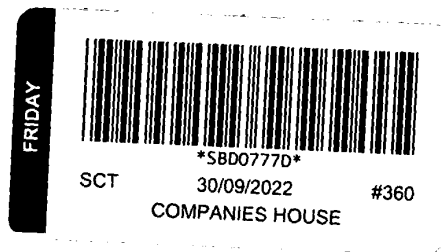


COMPANY REGISTRATION NUMBER: SC496410

3F Bio Ltd
Financial Statements
31 December 2021

COMPANIES HOUSE
30 SEP 2022
EDINBURGH MAILBOX



CHIENE + TAIT LLP
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

3F Bio Ltd

Financial Statements

Period from 1 February 2021 to 31 December 2021

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3F Bio Ltd

Directors' Report

Period from 1 February 2021 to 31 December 2021

The directors present their report and the financial statements of the group for the period ended 31 December 2021.

Directors

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

R J T Laird	
D Robertson	
N Elmslie	
E Ferguson	
G Semmens	
V Kanbi	(Appointed 24 June 2021)
A Balhuizen	(Appointed 24 June 2021)
J Matthijssen	(Appointed 24 June 2021)

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 period. 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.

3F Bio Ltd

Directors' Report *(continued)*

Period from 1 February 2021 to 31 December 2021

This report was approved by the board of directors on 30 September 2022 and signed on behalf of the board by:

R J T Laird

R J T Laird
Director

Elaine 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

Period from 1 February 2021 to 31 December 2021

Opinion

We have audited the financial statements of 3F Bio Ltd (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2021 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 2021 and of the group's loss for the period 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.

3F Bio Ltd

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

Period from 1 February 2021 to 31 December 2021

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 period 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)*

Period from 1 February 2021 to 31 December 2021

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.

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:

- A review of manual adjustments made in coming to the financial statements would identify any unusual adjustments.
- Through gaining a detailed understanding of the business and operations this allowed for identification of irregularities.
- Analytical review of figures against expectation in order to assess movements which may be caused by irregularities or fraud.
- Specific consideration was given to transactions with related parties.
- Capitalisation policy and treatment of fixed assets including assessment for impairment were reviewed and compared to underlying transactions.

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.

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.

3F Bio Ltd

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

Period from 1 February 2021 to 31 December 2021

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
Chiene + Tait LLP
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

30 September 2022

3F Bio Ltd**Consolidated Statement of Comprehensive Income****Period from 1 February 2021 to 31 December 2021**

	Note	Period from 1 Feb 21 to 31 Dec 21 €	Year to 31 Jan 21 €
Turnover		231,802	91,717
Cost of sales		1,040,403	1,772,608
Gross loss		<u>(808,601)</u>	<u>(1,680,891)</u>
Administrative expenses		3,849,276	1,341,945
Other operating income		790,939	923,664
Operating loss		<u>(3,866,938)</u>	<u>(2,099,172)</u>
Interest payable and similar expenses		8,035	–
Loss before taxation	5	<u>(3,874,973)</u>	<u>(2,099,172)</u>
Tax on loss		(91,040)	–
Loss for the financial period and total comprehensive income		<u><u>(3,783,933)</u></u>	<u><u>(2,099,172)</u></u>

All the activities of the group are from continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

3F Bio Ltd**Consolidated Statement of Financial Position****31 December 2021**

	Note	31 Dec 21 €	31 Jan 21 €
Fixed assets			
Intangible assets	6	1,730,946	–
Tangible assets	7	5,488,691	864,059
		<u>7,219,637</u>	<u>864,059</u>
Current assets			
Debtors	9	1,236,306	143,323
Cash at bank and in hand		30,429,335	2,208,324
		<u>31,665,641</u>	<u>2,351,647</u>
Creditors: amounts falling due within one year	10	12,759,783	1,710,620
Net current assets		<u>18,905,858</u>	<u>641,027</u>
Total assets less current liabilities		<u>26,125,495</u>	<u>1,505,086</u>
Net assets		<u>26,125,495</u>	<u>1,505,086</u>
Capital and reserves			
Called up share capital	12	736	445
Share premium account		36,290,226	7,886,175
Profit and loss account		(10,165,467)	(6,381,534)
Shareholders funds		<u>26,125,495</u>	<u>1,505,086</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 30 September 2022, and are signed on behalf of the board by:

R J T Laird
R J T Laird
Director

Elaine Ferguson
E Ferguson
Director

Company registration number: SC496410

The notes on pages 12 to 20 form part of these financial statements.

3F Bio Ltd**Company Statement of Financial Position****31 December 2021**

	Note	31 Dec 21 €	31 Jan 21 €
Fixed assets			
Intangible assets	6	1,730,946	–
Tangible assets	7	654,053	864,059
Investments	8	1	1
		<u>2,385,000</u>	<u>864,060</u>
Current assets			
Debtors	9	601,341	143,323
Cash at bank and in hand		29,376,976	2,208,324
		<u>29,978,317</u>	<u>2,351,647</u>
Creditors: amounts falling due within one year	10	<u>5,645,296</u>	<u>1,710,621</u>
Net current assets		<u>24,333,021</u>	<u>641,026</u>
Total assets less current liabilities		<u>26,718,021</u>	<u>1,505,086</u>
Net assets		<u>26,718,021</u>	<u>1,505,086</u>
Capital and reserves			
Called up share capital	12	736	445
Share premium account		36,290,226	7,886,175
Profit and loss account		(9,572,941)	(6,381,534)
Shareholders funds		<u>26,718,021</u>	<u>1,505,086</u>

The loss for the financial period of the parent company was €3,191,407 (2021: €2,099,172).

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 30 September 2022 and are signed on behalf of the board by:

R J T Laird

R J T Laird
Director

Elaine Ferguson

E Ferguson
Director

Company registration number: SC496410

The notes on pages 12 to 20 form part of these financial statements.

3F Bio Ltd**Consolidated Statement of Changes in Equity****Period from 1 February 2021 to 31 December 2021**

	Called up share capital €	Share premium account €	Profit and loss account €	Total €
At 1 February 2020	441	7,878,739	(4,189,204)	3,689,976
Loss for the period	—	—	(2,099,172)	(2,099,172)
Total comprehensive income for the period	—	—	(2,099,172)	(2,099,172)
Issue of shares	4	7,436	—	7,440
Equity-settled share-based payments	—	—	(93,158)	(93,158)
Total investments by and distributions to owners	4	7,436	(93,158)	(85,718)
At 31 January 2021	445	7,886,175	(6,381,534)	1,505,086
Loss for the period	—	—	(3,783,933)	(3,783,933)
Total comprehensive income for the period	—	—	(3,783,933)	(3,783,933)
Issue of shares	291	28,404,051	—	28,404,342
Total investments by and distributions to owners	291	28,404,051	—	28,404,342
At 31 December 2021	<u>736</u>	<u>36,290,226</u>	<u>(10,165,467)</u>	<u>26,125,495</u>

The notes on pages 12 to 20 form part of these financial statements.

3F Bio Ltd**Company Statement of Changes in Equity****Period from 1 February 2021 to 31 December 2021**

	Called up share capital €	Share premium account €	Profit and loss account €	Total €
At 1 February 2020	441	7,878,739	(4,189,204)	3,689,976
Loss for the period	—	—	(2,099,172)	(2,099,172)
Total comprehensive income for the period	—	—	(2,099,172)	(2,099,172)
Issue of shares	4	7,436	—	7,440
Equity-settled share-based payments	—	—	(93,158)	(93,158)
Total investments by and distributions to owners	4	7,436	(93,158)	(85,718)
At 31 January 2021	445	7,886,175	(6,381,534)	1,505,086
Loss for the period	—	—	(3,191,407)	(3,191,407)
Total comprehensive income for the period	—	—	(3,191,407)	(3,191,407)
Issue of shares	291	28,404,051	—	28,404,342
Total investments by and distributions to owners	291	28,404,051	—	28,404,342
At 31 December 2021	<u>736</u>	<u>36,290,226</u>	<u>(9,572,941)</u>	<u>26,718,021</u>

The notes on pages 12 to 20 form part of these financial statements.

3F Bio Ltd

Notes to the Financial Statements

Period from 1 February 2021 to 31 December 2021

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. The functional currency was previously considered to be sterling but was determined to have changed during the period due to the formation of the Dutch subsidiary and increased activity in Europe. This change took effect as at the period date.

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 engaging in series B 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.

3F Bio Ltd

Notes to the Financial Statements *(continued)*

Period from 1 February 2021 to 31 December 2021

3. Accounting policies *(continued)*

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.

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)*

Period from 1 February 2021 to 31 December 2021

3. Accounting policies *(continued)*

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	-	33% straight line
Fixtures, fittings and equipment	-	33% straight line
Laboratory equipment	-	33% straight line

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.

3F Bio Ltd

Notes to the Financial Statements *(continued)*

Period from 1 February 2021 to 31 December 2021

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

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.

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.

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.

3F Bio Ltd

Notes to the Financial Statements *(continued)*

Period from 1 February 2021 to 31 December 2021

3. Accounting policies *(continued)*

Financial instruments *(continued)*

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.

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 company during the period amounted to 20 (2021: 16).

3F Bio Ltd

Notes to the Financial Statements *(continued)*

Period from 1 February 2021 to 31 December 2021

4. Employee numbers *(continued)*

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

5. Profit before taxation

Profit before taxation is stated after charging:

	Period from 1 Feb 21 to 31 Dec 21 €	Year to 31 Jan 21 €
Depreciation of tangible assets	308,334	275,456

6. Intangible assets

Group and company	Patents €	Developments €	Total €
Cost			
At 1 February 2021	–	–	–
Additions	104,105	1,626,841	1,730,946
At 31 December 2021	<u>104,105</u>	<u>1,626,841</u>	<u>1,730,946</u>
Amortisation			
At 1 February 2021 and 31 December 2021	–	–	–
Carrying amount			
At 31 December 2021	<u>104,105</u>	<u>1,626,841</u>	<u>1,730,946</u>
At 31 January 2021	–	–	–

7. Tangible assets

Group	Leasehold improvements €	Assets under construction €	Plant and machinery €	Fixtures, fittings and equipment €	Laboratory equipment €	Total €
Cost						
At 1 Feb 2021	282,108	90,087	726,945	59,046	42,294	1,200,480
Additions	8,890	4,833,292	49,978	20,727	19,959	4,932,846
At 31 Dec 2021	<u>290,998</u>	<u>4,923,379</u>	<u>776,923</u>	<u>79,773</u>	<u>62,253</u>	<u>6,133,326</u>
Depreciation						
At 1 Feb 2021	32,588	–	268,933	22,829	12,071	336,421
Charge for the period	52,897	–	224,250	17,207	13,860	308,214
At 31 Dec 2021	<u>85,485</u>	<u>–</u>	<u>493,183</u>	<u>40,036</u>	<u>25,931</u>	<u>644,635</u>
Carrying amount						
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>
At 31 Jan 2021	<u>249,520</u>	<u>90,087</u>	<u>458,012</u>	<u>36,217</u>	<u>30,223</u>	<u>864,059</u>

3F Bio Ltd**Notes to the Financial Statements (continued)****Period from 1 February 2021 to 31 December 2021****7. Tangible assets (continued)**

Company	Leasehold improvements €	Assets under construction €	Plant and machinery €	Fixtures, fittings and equipment €	Laboratory equipment €	Total €
Cost						
At 1 Feb 2021	282,108	90,087	726,945	59,046	42,294	1,200,480
Additions	8,890	–	48,512	20,727	19,959	98,088
At 31 Dec 2021	<u>290,998</u>	<u>90,087</u>	<u>775,457</u>	<u>79,773</u>	<u>62,253</u>	<u>1,298,568</u>
Depreciation						
At 1 Feb 2021	32,588	–	268,933	22,829	12,071	336,421
Charge for the period	52,897	–	224,130	17,207	13,860	308,094
At 31 Dec 2021	<u>85,485</u>	<u>–</u>	<u>493,063</u>	<u>40,036</u>	<u>25,931</u>	<u>644,515</u>
Carrying amount						
At 31 Dec 2021	<u>205,513</u>	<u>90,087</u>	<u>282,394</u>	<u>39,737</u>	<u>36,322</u>	<u>654,053</u>
At 31 Jan 2021	<u>249,520</u>	<u>90,087</u>	<u>458,012</u>	<u>36,217</u>	<u>30,223</u>	<u>864,059</u>

8. Investments

The group has no investments.

Company	Shares in group undertakings €
Cost	
At 1 February 2021 and 31 December 2021	<u>1</u>
Impairment	
At 1 February 2021 and 31 December 2021	<u>–</u>
Carrying amount	
At 1 February 2021 and 31 December 2021	<u>1</u>
At 31 January 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.

9. Debtors

	Group		Company	
	31 Dec 21 €	31 Jan 21 €	31 Dec 21 €	31 Jan 21 €
Trade debtors	–	10,532	–	10,532
Other debtors	1,236,306	132,791	601,341	132,791
	<u>1,236,306</u>	<u>143,323</u>	<u>601,341</u>	<u>143,323</u>

3F Bio Ltd**Notes to the Financial Statements** *(continued)***Period from 1 February 2021 to 31 December 2021****10. Creditors: amounts falling due within one year**

	Group		Company	
	31 Dec 21	31 Jan 21	31 Dec 21	31 Jan 21
	€	€	€	€
Trade creditors	1,734,444	101,120	199,722	101,120
Amounts owed to group undertakings and undertakings in which the company has a participating interest	–	–	3,407,608	–
Social security and other taxes	43,758	41,499	43,758	41,499
Other creditors	10,981,581	1,568,001	1,994,208	1,568,002
	<u>12,759,783</u>	<u>1,710,620</u>	<u>5,645,296</u>	<u>1,710,621</u>

11. Share-based payments

The estimated fair value of each share option granted is as follows:

Option	Number	Exercise Price	Fair Value
Unapproved	1,200	£0.01	£0.01
Unapproved	632	£0.01	£9.68
EMI	3,465	£0.01	£9.68

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

Group and company	31 Dec 21		31 Jan 21	
	No.	WAEP	No.	WAEP
Outstanding at 1 February 2021	5,297	0.01	5,000	35.72
Granted during the period	–	–	4,280	0.01
Exercised during the period	(472)	0.01	(316)	19.79
Expired during the period	(664)	0.01	(3,667)	47.00
Outstanding at 31 December 2021	<u>4,161</u>	<u>0.01</u>	<u>5,297</u>	<u>0.01</u>
Exercisable at 31 December 2021	<u>4,161</u>	<u>0.01</u>	<u>5,297</u>	<u>0.01</u>

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

	Group		Company	
	31 Dec 21	31 Jan 21	31 Dec 21	31 Jan 21
	€	€	€	€
Equity-settled share-based payments	–	(93,158)	–	(93,158)

The weighted average remaining life is 8.55 years.

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

The model inputs were

	Dec 2021	Jan 2021
Exercise price	£0.01	£0.01
Expected volatility	70%	70%
Expected life	10 years	10 years
Risk free interest rate	0.307%	0.307%
Dividend yield	0.00%	0.00%

3F Bio Ltd

Notes to the Financial Statements *(continued)*

Period from 1 February 2021 to 31 December 2021

12. Called up share capital

Issued, called up and fully paid

	31 Dec 21		31 Jan 21	
	No.	€	No.	€
Ordinary shares of €0.011897 each	20,569	245	20,097	239
Series A shares of €0.011897 each	16,797	200	17,275	206
Deferred shares of €0.011897 each	1	–	1	–
Series B shares of €0.011897 each	23,953	285	–	–
Series B1 shares of €0.011897 each	481	6	–	–
	<u>61,801</u>	<u>735</u>	<u>37,373</u>	<u>445</u>

On 24 June 2021 the company issued 23,475 Series B shares for a consideration of €1,164.14 per share and 481 Series B1 shares for a consideration of €1,164.14 per share. On the 24 June 2021 478 Series A shares were sold by one shareholder to another and were re-designated as Series B Shares. On 10 September 2021 the company issued 8 Ordinary shares at £0.01 per share. On 23 October 2021 the company issued 276 Ordinary shares for a consideration of £0.01 per share. On 10 December 2021 the company issued 188 Ordinary shares for a consideration of £0.01 per share.

13. Capital commitments

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

	Group		Company	
	31 Dec 21	31 Jan 21	31 Dec 21	31 Jan 21
	€	€	€	€
Tangible assets	<u>15,582,714</u>	<u>–</u>	<u>–</u>	<u>–</u>

14. Operating leases

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

	Group		Company	
	31 Dec 21	31 Jan 21	31 Dec 21	31 Jan 21
	€	€	€	€
Not later than 1 year	200,310	69,625	200,310	69,625
Later than 1 year and not later than 5 years	560,000	60,310	560,000	60,310
Later than 5 years	6,215,000	–	6,215,000	–
	<u>6,975,310</u>	<u>129,935</u>	<u>6,975,310</u>	<u>129,935</u>

15. Events after the end of the reporting period

In April 2022 the company issued 12,037 Series B shares of £0.01 each in return for proceeds of €14,012,753. In July 2022 the company also issued 4,997 Series B shares of £0.01 each in return for proceeds of €6,685,137 and 259 Series B1 shares of £0.01 each in return for proceeds of €346,498.

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.