

**KARUS THERAPEUTICS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 JUNE 2021**

**KARUS THERAPEUTICS LIMITED**

**COMPANY INFORMATION**

**Directors**

Professor Houman Ashrafian  
Dr Thomas Peter Dyrberg  
Timothy Edwards  
Ronald Hunt

**Registered number**

05490954

**Registered office**

Building 173 - Harwell Innovation Centre Curie Avenue  
Harwell Science & Innovation Campus  
Didcot  
Oxfordshire  
OX11 0QG

**Independent auditor**

James Cowper Kreston  
Chartered Accountants and Statutory Auditor  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

# KARUS THERAPEUTICS LIMITED

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# KARUS THERAPEUTICS LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2021

The directors present their report and the financial statements for the Period ended 30 June 2021.

### Directors

The directors who served during the Period were:

Professor Houman Ashrafi  
Dr Thomas Peter Dyrberg  
Timothy Edwards  
Ronald Hunt

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements 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 to 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.

### Principal activity

During the year, after disappointing data, both the clinical development of the company's small molecule inhibitor of histone deacetylase 6 ("HDAC6"), and the research into the next generation of brain-penetrant selective HDAC6 molecules ceased. The company continued to discuss the commercialisation of the company's small molecule inhibitor of phosphoinositide 3-kinase ("PI3K") with external parties and this resulted in the signing of a licence agreement with a Chinese pharmaceutical company after the year end (see note 11).

### Results and dividends

The loss for the Period, after taxation, amounted to £2,303,236 (2020 - loss £3,856,701).

**KARUS THERAPEUTICS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JUNE 2021**

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....  
**Timothy Edwards**

Director

Date: 28 September 2022

## KARUS THERAPEUTICS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KARUS THERAPEUTICS LIMITED

#### Opinion

We have audited the financial statements of Karus Therapeutics Limited (the 'Company') for the Period ended 30 June 2021, which comprise the Statement of comprehensive income, the Balance sheet, the 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 Financial Reporting Standard 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 Company's affairs as at 30 June 2021 and of its loss for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

We have nothing to report in this regard.

## KARUS THERAPEUTICS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KARUS THERAPEUTICS LIMITED (CONTINUED)

#### Opinion 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 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, 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; 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 set out on page 1, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KARUS THERAPEUTICS LIMITED (CONTINUED)

**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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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



**KARUS THERAPEUTICS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KARUS THERAPEUTICS LIMITED (CONTINUED)**

**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.

Sue Staunton MA FCA CF (Senior Statutory Auditor) (Senior statutory auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

28 September 2022

KARUS THERAPEUTICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2021

	<b>6 month period ended 30 June 2021</b>	<b>As restated Year ended 31 December 2020</b>
<b>Note</b>	<b>£</b>	<b>£</b>
Research and development costs	(2,468,870)	(4,438,320)
<b>Operating loss</b>	<b>(2,468,870)</b>	<b>(4,438,320)</b>
Interest receivable and similar income	-	383
Interest payable and similar expenses	(35,026)	(164,090)
<b>Loss before tax</b>	<b>(2,503,896)</b>	<b>(4,602,027)</b>
Tax on loss	200,660	745,326
<b>Loss for the financial Period</b>	<b>(2,303,236)</b>	<b>(3,856,701)</b>
<b>Other comprehensive income for the Period</b>		
<b>Total comprehensive income for the Period</b>	<b>(2,303,236)</b>	<b>(3,856,701)</b>

The notes on pages 11 to 19 form part of these financial statements.

**KARUS THERAPEUTICS LIMITED**  
**REGISTERED NUMBER: 05490954**

**BALANCE SHEET**  
**AS AT 30 JUNE 2021**

		30 June 2021 £	As restated 31 December 2020 £
	Note		
<b>Fixed assets</b>			
Tangible assets	4	735,565	806,451
Investments		1	1
		<u>735,566</u>	<u>806,452</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	1,129,309	1,039,920
Cash at bank and in hand	6	739,620	3,483,010
		<u>1,868,929</u>	<u>4,522,930</u>
Creditors: amounts falling due within one year	7	(685,700)	(2,657,239)
<b>Net current assets</b>		<u>1,183,229</u>	<u>1,865,691</u>
<b>Total assets less current liabilities</b>		<u>1,918,795</u>	<u>2,672,143</u>
<b>Net assets</b>		<u><u>1,918,795</u></u>	<u><u>2,672,143</u></u>
<b>Capital and reserves</b>			
Called up share capital		13,808	13,094
Share premium account		48,801,741	47,252,567
Other reserves		1,057	1,057
Profit and loss account		(46,897,811)	(44,594,575)
		<u><u>1,918,795</u></u>	<u><u>2,672,143</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2022.

**Timothy Edwards**  
Director

The notes on pages 11 to 19 form part of these financial statements.

KARUS THERAPEUTICS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2021

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021 (as previously stated)	13,094	47,252,567	1,057	(44,521,165)	2,745,553
Prior year adjustment (see note 12)	-	-	-	(73,410)	(73,410)
At 1 January 2021 (as restated)	13,094	47,252,567	1,057	(44,594,575)	2,672,143
<b>Comprehensive income for the Period</b>					
Loss for the Period	-	-	-	(2,303,236)	(2,303,236)
<b>Other comprehensive income for the Period</b>	-	-	-	-	-
<b>Total comprehensive income for the Period</b>	-	-	-	(2,303,236)	(2,303,236)
Shares issued during the Period	714	1,549,174	-	-	1,549,888
<b>Total transactions with owners</b>	714	1,549,174	-	-	1,549,888
<b>At 30 June 2021</b>	13,808	48,801,741	1,057	(46,897,811)	1,918,795

The notes on pages 11 to 19 form part of these financial statements.

KARUS THERAPEUTICS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020 (as previously stated)	8,178	29,032,168	770	(40,697,296)	(11,656,180)
Prior year adjustment (see note 12)	-	-	-	(40,578)	(40,578)
At 1 January 2020 (as restated)	8,178	29,032,168	770	(40,737,874)	(11,696,758)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(3,856,701)	(3,856,701)
Share-based payment charge	-	-	287	-	287
<b>Other comprehensive income for the year</b>	-	-	287	-	287
<b>Total comprehensive income for the year</b>	-	-	287	(3,856,701)	(3,856,414)
Shares issued during the year	4,916	18,220,399	-	-	18,225,315
<b>Total transactions with owners</b>	4,916	18,220,399	-	-	18,225,315
<b>At 31 December 2020</b>	<b>13,094</b>	<b>47,252,567</b>	<b>1,057</b>	<b>(44,594,575)</b>	<b>2,672,143</b>

The notes on pages 11 to 19 form part of these financial statements.

# KARUS THERAPEUTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 1. General information

Karus Therapeutics Limited is a private limited company incorporated and domiciled in England and Wales with registered number 05490954. The Company's registered office is at Building 173 - Harwell Innovation Centre Curie Avenue, Harwell Science & Innovation Campus, Didcot, Oxfordshire, OX11 0QG.

The nature of the Company's operations and principal activities are set out in the Directors' Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first time adoption of FRS 102 is given in note 12.

The following principal accounting policies have been applied:

#### 2.2 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

#### 2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021

**2. Accounting policies (continued)**

**2.5 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.6 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.7 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**2.8 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 10 years straight line
Plant and machinery	- 3 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

## KARUS THERAPEUTICS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

#### 2. Accounting policies (continued)

##### 2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

#### 3. Employees

The average monthly number of employees, including directors, during the Period was 8 (2020 - 13).



KARUS THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021

4. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Right-of-use asset £	Total £
<b>Cost or valuation</b>					
At 1 January 2021 (as previously stated)	2,066	452,442	141,601	1,038,234	1,634,343
Prior Year Adjustment	1,340,000	-	-	(1,038,234)	301,766
At 1 January 2021 (as restated)	1,342,066	452,442	141,601	-	1,936,109
Disposals	-	(13,986)	(29,417)	-	(43,403)
At 30 June 2021	1,342,066	438,456	112,184	-	1,892,706
<b>Depreciation</b>					
At 1 January 2021 (as previously stated)	553	447,724	134,212	267,062	849,551
Prior Year Adjustment	547,169	-	-	(267,062)	280,107
At 1 January 2021 (as restated)	547,722	447,724	134,212	-	1,129,658
Charge for the Period on owned assets	67,138	1,057	2,557	-	70,752
Disposals	-	(13,986)	(29,283)	-	(43,269)
At 30 June 2021	614,860	434,795	107,486	-	1,157,141
<b>Net book value</b>					
At 30 June 2021	727,206	3,661	4,698	-	735,565
<b>At 31 December 2020 (as restated)</b>	794,344	4,718	7,389	-	806,451

The net book value of land and buildings may be further analysed as follows:

	30 June 2021 £	31 December 2020 £
Long leasehold	727,206	794,344
	<u>727,206</u>	<u>794,344</u>

**KARUS THERAPEUTICS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021**

**4. Tangible fixed assets (continued)**

Please refer to note 12 for details of prior year restatements that have arisen as a result of the first time adoption of FRS102.

**5. Debtors**

	<b>30 June 2021 £</b>	As restated 31 December 2020 £
Other debtors	<b>55,439</b>	61,821
Prepayments and accrued income	<b>45,555</b>	85,239
Tax recoverable	<b>1,028,315</b>	892,860
	<u><b>1,129,309</b></u>	<u>1,039,920</u>

Please refer to note 12 for details of prior year restatements that have arisen as a result of the first time adoption of FRS102.

**6. Cash and cash equivalents**

	<b>30 June 2021 £</b>	31 December 2020 £
Cash at bank and in hand	<b>739,620</b>	3,483,010
	<u><b>739,620</b></u>	<u>3,483,010</u>

# KARUS THERAPEUTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 7. Creditors: Amounts falling due within one year

	30 June 2021 £	As restated 31 December 2020 £
Trade creditors	112,009	238,307
Other taxation and social security	68,778	31,847
Other creditors	379,417	1,988,261
Accruals and deferred income	125,496	398,824
	<u>685,700</u>	<u>2,657,239</u>

Please refer to note 12 for details of prior year restatements that have arisen as a result of the first time adoption of FRS102.

### 8. Share capital

	30 June 2021 £	31 December 2020 £
<b>Allotted, called up and fully paid</b>		
123,829 (2020 - 93,400) Ordinary shares of £0.01 each	1,238	934
23,038 (2020 - 23,000) Series A shares of £0.01 each	230	230
1,233,971 (2020 - 1,193,000) Series B shares of £0.01 each	12,340	11,930
	<u>13,808</u>	<u>13,094</u>

During the 6 month period ended 30 June 2021, the Company issued 30,427 Ordinary shares for a total consideration of £304 and, the Company issued 41,016 Series B shares for a total consideration of £1,549,584.

### 9. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £20,546 (2020 - £47,307). Contributions totalling £250 (2020 - £5,197) were payable to the fund at the balance sheet date and are included in creditors.

# KARUS THERAPEUTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 10. Commitments under operating leases

At 30 June 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 June 2021 £	31 December 2020 £
Not later than 1 year	182,832	182,832
Later than 1 year and not later than 5 years	198,067	289,483
	<u>380,899</u>	<u>472,315</u>

The operating lease commitments for the year ended 31 December 2020 have been included in the above note as a result of the first time adoption of FRS102. Please refer to note 12 for more details.

### 11. Post balance sheet events

On 31 July 2021 the Company's final remaining employee was made redundant.

On 31 July 2021 the Company surrendered its lease to the Genesis Building back to the landlord (Harwell) in order to avoid the future rental payments.

On 31 August 2021, the company signed an agreement with a Chinese pharma company named Convalife (Shanghai) Co Ltd, licensing to them the rights to develop and commercialise KA2237 for the Greater China territory. Under this agreement the Chinese company had the right to carry out a non-clinical, evaluation study, following which they would have a time-limited option to make an outright acquisition of all the worldwide patents and know-how associated with the KA2237 program.

On 8 July 2022, Convalife exercised its option and acquired all the outstanding worldwide patents relating to KA2237, taking over responsibility for the development, manufacture and commercialisation of KA2237 worldwide. For a defined period, Karus has continuing obligations to Convalife to continue to transfer manufacturing and regulatory data to them, and assist with the assignment of all the worldwide patents.

KARUS THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021

12. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2020. The impact of the transition to FRS 102 is as follows:

	As previously stated 1 January 2020 £	Effect of transition 2020 £	FRS 102 (as restated) 1 January 2020 £	As previously stated 31 December 2020 £	Effect of transition 31 December 2020 £	FRS 102 (as restated) 31 December 2020 £
Note						
Fixed assets	903,265	37,095	940,360	784,793	21,659	806,452
Current assets	7,963,086	38,207	8,001,293	4,522,930	-	4,522,930
Creditors: amounts falling due within one year	20,220,293 )	(421,131 )	20,641,424 )	(2,364,016 )	(293,223 )	(2,657,239 )
Net current (liabilities)/assets	12,257,207 )	(382,924 )	12,640,131 )	2,158,914	(293,223 )	1,865,691
Total assets less current liabilities	11,353,942 )	(345,829 )	11,699,771 )	2,943,707	(271,564 )	2,672,143
Creditors: amounts falling due after more than one year	(811,905 )	811,905	-	(704,824 )	704,824	-
Net (liabilities)/assets	12,165,847 )	466,076	11,699,771 )	2,238,883	433,260	2,672,143
Capital and reserves	12,165,847 )	466,076	11,699,771 )	2,238,883	433,260	2,672,143

KARUS THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021

12. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2020 £	Effect of transition 31 December 2020 £	FRS 102 (as restated) 31 December 2020 £
		-	-	-
Administrative expenses		(4,334,440)	(103,880)	(4,438,320)
Operating profit		(4,334,440)	(103,880)	(4,438,320)
		383	-	383
Interest receivable and similar income		(232,141)	68,051	(164,090)
Interest payable and similar charges		745,326	-	745,326
Taxation				
<b>Loss on ordinary activities after taxation and for the financial year</b>		<u>(3,820,872)</u>	<u>(35,829)</u>	<u>(3,856,701)</u>

Explanation of changes to previously reported profit and equity:

1 As a result of applying FRS102 S.20 Leases, the Company has derecognised a Right of Use asset of £889,734 and a respective Lease Liability of £874,942. The Company has then recognised a Leasehold Improvement asset of £926,831, an other creditor of £484,167, a rent prepayment of £44,629 and increased retained earnings by £466,076 as at 1 January 2020.

During the year ended 31 December 2020, the Company has derecognised a Right of Use Asset of £769,507 and a respective lease liability of £825,768. The Company has reversed Right of Use asset depreciation of £135,232 and interest of £68,051. The Company has then recognised a Leasehold Improvement asset of £791,166, an other creditor of £414,167, increased Research and Development expenses of £239,112 and increased retained earnings by £433,260.

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