Company Registration No. 03351628

TRIZELL LTD

Annual Report and Financial Statements

For the year ended 31 December 2020

TRIZELL LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

CONTENTS

Strategic report

The Directors present their Strategic Report on the affairs of Trizell Ltd ("the Company") for the year ended 31 December 2020.

Business review

During the year Trizell Limited and Ferring International Center S.A. (FICSA), an affiliated entity, signed an Amendment to an Agreement originally signed in 2015. The Amendment was to support the contract modifications between both parties in response to investments and risks following the receipt of the CRL (Complete Response Letter) from the FDA in April 2020.

This Amendment has given rise to milestone income, which has been agreed between both parties, for the financial year ended 2020, 2021 and 2022.

Financial review

The Company reports a loss for the year ended 31 December 2020 of £2,327,201 (2019: loss of £10,569,263). Revenue recorded in 2020 was £51,639,060 (2019: £32,576,285), as the Company executed its business plan.

During the year the Company continued to conduct research and development on its own programs. Research and development expenditure in 2020 was £48,400,803 (2019: £16,904,586). Administrative expenses for the year were £2,297,043 (2019: £3,652,358). These administrative expenses consist primarily of remuneration for employees in executive and operational functions (including operations, finance and commercial development), facilities costs and professional fees.

Total net liabilities of the Company for 2020 were £16,825,076 (2019: £14,684,869).

Principal risks and uncertainties

Clinical and regulatory risk

Biological drug substances may not be stable or reproducible. Unacceptable toxicities or insufficient efficacy in the chosen indication may cause the medicine to fail or limit its applicability. Lack of performance by third party Clinical Research Organisations or an inability to recruit patients may cause undue delays in clinical trials. Clinical and regulatory issues may arise or changes to the regulatory environment may occur that lead to delays, further costs, reduction in the commercial potential of a product in development or the cessation of programmes. Ethical, regulatory or marketing approvals may be delayed or withheld or, if awarded, may carry unacceptable conditions to further development or commercial success.

The Company's manufacturing partner, FinVector Oy, a fellow group subsidiary based in Finland, as well as its third party suppliers are subject to regulatory and licensing requirements. There is a risk that the facilities will fail to be brought into regulatory compliance. Given the cutting-edge nature of the technology, alternative manufacturing facilities may not be available. The Company's information technology systems must also comply with GMP regulatory requirements, and a failure to do so would impact on the Company's manufacturing capability. The Company manages its regulatory risk by working closely with its expert regulatory advisers and, where appropriate, by seeking advice from regulatory authorities on the design of key development plans for its pre-clinical and clinical programmes.

Strategic report (continued)

Competition and intellectual property risk

Companies may have intellectual property that restricts the Company's freedom of use of certain intellectual property or imposes high additional costs to obtain licences. The Company manages its competition and intellectual property risks by working closely with its legal advisers and obtaining, where necessary, opinions on the intellectual property landscape relevant to the Company's scientific programmes and its manufacturing activities and processes.

Counterparty risk

The Company relies on third party organisations to manufacture certain elements of its products. If the relationship with or performance of any of these partners is adversely affected, the Company's operations may be adversely impacted. As part of the Company's routine vendor assessment detailed due diligence is performed on all third party organisations to establish that such organisations have the required capability, expertise and financial stability to perform the relevant services for the Company. Wherever possible, alternative third party suppliers are identified to take over the performance of such services, in the event difficulties are experienced with the original vendor.

Financial risk

Longer term sustainability is dependent upon generating cash flows from successful development and commercialisation of the Company's products and manufacturing services. Until then, the Company will be dependent upon existing cash resources together with additional funding from its parent company. The parent company and its parent company have made appropriate assurances that such funding will be made available. Failure to generate additional funding may lead to a scale back or cessation of operations.

The Company's credit risk is primarily attributed to its money market investments and cash and cash equivalents. This risk is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Deposits are made in accordance with the Investment Policy approved by the Board which contains strict criteria on minimum credit ratings and maximum deposit size.

The position regarding currency risk is regularly reviewed and currency hedging activity is initiated where appropriate. The Company has a formal Currency Risk Management Policy, the objective of which is to manage foreign currency exchange rate risk so that the Company does not suffer a material financial loss as a result of changes in exchange rates. Any transactions undertaken to mitigate such risks have to be matched to an underlying current or anticipated business requirement.

The impact of BREXIT had a minor impact on the Company, while management has taken the measures to mitigate those minor impacts. Some of the Company's manufacturing and clinical trials are undertaken at its affiliate companies, FinVector Oy and FKD Oy based in Finland, which will remain in the European Union while others take place in the UK itself. Certain contractual arrangements between the Company and FinVector Oy are being amended which will ensure that future finished goods will not have to transit in and out of the United Kingdom.

COVID-19 Risk

In early January 2020, a human infection originating in China was traced to a novel strain of coronavirus. The virus has subsequently spread to other parts of the world, including the U.S. and Europe, and has caused unprecedented disruptions in the global economy as efforts to contain the spread of the virus have intensified. On March 11, 2020, the World Health Organization officially declared this coronavirus outbreak (also referred to as COVID-19) a pandemic.

At the time of approval of these financial statements, the COVID-19 pandemic continues to present uncertainty and risk with respect to the performance of the Company and the related financial results. The rapid development and fluidity of the situation makes any prediction about the ultimate impact of COVID-19 on the business challenging. The impact of the COVID-19 pandemic on the Trizell Company is limited for now. Sufficient funding remains available to support the Company from its parent, where needed.

Strategic report (continued)

The directors continue to monitor the situation closely and all mitigation actions are being continually evaluated. The directors currently believe that they have adequate liquidity and business plans to continue to operate the business and mitigate any risks associated with COVID-19 for the next 12 months from the date of this report.

Risk management

The Company's risk management process is described in note 14 to the financial statements. The process seeks to identify material risks and to determine how best to manage them. Specific risk managing actions the Company has in place are set out against certain of the risks identified in this section.

Key performance indicators ("KPIs")

The KPIs of the business are:-

i. The progress of the manufacturing revenue generating opportunities, and
ii. The management of cash resources (both funding and cash outflows).

While these KPIs demonstrate relevant factors by reference to which the development, performance and position of the Company's business can be measured effectively, it is in the nature of the Company's strategy, and the biopharmaceutical industry in general, that these KPIs are not readily or meaningfully comparable year on year simply as measures.

Development & Commercial KPIs

The Company continues to focus its resources on exploiting the utilisation of, and revenue generating opportunities for, its established proprietary technology systems, process development and scale-up manufacturing capabilities by developing its own products and working with third party manufacturing clients.

Financial KPI's

The management of cash KPI of the Company, being the operating cash consumed in the business and funding received is as follows:

"Operational cash consumed in the business" is defined by reference to the cash flow statement as being the addition of "net cash used in operating activities" and "net cash used in investing activities".

	2020	**2019**
Operational cash consumed in the business	£(13,042,519)	£(7,000,410)
Funding Received from Group Companies	£9,023,091	£39,644,108

Approved by the Board and signed on its behalf by:

Erik Henricus Maria Schropp
Director

17th December 2021

Directors' report

The Directors present their Annual Report on the affairs of Trizell Ltd ("the Company"), together with the financial statements and Independent Auditor's report for the year ended 31 December 2020.

Financial risk management, and future developments are disclosed in the strategic report and notes to the accounts.

Principal activities

The principal activities of the Company are the development of new biotechnology products.

Trizell Ltd is 100% owned by Ferring Ventures S.A. (previously Trizell Holding S.A.), a Swiss company, ultimately owned by The Dr Frederik Paulsen Foundation.

Financial review

The Company reports a loss for the year ended 31 December 2020 of £2,327,201 (2019: loss of £10,569,263). A financial review of results and key metrics is included within the Strategic Report on page 1.

Taxation

There were no UK corporation tax charges for the year under review due to the availability of tax losses but the Company continues the policy of surrendering tax losses for cash by making research and development tax claims to the tax authorities for year ended 31 December 2020. A claim in respect of qualifying research and development expenditures for the year ended 31 December 2018 for £335,641 was received during the year. The balance sheet includes a provision for the qualifying research and development expenditure of £103,052 for the year ended 31 December 2019 and £71,692 for the year ended 31 December 2020.

Cash flow

The net cash outflow from operating activities for the year was £12,845,157 (2019: £6,756,778). The Company's net cash outflow from capital expenditure was £197,361 (2019: £243,632).

The Company's net cash inflow from financing activities was £8,086,820 (2019: £11,415,908). Interest received from cash and equivalents was £Nil (2019: £Nil).

Going concern

The Directors consider the Company to be a going concern, after considering the impacts of COVID-19, and these financial statements have been prepared on that basis, as discussed in note 2 to the financial statements.

The parent company of Ferring Ventures S.A., Ferring Foundation B.V. (previously Isles B.V.), has undertaken to provide Ferring Ventures S.A. and Trizell Ltd with sufficient financial support to continue to trade, without significant curtailment of activities, and to meet its liabilities as they fall due for the foreseeable future being a period of at least 12 months from the date of signing the financial statements.

As at 31 December 2020, the Company had cash and cash equivalents of £3,277,192 (2019: £8,232,891).

Management prepares detailed cash flow forecasts which are reviewed by the Board on a regular basis. The forecasts include assumptions regarding future income and expenditure together with various scenarios which reflect opportunities, risks and appropriate mitigating actions. This includes the impact of COVID-19 on the Company.

Therefore, having made relevant enquiries, the Board has a reasonable expectation that, at the time of approving the statutory accounts, the Company has adequate resources to continue in operational existence for the foreseeable future as defined above. Accordingly, the Board continues to adopt the going concern basis in preparing the statutory accounts.

Directors' report (continued)

Events after the balance sheet date

There are no post balance sheet events.

Dividends

The Directors are unable to recommend the payment of a dividend (2019: £Nil).

Directors

The Directors who served the Company during the year and to the date of this report (except as stated) were as follows:

Erik Henricus Maria Schropp (Appointed 9 December 2020)
Jeffrey David Hobbs (Appointed 9 December 2020)
Jesse Alan Fecker (Appointed 17 December 2020)
Jean Marie Duvall (Resigned 9 December 2020)
Robert Shaw (Resigned 22 January 2021)
Mark James Docherty (Resigned 9 June 2021)

Directors' indemnities

The Company currently hold Directors' and Officers' Liability Insurance which indemnifies Directors against the costs of defending themselves if legal action were taken against them personally by a third party. This applies only to activities carried out on behalf of the Company and associated companies, but does not apply to fraudulent activities.

Policy and practice on payment of creditors

It is the Company's policy to agree payment terms with suppliers at the start of business relationships and to abide by those terms. The average credit taken for trade purchases is 65 days (2019: 65 days).

Political contributions

No political donations or contributions to any political organisations were made during the year (2019: £Nil).

Research and Development

The main activities of the Trizell Company are the research and development (R&D) of new biotechnology products. The primary focus of the Company is the R&D of cell and gene-based therapy products and, in particular, a late clinical stage product for the potential treatment of non-muscle invasive bladder cancer.

Coronavirus

During the year, there was significant disruption due to the global coronavirus pandemic. The company has successfully mitigated any risks arising from this pandemic, which saw uncertainty worldwide and impacting global economies, transport and market demands. The uncertainty has since reduced, with successful vaccine rollouts, lifting on travel bans and global economies returning to normal.

Directors' report (continued)

Statement of disclosure to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the board and signed on its behalf by:

Erik Henricus Maria Schropp
Director

17 December 2021

Trizell Ltd Registered Office:
Drayton Hall
Church Road
West Drayton
UB7 7PS
United Kingdom

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Independent auditor's report to the members of Trizell Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Trizell Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the notes to the financial statements, 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent auditor's report to the members of Trizell Limited (continued)

We have nothing to report in this regard.

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 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, IFRSs, pension legislation, tax legislation including VAT, corporation tax, research and development credit and payroll taxes ; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Bribery Act, Health and Safety legislation, GDPR, Employment Laws, and Licensing laws relating to medicinal products and clinical trials.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud the following areas, and our specific procedures performed to address them are described below:

- Occurrence of expenditure: We identified a fraud risk in relation to certain types of expenditure being susceptible to manipulation. We determined whether there are controls are in place, and assessed their design and implementation, to prevent any recognition of fraudulent expenses. We performed testing on a sample of expenses to ensure there had been appropriate authorisation of the purchase order, invoice and payment.
- Occurrence of income: We identified a fraud risk in relation to income being recognised before appropriate milestones are met. To mitigate this risk, we ensured for income transactions, which relate to the milestones included in the Agreement, that these milestones have been met, and also there is confirmation at Board level and with the corresponding party that this milestone has

Independent auditor's report to the members of Trizell Limited (continued)

- been met. We have also agreed that the income has been correctly reflected in the intercompany accounts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:
- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and relevant licencing bodies.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

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.

Andrew Hornby

Date: 20 December 2021
Andrew Hornby, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £'s	2019 £'s
Revenue	3	51,639,060	32,576,285
Cost of sales		-	(22,168,366)
Gross profit		51,639,060	10,407,919
Research and development expenses		(48,400,803)	(16,904,586)
Selling and marketing costs		(33,267)	(214,243)
Other administrative expenses		(2,110,049)	(3,429,321)
Share-based compensation		(186,994)	(223,037)
Administrative expenses		(2,297,043)	(3,652,358)
Other income	3	448,169	431,407
Other expenses		(544,100)	(708,012)
Reversal of prior years impairment		-	563,825
Impairment of intangible asset	8	(2,691,600)	-
Total other income/(expenses)		(2,787,531)	287,220
Operating profit/(loss)		(1,879,584)	(10,076,048)
Investment income	3	157,833	135,631
Finance costs	4	(605,450)	(628,846)
Profit/(loss) before taxation	5	(2,327,201)	(10,569,263)
Taxation	7	-	-
Profit/(loss) after taxation, being profit/(loss) for the year		**(2,327,201)**	**(10,569,263)**
Other comprehensive income/(expenses)		-	-
Total comprehensive income/(expenses) for the year		**(2,327,201)**	**(10,569,263)**

Total comprehensive expense for the year is all attributable to the owners of the parent company.
The income has arisen from continuing operations.

Balance Sheet as at 31 December 2020

	Note	2020 £'s	2019 £'s
Non-current assets			
Intangibles assets	8	772,851	890,073
Property, plant and equipment	9	-	4,405
Amounts owed by Parent company	10	10,691,839	-
		11,464,690	894,478
Current assets			
Trade and other receivables	10	487,142	793,875
Amounts owed by Group companies	10	51,644,533	17,627,055
Cash and cash equivalents		3,277,192	8,232,891
		55,408,867	26,653,821
TOTAL ASSETS		**66,873,557**	**27,548,299**
Non-current liabilities			
Amounts owed to group companies	13	22,174,635	-
Deferred income	13	-	22,174,635
		22,174,635	**22,174,635**
Current Liabilities			
Trade and other payables	13	2,593,260	2,881,656
Amounts owed to parent company	13	-	6,819,091
Amounts owed to group companies	13	58,930,738	10,357,786
		61,523,998	20,058,533
TOTAL LIABILITIES		**83,698,633**	**42,233,168**
Equity			
Share Capital	16	863,994	863,994
Share Premium		8,048,879	8,048,879
Share-based compensation		4,680,034	4,493,040
Retained loss		(30,417,983)	(28,090,782)
		(16,825,076)	(14,684,869)
TOTAL LIABILITY AND EQUITY		**66,873,557**	**27,548,299**

The financial statements of Trizell Ltd, registered number 03351628, were approved by the Board of Directors and were authorised for issue on 17th December 2021.

Erik Henricus Maria Schropp
Director

Statement of changes in equity for the year ended 31 December 2020

	Note	Share capital £'s	Share premium £'s	Share-based compensation reserve £'s	Retained losses/earnings £'s	Total £'s
Balance as at 1 January 2019		**863,994**	**8,048,879**	**4,270,003**	**(17,521,519)**	**(4,338,643)**
Share-based compensation charge	18	-	-	223,037	-	223,037
Loss and total comprehensive expense for the year		-	-	-	(10,569,263)	(10,569,263)
Balance as at 31 December 2019		**863,994**	**8,048,879**	**4,493,040**	**(28,090,782)**	**(14,684,869)**
Share-based compensation charge	18	-	-	186,994	-	186,994
Profit and total comprehensive income for the year		-	-	-	(2,327,201)	(2,327,201)
Balance as at 31 December 2020		**863,994**	**8,048,879**	**4,680,034**	**(30,417,983)**	**(16,825,076)**

Cash Flow statement for the year ended 31 December 2020

	2020	2019
	£'s	£'s
Operating profit/(loss)	(1,879,584)	(10,076,048)
Adjustments for non-cash items		
Depreciation and amortisation	318,988	315,085
Impairment of intangible asset	2,691,600	-
Share-based compensation	186,994	223,037
Impairment (gains)/losses on intercompany loans	-	(563,825)
Other (gains)/losses	(210,385)	(431,407)
Changes in working capital		
Decrease/(Increase) in receivables	(51,345,712)	(144,792)
Decrease/(Increase) in inventory	-	3,942,860
Increase/(Decrease) in payables	37,063,331	(447,065)
Net cash used in operations	(13,174,768)	(7,182,155)
Short-term lease payments	(6,030)	(6,030)
R&D tax credit and other corporate taxes	335,641	431,407
Net cash used in operating activities	(12,845,157)	(6,756,778)
Investing activities		
Purchases of intangible assets	(197,361)	(243,632)
Net cash used in investing activities	(197,361)	(243,632)
Financing activities		
Finance costs	(14,748)	(2,201)
Funding to Group companies	(1,449,211)	(1,797,810)
Repayment of loans and interests to Group companies	-	(26,428,189)
Repayment of loans and interests from Group companies	527,688	-
Funding from Group companies	9,023,091	39,644,108
Net cash from financing activities	8,086,820	11,415,908
Net (decrease)/increase in cash and cash equivalents	(4,955,698)	4,415,498
Cash and cash equivalents at beginning of year	8,232,891	3,817,393
Cash and cash equivalents at end of year	3,277,193	8,232,891

Cash and bank balances comprise the components of cash and cash equivalents.

Notes to the financial statements for the year ended 31 December 2020

1 Presentation of financial statements

General Information

Trizell Ltd is a private limited company domiciled and registered in England and Wales and limited by shares. The address of the registered office is given on page 6.

The principal activities of the Company are the development of new biotechnology products as highlighted in the director's report.

These financial statements are presented in Sterling since that is the functional currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in note 2.

Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

Effective 1 January 2019 resulting from Annual Improvements to IFRS standards 2015-2017 Cycle

IAS 12	Income Taxes
IAS 23	Borrowing Costs
IFRS 3	Business Combinations
IFRS 11	Joint Arrangements
Effective 1 January 2019	
IAS 19, amendment	Employee Benefits
IFRS 9, amendment	Prepayment Features with Negative Compensation
IFRS 10, amendment	Consolidated Financial Statements and IAS 28
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Effective 1 January 2021	
IFRS 17	Insurance Contracts

The Directors believe that the adoption of the Standards listed above have not had a material impact on the financial statements of the Company in the current or future periods.

New and revised IFRS Standards in issue but not yet effective

At the date of signing these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Effective 1 January 2021	
IFRS 17	Insurance Contracts

The Directors do not expect that the adoption of the Standard listed above will have a material impact on the financial statements of the Company in future periods.

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB.

Basis of preparation

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

Going Concern

The parent company of Ferring Ventures S.A., Ferring Foundation B.V. (previously Isles B.V.), has undertaken to provide Ferring Ventures S.A. and Trizell Ltd with sufficient financial support to continue to trade, without significant curtailment of activities, and to meet its liabilities as they fall due for the foreseeable future being a period of at least 12 months from the date of signing the financial statements.

As at 31 December 2020, the Company had cash and cash equivalents of £3,277,192 (2019: £8,232,891).

Management prepares detailed cash flow forecasts which are reviewed by the Board on a regular basis. The forecasts include assumptions regarding future income and expenditure together with various scenarios which reflect opportunities, risks and appropriate mitigating actions. This includes the impact of COVID-19 on the Company.

Therefore, having made relevant enquiries, the Board has a reasonable expectation that, at the time of approving the statutory accounts, the Company has adequate resources to continue in operational existence for the foreseeable future as defined above. Accordingly, the Board continues to adopt the going concern basis in preparing the statutory accounts.

Revenue recognition

Revenue is recognised using the five-step model framework of IFRS 15. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer, and / or when the underlying performance obligation has been satisfied.

Revenue is stated net of discounts, returns and value added taxes.

Sales of goods are recognised when control has transferred.

Non-refundable licence fees are recognised over the term of the licence, except where the earnings process is considered to be complete, in which case the revenue is recognised in full at that time. Contributions to research and development programmes are recognised on an as received basis in accordance with the appropriate licence provisions.

Milestone income on pharmaceutical development contracts is recognised when the milestone has been achieved. In accordance with the variable consideration constraint, milestone revenue is fully constrained until the conditions for receiving it have been met.

Royalty income is recognised as the underlying sales occur.

2 Summary of significant accounting policies (continued)

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank accounts (GBP, EUR and USD).

Intangible fixed assets

Internally-generated intangible assets - research and development expenditure

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

An internally-generated intangible asset arising from the Company's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible assets can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Computer software

The Company writes off software costs as incurred, except for purchases from third parties in respect of major systems. In such cases these are capitalised and written off over a period of three years from the date of purchase.

Impairment of assets

The carrying values of non-current assets (including property, plant and equipment, intangibles and the investment in subsidiary) are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which it belongs.

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Summary of significant accounting policies (continued)

Fixed Assets

Property, plant and equipment is stated at cost net of depreciation and provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, as reviewed at each balance sheet date, of each asset on a straight-line basis over its expected useful life as follows:

Laboratory equipment and plant and machinery	20% per annum
Office equipment	33.33% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Foreign currencies

Transactions of the Company companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Foreign exchange differences thereon are recognised in profit or loss in the period in which they arise.

All other exchange differences are included in the income statement.

Leasing

The Company leases certain items of its office equipment. The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. All of the leases of the Company meet this definition.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Summary of significant accounting policies (continued)

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax is measured on an undiscounted basis, and at the tax rates that are expected to apply in the period in which the asset or liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Borrowing costs

Borrowing costs directly attributed to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Post-retirement benefits

The Company makes contributions to employees' personal pension plans which are defined contribution schemes. The amount charged to the income statement in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company ceases to recognise financial liabilities when the Company obligations are discharged, cancelled or they expire.

Financial assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are recognised at amortised cost in line with IFRS 9. Refer to note 14 for the specific balances.

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities, including borrowings, are initially measured at transaction price, net of costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments throughout the expected life of the financial liability or where appropriate, a shorter period.

Trade payables are not interest bearing and are stated at their amortised cost. Loans are measured at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Share-based payments

The Company operates an employee share option scheme. For all grants of share options, the fair value as at the date of grant is calculated using an option pricing model and the corresponding expense is recognised over the vesting period.

Employees (including Directors) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured as the difference between fair value of the share-based payments and the fair value of any identifiable goods or services received at the grant date. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using an appropriate pricing model, further detail of which are given in Note 18.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Summary of significant accounting policies (continued)

award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described on the previous paragraph.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the directors there are no critical judgements or key sources of estimation uncertainty that have been made in applying the Company's accounting policies.

3 Revenue

An analysis of the Company's revenue is as follows:

	2020	2019
Revenue	**£'s**	£'s
Revenue from sale of goods and services	-	6,465,285
Revenue from licencing activities	**51,639,060**	26,111,000
	51,639,060	32,576,285
Other Income		
Other Income - third party	**96,072**	-
Other Income - group companies	**141,711**	-
Other Income - Research and Development Expense Claim (RDEC)	**210,385**	431,407
	448,169	431,407
Investment income		
Investment income - group companies	**157,833**	135,631
	157,833	135,631
	52,245,062	33,143,323

Revenue from licencing activities consists of contract revenue from Ferring International Center S.A., comprising £51,639,060 milestone income relating to the fulfilment of milestones events, for which the performance obligation is the related development activity. In accordance with the variable consideration constraint, milestone revenue is fully constrained until the conditions for receiving it have been met.

Investment income from group companies consists of interests on intercompany loans.

Notes to the financial statements for the year ended 31 December 2020 (continued)

4 Finance costs

Finance costs

	2020	2019
	£'s	£'s
Interest payable - third party	**14,748**	2,201
Interest payable - group companies	**590,702**	626,645
	605,450	628,846

5 Profit before taxation

Profit/loss before taxation is after charging/(crediting):

	2020	2019
	£'s	£'s
Staff costs (note 6)	**1,419,192**	1,776,546
Depreciation	**4,405**	4,640
Amortisation of other intangibles	**314,583**	310,446
Cost of inventory	**-**	3,942,860
Short term lease rentals, Property	**109,296**	107,287
Net foreign exchange losses/(gains)	**(237,784)**	275,648
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**45,000**	70,750
Taxation compliance services	**9,373**	8,348
Impairment movement	**-**	(563,825)

Fees payable to the Company's auditor, Deloitte LLP, for audit included above are £45,000 (2019: £70,750). Fees payable to Deloitte LLP for other services were £9,373 (2019: £8,348).

Certain intercompany balances had previously been provided for, they have been paid in full therefore the impairment movement in prior year reflects the reversal of provisions.

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Directors and Employees

Directors

The aggregate remuneration comprised:	2020	2019
	£'s	£'s
Salaries and benefits	474,028	546,408
Pension contributions	10,000	10,000
	484,028	556,408

The remuneration for the highest paid director was as follows:

Fees/Basic Salary	Pension	2020 total	2019 total
321,223	10,000	331,223	395,229

Retirement benefits are accruing in respect of qualifying services for 1 (2019: 1) director.

Employees

The aggregate remuneration comprised:	2020	2019
	£'s	£'s
Wages and salaries	**1,210,305**	1,482,187
Social security costs	**157,974**	188,618
Other pension costs (note 17)	**50,913**	64,898
Termination payments	-	40,843
	1,419,192	1,776,546

Average monthly number of people (including Executive Directors) employed:

	2020	2019
	Number	Number
Finance and administration	2	4
Sales and marketing	1	1
Development	4	4
Manufacturing	1	1
	8	10

In addition to the above remuneration, a share option scheme was introduced in the year ended 31 December 2017, see Note 18 for details. Key management personnel are the Directors and services provided by Hamesman Limited, see Note 19 for details.

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Taxation

The result for the year can be reconciled to the Company's profit's per the statement of comprehensive income as follows:

	2020	2019
	£'s	£'s
Profit /(Loss) before taxation	(2,327,201)	(10,569,263)
Tax on profit/(loss) at UK corporate rate 19.00% (2019: 19.00%)	(442,168)	(2,008,160)
Expenses not deductible for tax purposes:		
Expenses relating to impairment gain/(loss)	-	107,127
Utilisation of losses carried forwards	442,168	1,901,033
Taxation for the year	-	-

The tax rate applied to the reported profit is 19% (2019: 19%).

The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. In the March 2021 Budget it was announced that the main rate of UK corporation tax will increase from 19% to 25% in April 2023 for profits over £250,000. The rate for small profits under £50,000 will remain at 19% and there will be relief for businesses with profits under £250,000 so that they pay less than the main rate.

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Intangible assets

	Virus cells £'s	Computer software £'s	TOTAL £'s
Cost			
Balance as at 1 January 2019	-	1,053,375	1,053,375
Additions	-	243,632	243,632
Balance as at 31 December 2019	-	1,297,007	1,297,007
Accumulated Amortisation			
Balance as at 1 January 2019	-	96,488	96,488
Charge for the year	-	310,446	310,446
Balance as at 31 December 2019	-	406,934	406,934
Carrying amount			
As at 31 December 2019	-	890,073	890,073
As at 31 December 2018	-	956,887	956,887

	Virus cells £'s	Computer software £'s	TOTAL £'s
Cost			
Balance as at 1 January 2020	-	1,297,007	1,297,007
Additions	2,691,600	197,361	2,888,961
Impairment	(2,691,600)	-	(2,691,600)
Balance as at 31 December 2020	-	1,494,368	1,494,368
Accumulated Amortisation			
Balance as at 1 January 2020	-	406,934	406,934
Charge for the year	-	314,583	314,583
Balance as at 31 December 2020	-	721,517	721,517
Carrying amount			
As at 31 December 2020	-	772,851	772,851
As at 31 December 2019	-	890,073	890,073

Amortisation charge is included within other administration expenses in the statement of comprehensive income.

During the year the Company recognised an addition to an intangible asset of £2,691,600. However, due to the nature of the asset, there is no certainty that these viruses can provide future cash flows therefore the asset has been impaired by an amount of £2,691,600 taking the asset value to £nil.

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Property, plant and equipment

	Office equipment £'s
Cost	
Balance as at 1 January 2019	23,904
Balance as at 31 December 2019	23,904
Accumulated Depreciation	
Balance as at 1 January 2019	14,859
Charge for the year	4,640
Balance as at 31 December 2019	19,499
Carrying amount	
Balance as at 31 December 2019	4,405
Balance as at 31 December 2018	9,045
The net book value of office equipment held under finance leases	4,405

	Office equipment £'s
Cost	
Balance as at 1 January 2020	23,904
Balance as at 31 December 2020	23,904
Accumulated Depreciation	
Balance as at 1 January 2020	19,499
Charge for the year	4,405
Balance as at 31 December 2020	23,904
Carrying amount	
Balance as at 31 December 2020	-
Balance as at 31 December 2019	4,405
The net book value of office equipment held under finance leases	-

Depreciation charge is included within other administrative expenses in the statement of comprehensive income.

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Other assets

Trade and other receivables

The average credit period taken on sales of goods in 2019 was 7 days. However in 2020 there was no sale of goods therefore this is not applicable. The Directors consider that the carrying amount of trade and other receivables approximates their fair value and that there are no indicators of impairment. No amounts receivable for the sale of goods and services are past due or impaired as at the balance sheet date.

Trade and other receivables	**2020**	**2019**
	£'s	**£'s**
Amounts due from sale of goods and services	79,383	79,383
Prepayments	116,885	353,512
R&D Tax receivables	174,744	300,000
Other debtors	116,130	60,980
	487,142	**793,875**
Amounts owed by parent company	10,691,839	-
Amounts owed by group companies	51,644,533	17,627,055
Amounts owed by group companies	**62,336,372**	**17,627,055**

The amount of £10,691,839 owed by the parent entity i.e. Ferring Ventures S.A. is due in more than one year and must be paid by December 2027 and is subject to interest at 2.5% per annum.

The amount of £51,644,533 (2019: £17,627,055) owed by group companies is held for trading, due in under one year and does not attract interest.

11 Leases

Low value leases

It is the Company's policy to lease certain items of its office equipment. For the year ended 31 December 2020, the average lease term is 3-5 years and the average effective borrowing rate for the Company was 14.08% (2019: 14.08%). Average interest rate for the Company was 12.38% (2019: 12.38%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

Lease obligations for the Company are denominated in Sterling. Lease obligations for the Subsidiary in Finland are denominated in Euro. All leases of this nature are for low value assets.

Short term leases

At 31 December 2020, the Group is committed to £Nil (2019: £27,324) for short-term leases.

12 Loans

There were no loans outstanding at 31 December 2020 (2019: £nil).

13 Trade, other payables and non-current payables

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit taken for trade purchases is 65 days (2019: 65 days).

Trade and other payables	**2020**	**2019**
	£'s	**£'s**
Trade creditors and accruals	2,593,260	2,881,656
Amounts owed to parent company	-	6,819,091
Amounts owed to group companies	58,930,738	10,357,786
	61,523,998	**20,058,533**

Non-current payables	**2020**	**2019**
	£'s	**£'s**
Amounts owed to group companies	22,174,635	-
Deferred income	-	22,174,635

The Directors consider that the carrying amount of trade payables approximates to their fair value. Amounts owed to parent and group companies are mainly working capital loans, which are unsecured and interest bearing at ECB +2% and UK base +1%.

The amount of £22,174,635 owed to group companies is equivalent to €25 million. €5 million will be paid back annually from 2023 onwards until 2027, once the BLA has been approved by the FDA. It is unsecured and does not bear interest.

14 Financial instruments

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders. The capital structure of the Company consists of cash and cash equivalents of £3,277,192, and equity of (£13,653,656) (comprising issued capital (note 16), reserves and retained earnings as detailed in the company statement of changes in equity).

Externally imposed capital requirement

The Company is not subject to externally imposed capital requirements.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters, and may utilise spot purchases of foreign currencies, options or forward contracts. The planning horizon for determining foreign currency exposures is 12 months.

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Financial instruments (continued)

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities are as follows:

Sensitivity analysis	**2020**	**2019**
	£'s	**£'s**
Total monetary assets USD	213,738	1,748
Total monetary liabilities USD	(446,222)	(266,738)
	(232,484)	(264,990)
US dollar currency Impact profit/(loss) at 10%	21,135	24,090
Total monetary assets Euro	64,354,860	25,250,308
Total monetary liabilities Euro	(81,164,047)	(17,299,481)
	(16,809,187)	7,950,827
Euro currency Impact profit/(loss) at 10%	1,528,108	(722,802)
Total monetary assets	64,568,598	25,252,056
Total monetary liabilities	(81,610,270)	(17,566,219)
Net	(17,041,672)	7,685,837

Foreign currency sensitivity analysis

The previous table details also the Company's sensitivity to a 10% increase and decrease in Sterling against the Euro and US Dollar. 10% represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items at year end and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number above indicates an increase in profit and other equity where sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances above would be positive.

Forward foreign exchange contracts

There were no forward exchange contracts outstanding as at 31 December 2020 and 31 December 2019.

Interest rate risk management

Intercompany receivables and payables in the Company's accounts are charged at base rate plus a reasonable arm's length premium. Changes in Interest rate would not have a material effect on the Financial Statements.

Credit risk management

The Company's credit risk is attributed to its cash and cash equivalents, related party balances and related party guarantees. For cash and cash equivalents, the Company only transacts with counterparties with high credit ratings assigned by international credit rating agencies. The Company's principal financial assets are cash at bank and amounts due from group undertaking. These are subject to minimal credit risk as the accounts receivable are entirely inter-company.

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Financial instruments (continued)

Credit risk associated with trade receivables is minimised by performing credit evaluations on current and potential customers.

Overview of the Company's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 December 2020 the Company's maximum exposure to credit risk, being cash, trade and group receivables of £65.7m shown in the table below, without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from:

- The carrying amount of the respective recognised financial assets as stated in the balance sheet.

The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching up the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk are set out below.

Carrying value at amortised cost	Note	2020 £	2019 £
Cash and bank balances		3,277,192	8,232,891
Trade and other receivables	10	487,142	793,875
Amounts owed by group companies	10	62,336,372	17,627,055
Obligations under finance leases	11	-	5,550
Trade and other payables	13	2,593,260	2,881,656
Amounts owed to group companies	13	81,105,373	17,176,877

Details of the interest income and finance costs related to these financial instruments are included in notes 3 and 4. All changes in liabilities arising from financing activities are from financing cash flows.

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Financial instruments (continued)

Liquidity risk management (continued)

Changes in liabilities arising from financing activities are as follows:

Changes in liabilities from financing activities	As at 31 December 2019	Cash flows	Exchange movements	Other non-cash changes	As at 31 December 2020
	£	£	£	£	£
Long-term liabilities	-	-	-	-	-
Short-term liabilities	(13,247,054)	(8,306,700)	(716,391)	6,825,140	(15,445,005)
Long term lease finance leases	-	-	-	-	-
Short term lease finance leases	(5,550)	-	-	5,550	-
Total liabilities from financing activities	(13,252,604)	(8,306,700)	(716,391)	6,830,690	(15,445,005)

15 Deferred tax

As at 31 December 2020 the Company has tax losses amounting to £131,051,898 which do not have an expiry date (2019: £132,740,392), no deferred tax asset has been provided in relation to these tax losses.

16 Share capital

	2020 £'s	2019 £'s
Authorised		
9,000,000 ordinary shares of 10p each	**900,000**	**900,000**
Issued and fully paid		
8,639,941 ordinary shares of 10p each	**863,994**	**863,994**

17 Retirement benefits plan

The Company makes contributions to all qualifying employees' personal pension plans, which are defined contribution schemes. The total cost charged to income of £50,913 (2019: £64,898) represents contributions payable to these schemes by the Company. At 31 December 2020, contributions due totalling £14,410 were in respect of the current reporting period which had not been paid over to the schemes (2019: £nil).

Notes to the financial statements for the year ended 31 December 2020 (continued)

18 Share-based payments - equity-settled share option scheme

In September 2017, the Board of Directors approved a share based option scheme to honour a commitment made to employees back in 2014. The scheme is titled the "Trizell Long Term Benefit Plan" (the "Scheme").

For all grants of share options, the fair value as at the date of grant is calculated using an option pricing model and the corresponding expense is recognised over the vesting period.
Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured as the difference between fair value of the share-based payments and the fair value of any identifiable goods or services received at the grant date. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using an appropriate pricing model.
The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

The Company employs the Black-Scholes Option Pricing model as the method by which it calculates the annual share based compensation charge. The Directors of the Company believe it is an internationally accepted method of valuation. The options are equity settled and therefore the valuation is calculated as at the date of grant and then apportioned across the vesting period. Adjustments are made in subsequent periods for the effect of lapsed and exercised options.
As no options were granted in 2020, there is no requirement for an additional calculation of a charge for new options in the year.

18 Share-based payments - equity-settled share option scheme (continued)

Fair Value Calculations

For the purposes of valuing options to arrive at the share-based compensation charge, the Black-Scholes option pricing model has been used, however:-

(1) No Options granted during the year
(2) Expected volatility was determined by using UK quoted company comparables.
(3) The expected useful life used in the models is based on management's best estimate.
(4) The risk free rate of return is the UK Gilt Rate at the date of grant, commensurate with the expected term.

The charge is recognised over the expected vesting period, utilising the fair value from the method above, and after adjusting for estimated cancellations of options as employees leave.

Notes to the financial statements for the year ended 31 December 2020 (continued)

18 Share-based payments - equity-settled share option scheme (continued)

Options Outstanding

	Share-option Schemes Number of options	Weighted average exercise price	Weighted average fair value
At 31/12/2019	1,227,827	€6.60	€6.60
Options granted	-	€6.60	€6.60
Options exercised	-	n/a	n/a
Options expired	(833)	€6.60	€6.60
At 31/12/2019	1,226,994	€6.60	€6.60
Exercisable price		€6.60	
Weighted average remaining contractual life•		6.25 years	(2019: 7.25 years)

Share options vest 1/3 every year after the date of grant or were granted fully vested.

Options exercisable

	Share-option Scheme Number of options	Weighted average exercise price	Latest exercise date
At 31/12/2019	1,150,077	€6.60	31-Mar-27
At 31/12/2020	1,209,494	€6.60	31-Mar-27

The Company recognised a charge of £186,994 related to equity-settled share-based payment transactions (2019: £223,037).

Directors' Options Outstanding

	Share-option Schemes Number of options	Weighted average exercise price	Weighted average fair value
At 31/12/2019	155,915	€6.60	€6.60
Options granted	-	n/a	n/a
Options exercised	-	n/a	n/a
Options expired	-	n/a	n/a
At 31/12/2020	155,915	€6.60	€6.60
Exercisable price		€6.60	

No directors were granted options during the year. Directors' options and staff options have the same exercisable and expiry dates.

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Related party transactions

During the year, the Company made several transactions with related parties, FinVector Oy, FKD Therapies Oy, Ferring Ventures SA (previously Trizell Holding SA), Kuopio Center for Gene and Cell Therapy Oy, Trizell GmbH and Ferring International Center SA, which were under common control in the year. These transactions and year-end balances are summarised in the tables below:

	Income / (expense)		Amounts receivable		Amounts payable	
FinVector Oy	2020	2019	2020	2019	2020	2019
	£'s	£'s	£'s	£'s	£'s	£'s
Research and development recharge	(35,676,399)	(21,871,657)	-	-	(35,676,399)	(1,241,144)
Service charges	749,596	-	(11,394)	-	5,832	-
Capital Loan / Working Capital Loan	-	-	-	16,356,480	-	(372,424)
Loan interest	131,577	127,438	-	1,153,232	-	(108,963)
Total	(34,795,226)	(21,744,219)	(11,394)	17,509,712	(35,670,567)	(1,722,531)

	Income / (expense)		Amounts receivable		Amounts payable	
Ferring International - Center SA	2020	2019	2020	2019	2020	2019
	£'s	£'s	£'s	£'s	£'s	£'s
Sales income	51,639,060	32,460,992	51,639,060	-	-	-
Research and development recharge	(3,666,347)	-	-	-	(3,660,576)	-
Working capital loan	-	-	-	-	(15,028,100)	(6,389,250)
Loan interest	(373,324)	(168,515)	-	-	(416,905)	(38,713)
Non-current liabilities	-	-	-	-	(22,174,635)	-
Total	47,599,389	32,292,477	51,639,060	-	(41,280,216)	(6,427,963)

	Income / (expense)		Amounts receivable		Amounts payable	
Trizell GmbH	2020	2019	2020	2019	2020	2019
	£'s	£'s	£'s	£'s	£'s	£'s
Service charges	-	21,078	-	-	-	-
Total	-	21,078	-	-	-	-

	Income / (expense)		Amounts receivable		Amounts payable	
FKD Therapies Oy	2020	2019	2020	2019	2020	2019
	£'s	£'s	£'s	£'s	£'s	£'s
Research and development recharge	(3,456,630)	(6,298,274)	-	-	(1,457,357)	(2,195,692)
Virus cells	-	-	-	-	(2,691,600)	-
Total	(3,456,630)	(6,298,274)	-	-	(4,418,957)	(2,195,692)

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Related party transactions (continued)

Ferring Ventures SA	2020	2019	2020	2019	2020	2019
	£'s	£'s	£'s	£'s	£'s	£'s
Working Capital Loan	-	-	-	-	-	(6,389,250)
Long Term Loan	-	-	10,668,132	-	-	-
Loan Interest	(174,230)	(449,937)	23,707	-	-	(429,841)
Total	(174,230)	(449,937)	10,691,839	-	-	(6,819,091)

	Income / (expense)		Amounts receivable		Amounts payable	
Kuopio Center for Cell and	2020	2019	2020	2019	2020	2019
Gene Therapy Oy	£'s	£'s	£'s	£'s	£'s	£'s
Research and development recharge	(80,259)	(119,145)	-	117,343	(5,632)	(11,601)
Service charges	100,684	85,479	16,867	-	-	-
Total	20,425	(33,666)	16,867	117,343	(5,632)	(11,601)

During the year the Company made transactions with another related party, Hamesman Limited, which provides key management personnel services to the company. In 2020 expenses of £1,080,555 (2019: £1,127,467) were incurred with Hamesman Limited of which £657,973 relate to R&D consultancy (2019: £565,188), £326,357 (2019: £346,593) relate to corporate and other professional services, and £96,225 (2019: £215,686) relate to pass through costs of legal and other professional services. The outstanding balance with Hamesman Limited at 31 December 2020 is £41,845 (2019: £86,750). There are no other transactions with Hamesman Limited (2019: None).

20 The ultimate parent

The Company is a 100% subsidiary of Ferring Ventures S.A. a company incorporated in Switzerland and is ultimately owned by the Dr. Frederik Paulsen Foundation, being the controlling party. The smallest and largest Company to prepare financial statements which include the results of Trizell Ltd is Insula Corporation Sarl. Consolidated financial statements are available for public use at Insula Corporation Sarl from its registered office address at 7, Rue Robert Stümper, L-2557 Luxembourg, Grand Duchy of Luxembourg.