

PULMOCIDE LIMITED

**Company Registration Number:
06182024 (England and Wales)**

Unaudited statutory accounts for the year ended 31 December 2021

Period of accounts

Start date: 1 April 2021

End date: 31 December 2021

PULMOCIDE LIMITED

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Directors' report period ended 31 December 2021

The directors present their report with the financial statements of the company for the period ended 31 December 2021

Principal activities of the company

The principal activity of the Company is biopharmaceutical drug research, development and commercialisation and the directors expect the Company to continue with its principal activity into the foreseeable future.

Additional information

Review of business and future developments The directors are satisfied with the result for the period, which was as expected. The loss before taxation for the period was £12,435,851 (year ended 31 March 2021: £14,688,619). In addition the waiver of interest on preference shares and the reversal of accumulated dividends resulted in a gain of £17,317,620 that was credited directly to reserves. There remains cumulative losses and the directors have not recommended the payment of a dividend (year ended 31 March 2021: £nil). While the severity of the COVID-19 pandemic has eased, the effects on our supply chain and labour at our contracted CROs and clinical sites are still being adversely affected. The situation will continue to be monitored during the new financial year. The Russian invasion of the Ukraine has had an impact on the Company. The initial plan was to have five clinical sites in Russia for the PSP 006 Phase 3 Efficacy study. However, all sites located in Russia have now been withdrawn from the study and are being replaced by five alternative sites elsewhere. Although this will have a potential impact on both the cost and timing of the PSP 006 Efficacy study, management has assessed and continues to assess the likely impact of the war in Ukraine on the financial position of the Company and has concluded that, at present, it is not expected to affect the Company's ability to continue as a going concern. The developing and uncertain situation will continue to be closely monitored throughout the new financial year. **Going concern** The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operational existence for the foreseeable future and for at least 12 months from the approval of these financial statements. For the 9 month period ended 31 December 2021, the Company made a loss after taxation of £10,225,036 (year ended 31 March 2021: £12,878,395). As at 31 December 2021, the Company had total net assets of £37,290,370 (year ended 31 March 2021: net liabilities of £68,437,990). The Company completed a Series C funding round in April 2021 in the sum of £70.5m (\$95.5m) of which £50.1m (\$68m) had been received as at 31 December 2021 and is included within the cash balance at this date. The third (final) tranche is expected by mid-2023 £20.4m (\$27.5m) upon achievement of a well-defined clinical milestone. The Company anticipates that the current cash balance will run to May 2023 under the current business plan. Accordingly, as the company expects to continue to incur significant costs from the continuation of a clinical trial, the Company has planned an additional equity funding round during the fourth quarter of 2022, in addition to the third tranche closing as expected after mid 2023. The directors are confident that it is appropriate to prepare these financial statements on a going concern basis. However, there is no guarantee that attempts to raise additional funding nor the achievement of the clinical milestone for the third (final) tranche will be successful, therefore these represent a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. **Small companies provision statement** This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available and has not presented a Strategic Report. **Research and Development** Pulmocide is a biopharmaceutical company with a mission to treat common acute and chronic respiratory tract infections associated with serious, often life-threatening complications and can have significant effect on patients' quality of life. The Company's innovative approach to drug development provides targeted delivery to the lung so that infections can be treated with minimal unwanted systemic effects. The current focus is the next stage of development of PC945/Opelconazole, a potent, novel anti-fungal agent that has been specifically developed as an inhaled treatment for pulmonary aspergillosis. Two registration studies to support filing for approval have now been commenced. Research and Development costs of £8,679,711 (year ended 31 March 2021: £5,390,488) were charged to the Profit and Loss Account. **Directors' indemnities** As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased Directors' and Officers' liability insurance in respect of itself and its directors and maintained this throughout the financial period. **Independent Auditors** The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at a Board Meeting. **Statement of directors' responsibilities in respect of the financial statements** The directors are responsible for preparing the Directors' report and financial statements and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law). Under company law, 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 the financial statements, the directors are required to: select suitable accounting policies and then apply them consistently; state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A have been followed, subject to any material departures disclosed and explained in the financial statements; make judgements and accounting estimates that are reasonable and prudent; and 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also 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. **Directors' confirmations** In the case of each director in office at the date the Directors' report is approved: As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors

The directors shown below have held office during the whole of the period from
1 April 2021 to 31 December 2021

Catherine Elizabeth Bingham
Daniel Dean Burgess
Matthew James Foy
Stephen Christian Knight
Fiona Caroline Mash
IP2IPO Services Limited

The director shown below has held office during the period of
21 September 2021 to 31 December 2021

James Robert Myers

The directors shown below have held office during the period of
18 May 2021 to 31 December 2021

Kabeer Aziz
Sabine Kohar Dandiguian

The above report has been prepared in accordance with the special provisions in part 15 of the Companies Act 2006

This report was approved by the board of directors on
1 November 2022

And signed on behalf of the board by:

Name: Daniel Dean Burgess

Status: Director

PULMOCIDE LIMITED

Profit And Loss Account for the Period Ended 31 December 2021

	<i>31 December 2021</i>	<i>31 March 2021</i>
	£	£
Turnover:	0	0
Cost of sales:	0	0
Gross profit(or loss):	<u>0</u>	<u>0</u>
Distribution costs:	0	0
Administrative expenses:	(12,022,068)	(10,143,325)
Operating profit(or loss):	<u>(12,022,068)</u>	<u>(10,143,325)</u>
Interest payable and similar charges:	(413,783)	(4,545,294)
Profit(or loss) before tax:	<u>(12,435,851)</u>	<u>(14,688,619)</u>
Tax:	2,210,815	1,810,224
Profit(or loss) for the financial year:	<u>(10,225,036)</u>	<u>(12,878,395)</u>

PULMOCIDE LIMITED

Balance sheet

As at 31 December 2021

	<i>Notes</i>	<i>31 December 2021</i>	<i>31 March 2021</i>
		£	£
Called up share capital not paid:		0	0
Fixed assets			
Tangible assets:	3	23,806	8,449
Investments:	4	407,914	234,055
Total fixed assets:		<u>431,720</u>	<u>242,504</u>
Current assets			
Debtors:	5	4,623,887	2,338,733
Cash at bank and in hand:		35,509,633	5,903,046
Total current assets:		<u>40,133,520</u>	<u>8,241,779</u>
Creditors: amounts falling due within one year:	6	(3,274,870)	(12,893,091)
Net current assets (liabilities):		<u>36,858,650</u>	<u>(4,651,312)</u>
Total assets less current liabilities:		<u>37,290,370</u>	<u>(4,408,808)</u>
Creditors: amounts falling due after more than one year:	7	0	(64,029,182)
Total net assets (liabilities):		<u>37,290,370</u>	<u>(68,437,990)</u>
Capital and reserves			
Called up share capital:		1,238,028	28,220
Share premium account:		95,562,774	0
Other reserves:		2,366,845	1,942,964
Profit and loss account:		(61,877,277)	(70,409,174)
Total Shareholders' funds:		<u>37,290,370</u>	<u>(68,437,990)</u>

The notes form part of these financial statements

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Balance sheet statements

For the year ending 31 December 2021 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

**This report was approved by the board of directors on 1 November 2022
and signed on behalf of the board by:**

Name: Daniel Dean Burgess
Status: Director

The notes form part of these financial statements

PULMOCIDE LIMITED

Notes to the Financial Statements

for the Period Ended 31 December 2021

1. Accounting policies

Basis of measurement and preparation

These financial statements have been prepared in accordance with the provisions of Section 1A (Small Entities) of Financial Reporting Standard 102

Tangible fixed assets depreciation policy

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows: Plant and machinery 25% and 33% per annum on cost. Repairs, maintenance, and minor inspection costs are expensed as incurred.

Other accounting policies

General Information Pulmocide Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK. The address of its registered office is Office Suite 3.01, 44 Southampton Buildings, London, WC2A 1AP. The principal activity of the Company is that of a pharmaceutical drug research and development and commercialisation company.

Statement of Compliance The individual financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A and the Companies Act 2006.

Accounting Policies The significant accounting policies, which have been applied consistently to all years and periods presented, are set out below:

Basis of preparation The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

Exemption from the preparation of consolidated financial statements The Company has taken advantage of an available exemption from the preparation of consolidated financial statements under section 405 of Companies Act 2006, on the basis that the impact of consolidating its subsidiary undertaking, Pulmocide Inc., would not be material in aggregate, to the financial statements.

Exemption from preparation of a statement of cash flows The Company has taken advantage of the exemption under FRS102 paragraph 7.1(b) from the requirement to produce a statement of cash flows on the grounds that the Company is a small reporting entity.

Exemption from disclosure of related party transactions The Company has taken advantage of the exemption included in Section 1AC.35 of FRS 102 from disclosing transactions with group companies and directors of the Company where transactions are concluded under normal market conditions.

Going concern The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operational existence for the foreseeable future and for at least 12 months from the approval of these financial statements.

For the 9 month period ended 31 December 2021, the Company made a loss after taxation of £10,225,036 (year ended 31 March 2021: £12,878,395). As at 31 December 2021, the Company had total net assets of £37,290,370 (31 March 2021: net liabilities of £68,437,990).

The Company completed a Series C funding round in April 2021 in the sum of £70.5m (\$95.5m) of which £50.1m (\$68m) had been received as at 31 December 2021 and is included within the cash balance at this date. The third (final) tranche is expected by mid-2023 £20.4m (\$27.5m) upon achievement of a well-defined clinical milestone. The Company anticipates that the current cash balance will run to May 2023 under the current business plan. Accordingly, as the company expects to continue to incur significant costs from the continuation of a clinical trial, the Company has planned an additional equity funding round during the fourth quarter of 2022, in addition to the third tranche closing as expected after mid 2023. The directors are confident that it is appropriate to prepare these financial statements on a going concern basis. However, there is no guarantee that attempts to raise additional funding nor the achievement of the clinical milestone for the third (final) tranche will be successful, therefore these represent a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Tangible assets and depreciation Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows: Plant and machinery 25 and 33 per annum on cost. Repairs, maintenance, and minor inspection costs are expensed as incurred.

Employee benefits The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the benefit is received. The Company operates a defined contribution plan for employees to which it pays fixed contributions into a separate entity. Once paid, the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid at the period end are shown as accruals on the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Share based payments The Company operates an employee share scheme, whereby options are granted to employees to purchase shares in the Company. In accordance with the requirements of FRS 102, the fair value of these options is recorded in the Profit and Loss account over the period to which the associated employee's service relates. The Company has also granted share options to non-employees to purchase shares in the Company. In accordance with the requirements of FRS 102, the fair value of these options is recorded in the Profit and Loss account over the period to which the individuals provide services to the Company. The fair value is calculated using the Black-Scholes option pricing model. On determining fair values, terms and conditions attaching to the instruments are taken into account. Management is also required to make certain assumptions and estimates regarding such items as the expected life of instruments, share price, volatility, and forfeiture rates. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to vest and recognises the impact of any revision to original estimates in the Profit and Loss account, with a corresponding adjustment to equity. When the options are exercised, the Company will issue new shares and the proceeds received, net of any directly attributable transactions costs, will be credited to share capital (nominal value).

Leases Costs in respect of operating leases are charged to the Profit and Loss account on a straight-line basis over the lease term.

Research Research costs are expensed in the

period they are incurred. Research and development tax credit Research and development tax credits are calculated based on actual reported expenditures and are accounted for on the accruals basis as the expenditure is incurred. An assessment is performed and filed with HMRC annually. Share Capital and other reserves Ordinary shares are classified as equity. Preference shares are classified as either debt or equity. Incremental costs directly attributable to the issue of new ordinary shares or preference shares are shown in equity as a deduction, net of tax, from the proceeds. The funds raised in excess of share capital are recognised as share premium. Other reserves represent the cumulative cost of the share option plan in place for employees of the company. Trade Creditors Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are measured at transaction price. Cash at bank and in hand Cash and cash equivalents include cash in hand and deposits held at call with banks. Investments in subsidiaries Investments in subsidiary undertakings are stated at cost less any provision for impairment. Convertible loan Notes Convertible Loan Notes can be converted to preference shares at the option of the holder, and the number of shares to be issued can vary with changes in their fair value. Until the Series C fundraise, all preference shares were classified as a financial liability, the optional holder conversion right is a financial liability and the mandatory conversion feature is a financial liability, therefore the conversion feature exchanges one financial liability for another and hence meets the definition of a financial liability under FRS 102. Given the convertible loan instrument has no equity component and the criteria for basic classification in FRS 102 para 11.9 is not met because of the existence of the conversion features, the convertible loan notes have been classified as a complex financial instrument ('other financial instrument') and measured at fair value through profit or loss. Deferred taxation Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax that may apply to unexercised staff share options is also taken into consideration. Prior year restatement – Equity reserve for convertible loan notes The convertible loan note was previously bifurcated into a liability host measured at amortised cost and an equity component. As part of our regular reviews of legal agreements we have reconsidered the terms of the convertible loan note agreement. Thus, we have determined that this instrument did not have an equity component, rather it should have been classified wholly as a financial liability measured at fair value through profit and loss. As at 1 April 2020, the total impact on the opening convertible loan note reserve within 'other reserves' was a reduction of £1,370,943 to nil, with a corresponding increase in preference shares liability within Creditors: amounts falling due within one year by £1,370,943. Additionally, as at 31 March 2021 the convertible loan note was expected to be redeemed or converted within one year from this date. Consequently, 100% of the loan note balance (£10,209,841, which includes the £1,370,943 adjustment noted above) has been reclassified from Creditors: amounts falling due after more than one year to Creditors: amounts falling due within one year. Critical accounting judgements and key sources of estimation uncertainty The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Preference Shares For the period ended 31 December 2021 all preference shares have been accounted for as equity. For accounting periods up to and including 31 March 2021 preference shares were accounted for as a liability. A key judgement has been made to the classification of the C1 and C2 preference shares following the Series C funding round on 29 April 2021 in relation to the contracted receipt of tranche 3 of the Series C funding round. In respect of the classification of the C1 and C2 preference shares the following judgements have been made in order to conclude that preference shares should be classified as equity under FRS 102 section 22: C1 Preference shares have an anti-dilution clause, whereby the conversion price is reduced for any subsequent at-market issuance of C1 shares at a price below the instrument's original strike price. Management has concluded that the issuance of new shares, which triggers the anti-dilution clause is entirely within the Company's control and the issue of dividends are also discretionary; and As part of the Series C fundraising A preference shareholders waived the 8% dividend on their preference shares and accepted a lower conversion ratio in return for an improved liquidation preference. B Preference shareholders waived the 8% dividend on their preference shares in return for an increased conversion ratio. Management has concluded that the A and B preference shareholders have decided to waive their 8% dividend in order to secure financing for the business as they were acting in their capacity as shareholders. Share based payment charge The Company's employees have been granted share options by the Company. In accordance with the requirements of FRS 102, the related share-based payment expense is expensed to the Profit and loss account to which the associated employee's service relates. The cost of these share options is dependent on a number of estimates, primarily the estimated fair value at grant date of each option and the proportion of employees for whom options are expected to vest in full. Management estimates these factors in determining the aggregate cost of each share option grant. The assumptions underlying these estimates reflect historical experience and current trends. Management does not consider there to be any other critical accounting judgements, estimates or assumptions that have a significant risk to the carrying amount of assets and liabilities in the next financial year.

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Notes to the Financial Statements for the Period Ended 31 December 2021

2. Employees

	<i>31 December 2021</i>	<i>31 March 2021</i>
Average number of employees during the period	6	9

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Notes to the Financial Statements

for the Period Ended 31 December 2021

3. Tangible assets

	Land & buildings	Plant & machinery	Fixtures & fittings	Office equipment	Motor vehicles	Total
Cost	£	£	£	£	£	£
At 1 April 2021		315,692				315,692
Additions		24,078				24,078
Disposals		(250,673)				(250,673)
Revaluations						
Transfers						
At 31 December 2021		89,097				89,097
Depreciation						
At 1 April 2021		307,243				307,243
Charge for year		7,409				7,409
On disposals		(249,361)				(249,361)
Other adjustments						
At 31 December 2021		65,291				65,291
Net book value						
At 31 December 2021		23,806				23,806
At 31 March 2021		8,449				8,449

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Notes to the Financial Statements

for the Period Ended 31 December 2021

4. Fixed assets investments note

Movement in non-current investmentsCost or Valuation and Net Book Value £As at 1 April 2021 234055Additions 173859As at 31 December 2021 407914Subsidiaries and related undertakingsThe list of subsidiaries and other related undertakings is as follows:Pulmocide Inc was incorporated August 2019. Pulmocide Spain was incorporated October 2021.Pulmocide Inc155 Federal Street, Boston, MA 02210, USAPharmaceutical drug research, development and commercialisation100% ownedPulmocide SpainBartolome Briones, Velazquez 12, 28001, Madrid, Spain100% ownedThe company's investment in Pulmocide Inc and Pulmocide Spain is direct ownership.

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Notes to the Financial Statements **for the Period Ended 31 December 2021**

5. Debtors

	<i>31 December 2021</i>	<i>31 March 2021</i>
	<i>£</i>	<i>£</i>
Prepayments and accrued income	303,514	92,184
Other debtors	4,320,373	2,246,549
Total	<u>4,623,887</u>	<u>2,338,733</u>

Other debtors are made up of 31-Dec-21 31-Mar-21 Taxation 3,970,606 1,810,223 Other 349,767 436,326 Total 4,320,373 2,246,549

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Notes to the Financial Statements

for the Period Ended 31 December 2021

6. Creditors: amounts falling due within one year note

	31 December 2021	31 March 2021
	£	£
Trade creditors	1,977,458	1,756,239
Taxation and social security	67,240	54,398
Accruals and deferred income	1,102,117	821,570
Other creditors	128,055	10,260,884
Total	<u>3,274,870</u>	<u>12,893,091</u>

Other creditors are made up as follow 31-Dec-21 31-Mar-21 Amount due to group undertakings 128,055 51,043 Convertible loan Notes - 10,209,841 Total 128,055 10,260,884 Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. On 14 February 2020 the Company created up to \$12,000,000 Unsecured Convertible Loan Notes. At that date Notes to the value \$10,000,000 were issued to existing investors and cash was received in the same month. Investors subscribed on a pro rata basis relative to their holding of Preferences Shares at that time. On 14 March 2020 the Company executed an agreement with Asahi Kasei Pharma Corporation for a subscription of \$2,000,000 of Loan Notes, which were issued on 25 March 2020 following receipt of cash. The Notes accrue interest on a daily basis with a maturity date of two years following the date of issue. Accumulated interest will be payable by the Company on maturity date to the extent that Notes have not converted into shares in the Company. The interest rate for each issue was set as the LIBOR rate for USD overnight on the appropriate page of the Reuters screen as of 11.00am London time on the day falling two business days before completion. The interest rate for existing investors is 1.57% and for Asahi Kasei 0.21%. Noteholders may convert into Series B preference shares at any time prior to the Maturity date. Automatic conversion occurred on the event of a Relevant Fundraising, defined as the allotment and issue of shares in the capital of the Company the primary purpose of which is the bona fide raising of capital for the Company. Under the terms of the Instrument, Notes will convert at the lower of the Series B price and a 15% discount to the Relevant Fundraising Price. The interest for the period to 31 December 2021 has been calculated as £413,783 (year ended 31 March 2021: £785,295) and charged to Interest payable and similar expenses in the profit and loss account for the period. On 29 April 2021 as part of the Series C fundraising round the interest on the loan notes was waived by the shareholders and the loan notes were converted into C2 Preference shares at a 15% discount to the Series C share price. 15,686,274 Series C2 preference shares were issued as a result of the conversion which are accounted for under equity.

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Notes to the Financial Statements

for the Period Ended 31 December 2021

7. Creditors: amounts falling due after more than one year note

	31 December 2021	31 March 2021
	£	£
Other creditors	0	64,029,182
Total	<u>0</u>	<u>64,029,182</u>

Other creditors are 31-Dec-21 31-Mar-21 Preference shares - 64,029,182 Preference shares

The company has four classes of Preference Shares; A, B, C1 and C2. A preference shares arose from the Series A fundraise. B preference shares arose from the Series B fundraise. C1 preference shares arose from the Series C fundraise with C2 preference shares arising from the conversion of the convertible loan notes as part of the Series C fundraising round. On a return of capital, liquidation, or sale of the entire issued share capital of the Company, the preference shareholders have priority over all classes of shares. The authorised, allotted, called-up and fully paid 41,841,270 (31 March 2021: 41,841,270) Preference A shares and Preference B shares of £0.01 each have the same voting rights attached as the ordinary share capital. Both Preference A shares and Preference B shares initially carried an 8% per annum preferred dividend. If there were distributable profits with which to pay it, this dividend would have been payable in priority to payment of any other dividend. The cumulative preferred dividends payable included in the preference share liability at 31 December 2021 is therefore £nil (31 March 2021: £17,029,182). As at 31 December 2021, no liability is shown in respect of preference shares as these have been reclassified to equity as a result of the Series C fundraise on 29 April 2021. See 'Critical accounting judgements and key sources of estimation uncertainty' on page 18 for further detail. Total interest payable and similar expenses of £413,783 (March 2021: £4,545,294) in respect of the year ended 31 December 2021 includes preferred dividend expense of £288,348 (March 2021: £3,760,000) and convertible loan note fair value charge of £125,345 (March 2021: £83,485).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.