b>At 31 December 2022</b>	<u>1,014</u>	<u>57,334,213</u>	<u>(11,766,493)</u>	<u>45,568,734</u>

The notes on pages 13 to 23 form part of these financial statements.

## **3F Bio Ltd**

### **Notes to the Financial Statements**

**Year ended 31 December 2022**

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#### **1. General information**

The company is a private company limited by shares, registered in Scotland. The address of the registered office is 163 Bath Street, Glasgow, G2 4SQ, Scotland.

#### **2. Statement of compliance**

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

#### **3. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in Euros, which is the functional currency of the entity.

##### **Going Concern**

The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Following the year end the Company is engaged in series C funding in order to support its expansion. See note 15 for further information.

##### **Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

##### **Consolidation**

The company has not taken advantage of the exemption, contained in Section 398 of the Companies Act 2006, from preparing consolidated financial statements.

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

##### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

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#### 3. Accounting policies *(continued)*

##### Revenue recognition *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

##### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

##### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

##### Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

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#### 3. Accounting policies *(continued)*

##### Amortisation

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	- 10% straight line
Development costs	- 5% - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

##### Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- 20% straight line
Plant and machinery	- 10% - 33% straight line
Fixtures, fittings and equipment	- 33% straight line
Laboratory equipment	- 33% straight line

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

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#### 3. Accounting policies *(continued)*

##### Depreciation *(continued)*

Assets under construction are not depreciated until they are brought into use.

##### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

##### Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

##### Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

##### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

##### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

##### Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

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#### 3. Accounting policies *(continued)*

##### Government grants *(continued)*

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

##### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

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#### 3. Accounting policies *(continued)*

##### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### Share-based payments

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification.

Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

#### 4. Employee numbers

The average number of persons employed by the group during the period amounted to 46 (2021: 20). The average number of persons employed by the company during the period amounted to 21 (2021: 16).

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

#### 5. Profit before taxation

Profit before taxation is stated after charging:

	<b>Year to 31 Dec 22 €</b>	Period from 1 Feb 21 to 31 Dec 21 €
Amortisation of intangible assets	103,702	–
Depreciation of tangible assets	345,040	308,334

#### 6. Intangible assets

##### Group and company

	Patents €	Development Costs €	Total €
<b>Cost</b>			
At 1 January 2022	104,105	1,626,841	1,730,946
Additions	–	585,041	585,041
<b>At 31 December 2022</b>	<u>104,105</u>	<u>2,211,882</u>	<u>2,315,987</u>
<b>Amortisation</b>			
At 1 January 2022	–	–	–
Charge for the year	–	163,782	163,782
<b>At 31 December 2022</b>	<u>–</u>	<u>163,782</u>	<u>163,782</u>
<b>Carrying amount</b>			
<b>At 31 December 2022</b>	<u>104,105</u>	<u>2,048,100</u>	<u>2,152,205</u>
At 31 December 2021	<u>104,105</u>	<u>1,626,841</u>	<u>1,730,946</u>

#### 7. Tangible assets

Group	Leasehold improvements €	Assets under construction €	Plant and machinery €	Fixtures, fittings and equipment €	Laboratory equipment €	Total €
<b>Cost</b>						
At 1 Jan 2022	290,998	4,923,379	776,923	79,773	62,253	6,133,326
Additions	–	32,828,350	11,088	66,364	86,117	32,991,919
<b>At 31 Dec 2022</b>	<u>290,998</u>	<u>37,751,729</u>	<u>788,011</u>	<u>146,137</u>	<u>148,370</u>	<u>39,125,245</u>
<b>Depreciation</b>						
At 1 Jan 2022	85,485	–	493,183	40,036	25,931	644,635
Charge for the year	57,115	–	240,799	32,147	14,979	345,040
<b>At 31 Dec 2022</b>	<u>142,600</u>	<u>–</u>	<u>733,982</u>	<u>72,183</u>	<u>40,910</u>	<u>989,675</u>
<b>Carrying amount</b>						
<b>At 31 Dec 2022</b>	<u>148,398</u>	<u>37,751,729</u>	<u>54,029</u>	<u>73,954</u>	<u>107,460</u>	<u>38,135,570</u>
At 31 Dec 2021	<u>205,513</u>	<u>4,923,379</u>	<u>283,740</u>	<u>39,737</u>	<u>36,322</u>	<u>5,488,691</u>

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

#### 7. Tangible assets *(continued)*

Company	Leasehold improvements €	Assets under construction €	Plant and machinery €	Fixtures, fittings and equipment €	Laboratory equipment €	Total €
<b>Cost</b>						
At 1 Jan 2022	290,998	90,087	775,457	79,773	62,253	1,290,508
Additions	—	—	9,832	66,364	86,117	162,313
<b>At 31 Dec 2022</b>	<u>290,998</u>	<u>90,087</u>	<u>785,289</u>	<u>146,137</u>	<u>148,370</u>	<u>1,460,881</u>
<b>Depreciation</b>						
At 1 Jan 2022	85,485	—	493,063	40,036	25,931	644,515
Charge for the year	57,115	—	239,704	32,147	14,979	343,945
<b>At 31 Dec 2022</b>	<u>142,600</u>	<u>—</u>	<u>732,767</u>	<u>72,183</u>	<u>40,910</u>	<u>988,460</u>
<b>Carrying amount</b>						
<b>At 31 Dec 2022</b>	<u>148,398</u>	<u>90,087</u>	<u>52,522</u>	<u>73,954</u>	<u>107,460</u>	<u>472,421</u>
At 31 Dec 2021	205,513	90,087	282,394	39,737	36,322	654,053

#### 8. Investments

The group has no investments.

Company	Shares in group undertakings €
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	<u>1</u>
<b>Impairment</b>	
At 1 January 2022 and 31 December 2022	<u>—</u>
<b>Carrying amount</b>	
At 1 January 2022 and 31 December 2022	<u>1</u>
At 31 December 2021	<u>1</u>

#### Subsidiaries, associates and other investments

The investment represents 100% of the issued share capital of Enough BV. The registered office address of Enough BV is Louis Braillelaan 80, 2719 EK, Zoetermeer Netherlands.

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

#### 9. Debtors

	Group 2022 €	2021 €	Company 2022 €	2021 €
Amounts owed by group undertakings and undertakings in which the company has a participating interest	–	–	33,441,429	–
Other debtors	2,073,101	1,236,306	126,062	601,341
Deferred tax asset	1,117,927	–	–	–
	<u>3,191,028</u>	<u>1,236,306</u>	<u>33,567,491</u>	<u>601,341</u>

#### 10. Creditors: amounts falling due within one year

	Group 2022 €	2021 €	Company 2022 €	2021 €
Trade creditors	4,007,046	1,734,444	268,785	199,722
Amounts owed to group undertakings and undertakings in which the company has a participating interest	–	–	–	3,407,608
Social security and other taxes	42,713	43,758	42,713	43,758
Other creditors	8,550,399	10,981,581	1,062,702	1,994,208
	<u>12,600,158</u>	<u>12,759,783</u>	<u>1,374,200</u>	<u>5,645,296</u>

Other creditors include deferred grant income totalling €1,012,613 (2021: €2,000,120) for the company and €7,349,319 (2021: €9,825,691) for the group. This will be released to the profit and loss account in future periods to the extent that eligible costs have been incurred. The grant lasts until 31 March 2025.

#### 11. Share-based payments

Details of the number and weighted average exercise prices (WAEP) of share options during the year are as follows:

	Dec 2022		Dec 2021	
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	4,161	0.01	5,297	0.01
Granted during the year	2,364	237.00	0	0.00
Expired during the year	(205)	237.00	(476)	0.01
Exercised during the year	0	0	(664)	0.01
Outstanding at the year end	<u>6,320</u>	<u>80.98</u>	<u>4,161</u>	<u>0.01</u>
Exercisable at the year end	<u>6,320</u>		<u>4,161</u>	

The total expense recognised in profit or loss for the year is as follows:

	Group 2022 €	2021 €	Company 2022 €	2021 €
Equity-settled share-based payments	<u>459,358</u>	–	<u>459,358</u>	–

## 3F Bio Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

#### 11. Share-based payments *(continued)*

The weighted average remaining life is 8.54 years.

The estimated fair values were calculated by applying the Black-Scholes option pricing model.

The model inputs were

	Dec 2022	Dec 2021
Exercise price	£224.96-£258.47	£0.01
Expected volatility	70%	70%
Expected life	10 years	10 years
Risk free interest rate	1.8919%-3.2475	0.307%
Dividend yield	0.00%	0.00%

#### 12. Called up share capital

##### Issued, called up and fully paid

	2022		2021	
	No.	€	No.	€
Ordinary shares of £0.01 each	20,569	245	20,569	245
Series A shares of £0.01 each	16,797	200	16,797	200
Deferred shares of £0.01 each	1	–	1	–
Series B shares of £0.01 each	40,987	483	23,953	285
Series B1 shares of £0.10 each	740	86	481	6
	<u>79,094</u>	<u>1,014</u>	<u>61,801</u>	<u>736</u>

On 19 April 2022 the company issued 12,037 Series B shares for a consideration of 1,164.14€. On 29 July 2022 the company issued 4,997 Series B shares for a consideration of 1,337.83€ per share and 259 Series B1 shares for a consideration of 1,337.83€ per share.

#### 13. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Tangible assets	<u>3,160,000</u>	<u>15,582,714</u>	<u>–</u>	<u>–</u>

#### 14. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Not later than 1 year	207,874	200,310	67,874	69,625
Later than 1 year and not later than 5 years	622,429	560,000	62,429	60,310
Later than 5 years	6,075,000	6,215,000	–	–
	<u>6,905,303</u>	<u>6,975,310</u>	<u>130,303</u>	<u>129,935</u>

## **3F Bio Ltd**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 December 2022**

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##### **15. Events after the end of the reporting period**

In August 2023 the company issued 25,051 Series C shares of £0.01 each and 525 Series C1 shares of £0.10 each for a total consideration of €34.2M. In August 2023 the company converted a loan note of €5.3M into 4,851 Series C shares of £0.01 each and 143 Series C shares of £0.10 each.

##### **16. Related party transactions**

###### **Company**

The company has taken advantage of the exemptions available under FRS 102 Section 33 not to disclose related party transactions within the group.