



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details	
Company number	0 8 8 4 0 5 7 9
Company name in full	4D Pharma Plc
→ Filling in this form Please complete in typescript or in bold black capitals.	
2 Administrator's name	
Full forename(s)	James Richard
Surname	Clark
3 Administrator's address	
Building name/number	c/o Interpath Ltd
Street	4th Floor, Tailors Corner, Thirsk Row
Post town	Leeds
County/Region	
Postcode	L S 1 4 D P
Country	
4 Administrator's name ①	
Full forename(s)	David John
Surname	Pike
① Other administrator Use this section to tell us about another administrator.	
5 Administrator's address ②	
Building name/number	c/o Interpath Ltd
Street	4th Floor, Tailors Corner, Thirsk Row
Post town	Leeds
County/Region	
Postcode	L S 1 4 D P
Country	
② Other administrator Use this section to tell us about another administrator.	

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 4	^m 0	^m 6	^y 2	^y 0	^y 2	^y 3
To date	^d 2	^d 3	^m 1	^m 2	^y 2	^y 0	^y 2	^y 3

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

J All

X

Signature date

^d 1	^d 9	^m 0	^m 1	^y 2	^y 0	^y 2	^y 4
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AM10

Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Aruj Mughal**

Company name **Interpath Ltd**

Address **5th Floor, 130 St Vincent Street**

Glasgow

Post town **G2 5HF**

County/Region

Postcode

Country

DX

Telephone **Tel +44 (0) 113 521 7510**

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Joint
Administrators'
progress report
for the period 24
June 2023 to 23
December 2023

4D Pharma Plc - in Administration

19 January 2024

Deemed delivered: 19 January 2024

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website:

www.ia-insolv.com/case+INTERPATH+FM624A1433.html. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 8).

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1 Executive summary

This progress report is in respect of 4D Pharma Plc (in administration) and covers the period from 24 June 2023 to 23 December 2023.

As previously reported, a sale of the intellectual property belonging to the Company, 4D Pharma Research Limited (in administration) and 4D Pharma Cork Limited (in receivership) was completed on 4 May 2023, upon which our trading in administration ceased. We are continuing to support the purchaser in the transfer of intellectual property (including data and patents) in-line with GDPR requirements.

Since 4 May 2023, we have also been managing the termination of clinical trials that were ongoing, and safety reporting in-line with regulatory requirements. Other activities include the managed wind-down of the Company's activities and ensuring compliance with administration regulatory duties and reporting requirements.

Armistice Capital LLC is the Company's secured creditor. The amount currently outstanding to Armistice is US \$10.4 million, after having received distributions from the administration of US \$5.3 million to date. We anticipate that Armistice will receive further distributions but will not recover its indebtedness in full.

Ordinary preferential claims are expected to total £53,000 and will be repaid in full.

We are not aware of any secondary preferential claims against the Company.

Unsecured creditors will receive a dividend from the prescribed part fund only. We have yet to determine the pence in the £ return, but we will do so when we have completed the realisation of assets and payment of associated costs, together with the adjudication of creditor claims.

The administration is currently due to end on 23 June 2024. It may be necessary for us to make an application to court for an order to extend the period of the administration if remaining matters cannot be completed by the current automatic end date.

Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at www.ia-insolv.com/case+INTERPATH+FM624A1433.html. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



James Clark
Joint Administrator

2 Progress to date

This progress report is in respect of 4D Pharma Plc ('Company') and covers the period from 24 June 2023 to 23 December 2023 ('Period'). This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress reports.

2.1 Strategy and progress to date

Strategy

As detailed in our prior progress report, on 4 May 2023 we completed a sale of the Company's intellectual property, together with the intellectual property of 4D Pharma Research Limited (in administration) and 4D Pharma Cork Limited (in receivership). The sale also included the transfer of whatever rights, title and interest the Company may have in intellectual property related to certain clinical trials, testing and research. These assets were sold to CJ Bioscience Inc ('CJB'), an unconnected third party, for consideration which included a US \$900,000 non-refundable deposit paid on exchange with further consideration of US \$5,187,069 paid on completion. The apportionment of the sale consideration between the three sellers is as set out in our prior progress report, and the amounts owing to 4D Pharma Research Limited (in administration) and 4D Pharma Cork Limited (in receivership) have yet to be transferred.

We are continuing to support CJB in relation to the transfer of intellectual property (including data and patents) in-line with GDPR requirements.

Creditors will recall that we traded the business in administration from the date of our appointment until the completion date of the above-mentioned intellectual property sale to CJB on 4 May 2023. Following the cessation of trading, we have been managing the closing-down of clinical trials that were in progress, which must be done in accordance with regulatory standards and medical best-practice. We are working to recover surplus funds paid to clinical trial partners prior to the administration, and we are otherwise managing an orderly wind-down of the business.

Once the above matters have been completed, when asset realisations have been finalised and the associated costs of realisation paid, our attention will turn to making remaining creditor distributions as soon as reasonably possible.

We have and will continue to deal with all regulatory and other affairs of the Company insofar as they relate to the administration until our exit from office. We shall report again to creditors within one month of 23 June 2024, or earlier if the administration has been completed prior to that time.

2.2 Asset realisations

Realisations during the Period are set out in the attached receipts and payments accounts (Appendix 2). Creditors should note that separate GB £ and US \$ receipts and payments accounts are maintained, both of which are attached at Appendix 2.

Summaries of the most significant realisations during the Period are provided below.

Bank interest

Bank interest of £7,922 and US \$22,845 has been received during the Period.

VAT Refund (Post appt)

During the Period, £140,213 has been received from HM Revenue and Customs in respect of a VAT repayment relating to the 09/23 VAT quarter.

Investigations

We have continued to review the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors. No such causes of action have been identified.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.3 Costs

Payments made in this Period are set out in the attached receipts and payments accounts (Appendix 2). Creditors should note that separate GB £ and US \$ receipts and payments accounts are maintained, both of which are attached at Appendix 2.

Summaries of the most significant payments made during the Period are provided below.

Critical suppliers

During the Period, a total of £644,515 and US \$49,376 has been paid to critical suppliers. This includes:

- Costs incurred in relation to the termination of clinical trials in-line with regulatory requirements and best-practice.
- Other general trading costs including insurance, maintenance of IT systems and cloud support.

Consultancy fees

Consultancy fees paid in the Period were incurred in relation to the close-out of clinical trials, these total £6,284.

Administrators' fees

The Joint Administrators drew further interim remuneration of £700,000 (US \$906,710 at the exchange rate applied at the time of payment) in the Period, which was paid out of the US \$ account and is in accordance with the approval of creditors.

Legal fees

£2,138 was paid in the Period for the provision of legal services.

2.4 Schedule of expenses

We have detailed the costs incurred during the Period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

3 Dividend prospects

3.1 Secured creditor

Armistice Capital LLC

On 7 October 2022 Armistice Capital LLC ('Armistice') acquired the debt and associated debenture, comprising fixed and floating charges, from Oxford Finance Luxembourg S.A.R.L, thereby becoming the secured creditor. As at the date of this transaction these debts were approximately US \$15.6 million, which includes interest and charges.

No distributions have not been made to Armistice during the Period, however we have previously made distributions totalling US \$5.3 million. Of these, US \$1.9 million relates to fixed charge realisations and US \$3.4 million to floating charge realisations. A sum of US \$10.4 million remains outstanding to Armistice. We expect that further distributions will be available to Armistice; however, we do not anticipate that Armistice will recover its indebtedness in full.

3.2 Ordinary preferential creditors (employees)

We expect the amount of ordinary preferential claims to be £53,000 and will be repaid in full.

3.3 Secondary preferential creditors (HMRC)

We are not aware of any secondary preferential claims against the Company.

3.4 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend from the prescribed part fund. We have yet to determine the pence in the £ return, but we will do so when we have completed the realisation of assets and payment of associated costs, together with the adjudication of creditor claims.

4 Joint Administrators' remuneration and expenses

4.1 Joint Administrators' remuneration and expenses

On 20 October 2022, the creditors provided their approval:

- **That** the Joint Administrators' remuneration be drawn on the basis of time properly given by them and the various grades of their staff in attending to matters arising in the administration in accordance with the fee estimate and charge-out rates, as set out in the Statement of Proposals. This will include work undertaken in respect of, but not limited to tax, VAT and employee advice from Interpath in-house specialists.
- **That** Category 2 expenses (as defined in Statement of Insolvency Practice 9) be charged and drawn in accordance with Interpath Advisory's policy as set out in the Statement of Proposals.
- **That** all unpaid pre-administration costs, as set out in the Statement of Proposals, be paid as an expense of the administration.

On 22 May 2023, the creditors provided their approval:

- **That** the Joint Administrators' revised fee estimate provided at Appendix 4 in our letter dated 27 April 2023 be approved.

Time costs

From 24 June 2023 to 23 December 2023, we have incurred time costs of £310,677. These represent 497 hours at an average rate of £625 per hour. This brings total time costs incurred since the outset of the administration to £2,971,441.

Remuneration

During the Period, we have drawn additional interim remuneration of £700,000 (US \$906,710 at the exchange rate applied at the time of payment), which brings total drawings to date to £1,880,717 (US \$2,284,451 at the exchange rates applied at the time of payment). This is in accordance with the approval of creditors.

Administrators' expenses

During the Period, we have incurred disbursements of £1,811, none of which have been repaid to Interpath.

Additional information

It has become apparent that during the Period our time costs have already exceeded our previous fees estimate of £2,606,614, approved by creditors on 22 May 2023. Therefore, we

are seeking approval from creditors to an increase in our fees, as shown in our revised fees estimate attached at Appendix 4. Our anticipated time costs have increased due to the following reasons:

- Time spent in facilitating the intellectual property sale post-completion, including the transfer of patents across multiple jurisdictions globally. The transfer of the intellectual property was more complex than initially anticipated and has incurred significantly more time than was envisaged.
- The closure of the clinical trials in-line with regulatory and GDPR obligations is a complex procedure that has resulted in a time commitment above that initially anticipated. This is given the volume correspondence with numerous third parties across multiple organisations.
- We are continuing to pursue the recovery of funds due to the administration estate in relation to surplus clinical trial funds, again incurring more time than was anticipated.

We have also attached a revised expenses estimate for the administration at Appendix 5, for creditors information.

In addition, we have attached (Appendix 6) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Interpath for the period from 24 June 2023 to 23 December 2023. We have also attached our charging and expenses policy.

5 Other matters

5.1 Decision procedure

Notice of seeking a decision by correspondence will be provided to creditors. A 'decision by correspondence' procedure is being used to seek approval for a revision of our fees estimate (attached at Appendix 4).

Please note that if a Creditors' Committee is formed, the votes cast by creditors in relation to the proposed decisions above will be disregarded.

Creditors' right to request a physical meeting

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors or (c) 10 creditors and (2) if the procedures set out below are followed.

Requests for a physical meeting must be made within five business days of the date on which notice of the decision procedure was delivered. They must include:

- a statement of the requesting creditors' claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting.

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a physical meeting, please complete and return the physical meeting requisition form.

6 Future strategy

6.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- Settling the remaining trading costs, consisting of clinical trial termination costs and associated consultancy fees;
- Finalisation and conclusion of the clinical trials in-line with regulatory requirements and medical best-practice;
- Working to recover surplus funds that were paid to the clinical trial partners pre-administration;
- Making additional distributions to the secured creditor;
- Adjudicating on preferential and unsecured creditor claims in order to make distributions;
- Complying with legal and statutory obligations arising from the administration;
- If necessary, seek to extend the period of the administration in order that the above matters can be resolved, should additional time be required.

When the above matters have been completed, we will take necessary steps to bring the administration to a close.

6.2 Discharge from liability

On 20 October 2022, the creditors gave their approval that we be discharged from liability in respect of any actions as Joint Administrators, upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

6.3 Future reporting

We will provide a further progress report within one month of 23 June 2024, or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company name	4D Pharma Plc
Date of incorporation	10 January 2014
Company registration number	08840579
Present registered office	Interpath Ltd, 4th Floor, Tailors Corner, Thirsk Row, Leeds, LS1 4DP
Administration appointment	The administration appointment granted in High Court of Justice, The Business & Property Courts of England and Wales, 001914 of 2022
Appointor	Qualifying Floating Charge Holder
Date of appointment	24 June 2022
Joint Administrators' details	James Clark and David Pike
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £984,000. Estimated Prescribed Part is £200,000. The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3).
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	23 June 2024

Appendix 2 Joint Administrators' receipts and payments account

GB £

4D Pharma Plc - in Administration			
Trading accounts			
Statement of Affairs (£)		From 24/06/2023 To 23/12/2023 (£)	From 24/06/2022 To 23/12/2023 (£)
TRADING EXPENSES			
Rent		NIL	(62,325.14)
Heat & light		NIL	(367.79)
Insurance		NIL	(508.48)
Professional fees		NIL	(2,205.00)
PLC Critical Suppliers		(644,515.21)	(2,447,386.66)
Research Funding Requirements		NIL	(257,000.00)
Leon Funding Requirements		NIL	(205,595.36)
Cork Funding Requirements		NIL	(52,965.70)
Consultancy Fees		(6,283.92)	(24,895.12)
		(650,799.13)	(3,053,249.25)
Trading surplus/(deficit)		(650,799.13)	(3,053,249.25)

4D Pharma Plc - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 24/06/2023 To 23/12/2023 (£)	From 24/06/2022 To 23/12/2023 (£)
FIXED CHARGE CREDITORS			
(3,812,223.00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
100,000.00	Computer equipment	NIL	NIL
	Scotland loan repayment	NIL	1,348,081.00
1.00	Shares and investments	NIL	NIL
	Commercial restitution	NIL	9,519.41
	VAT Refund (Post appt)	140,212.89	1,053,979.49
300,935.00	VAT refunds (pre-app'ent)	NIL	388,035.07
6,153,370.00	Cash at bank	NIL	1,727,954.93
		140,212.89	4,527,569.90
OTHER REALISATIONS			
	Bank interest, gross	7,921.71	19,597.87
	Trading surplus/(deficit)	(650,799.13)	(3,053,249.25)
		(642,877.42)	(3,033,651.38)
COST OF REALISATIONS			

4D Pharma Plc - in Administration**Abstract of receipts & payments**

Statement of affairs (£)	From 24/06/2023 To 23/12/2023 (£)	From 24/06/2022 To 23/12/2023 (£)
Legal fees	(2,137.50)	(14,956.50)
Legal fees (2)	NIL	(5,245.00)
Storage costs	(221.76)	(453.19)
Re-direction of mail	NIL	(570.00)
Statutory advertising	NIL	(172.00)
Rent	NIL	(33,533.40)
Rates	NIL	(965.02)
Insurance of assets	NIL	(51,475.42)
Wages & salaries	(78.70)	(562,432.68)
PAYE & NIC	NIL	(69,703.71)
Bank charges	NIL	(600.00)
	(2,437.96)	(740,106.92)
PREFERENTIAL CREDITORS		
(60,945.00) Employees' wage arrears	NIL	NIL
(3,962.00) HMRC	NIL	NIL
	NIL	NIL
UNSECURED CREDITORS		
(3,761,632.00) Trade & expense	NIL	NIL
(60,945.00) Employees	NIL	NIL
	NIL	NIL
DISTRIBUTIONS		
(450,844.00) Ordinary shareholders	NIL	NIL
	NIL	NIL
(1,596,245.00)	(505,102.49)	753,811.60
REPRESENTED BY		
Floating ch. VAT rec'able		406,634.10
Floating charge current		347,177.50
		753,811.60

US \$

4D Pharma Plc - USD - in Administration

Trading accounts

Statement of Affairs (£)	From 24/06/2023 To 23/12/2023 (£)	From 24/06/2022 To 23/12/2023 (£)
TRADING EXPENSES		
Critical Suppliers	(49,375.59)	(221,537.31)
Transfer between admin bank accounts	NIL	(1,792,487.00)
Funding Requirements - Leon	NIL	(1,483,883.90)
Funding requirement - Research	NIL	(3,339,815.60)
Funding requirement - Delaware	NIL	(20,000.00)
	<u>(49,375.59)</u>	<u>(6,857,723.81)</u>
Trading surplus/(deficit)	(49,375.59)	(6,857,723.81)

4D Pharma Plc - USD - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 24/06/2023 To 23/12/2023 (£)	From 24/06/2022 To 23/12/2023 (£)
FIXED CHARGE ASSETS		
Leon – sale of business	NIL	2,181,895.14
	<u>NIL</u>	<u>2,181,895.14</u>
ASSET REALISATIONS		
Research – sale of business	NIL	6,890,076.00
Leon – sale of business	NIL	2,571,941.74
Deposit Funds	NIL	(200.00)
Cash at bank	NIL	7,118,197.57
	<u>NIL</u>	<u>16,580,015.31</u>
OTHER REALISATIONS		
Bank interest, gross	22,845.19	64,742.98
Funds received from Armistice	NIL	1,538,373.42
Trading surplus/(deficit)	(49,375.59)	(6,857,723.81)
	<u>(26,530.40)</u>	<u>(5,254,607.41)</u>
COST OF REALISATIONS		
Pre-Administration fees	NIL	(17,314.51)
Administrators' fees	(906,710.00)	(2,284,450.98)
Legal fees	NIL	(654,669.90)
Bank charges	(146.71)	(748.38)
	<u>(906,856.71)</u>	<u>(2,957,183.77)</u>
FLOATING CHARGE CREDITORS		
Floating charge	NIL	(5,250,070.00)
	<u>NIL</u>	<u>(5,250,070.00)</u>

4D Pharma Plc - USD - in Administration**Abstract of receipts & payments**

Statement of affairs (£)	From 24/06/2023 To 23/12/2023 (£)	From 24/06/2022 To 23/12/2023 (£)
	(933,387.11)	5,300,049.27
REPRESENTED BY		
Floating ch. VAT rec'able		610,729.72
Floating charge current - USD		4,689,319.55
		5,300,049.27

Appendix 3 Schedule of expenses

Trading expenses

PLC Critical Suppliers	615,420.04	9,945.50	625,365.54
Consultancy Fees	6,283.92	0.00	6,283.92

Cost of realisations

Legal fees	2,137.50	0.00	2,137.50
Storage costs	93.95	0.00	93.95
Wages & salaries	1.32	0.00	1.32
Bank charges	115.37	0.00	115.37
TOTAL	624,052.10	9,945.50	633,997.60

The schedule of expenses table above indicates those costs which are directly attributable to the Period. It also indicates of those costs, which have been paid and which remain to be discharged.

All values in the table above are shown in GB £. Any US \$ payments have been converted to GB £ at an exchange rate of £1/US \$1.2716, which was the official Bank of England rate at the end of the reporting period.

The sum of all payments made in the Period (as shown in the receipts and payments account – Appendix 2), converted to GB £ (where necessary), total £1,405,229. Please note that there is a difference between that and the expenses incurred and paid in the Period of £624,052 (per the schedule of expenses). This is due to some of the payments made in the Period relate to costs incurred in a prior period or they fall outside the definition of an expense.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Aruj Mughal at Interpath Ltd, 4th Floor, Tailors Corner, Thirsk Row, Leeds, LS1 4DP.

Appendix 4 Joint Administrators' revised fees estimate

Statutory and compliance	Note 1	633	453,897	717	702	511,910	730
Cashiering	Note 2	194	88,443	457	256	119,880	469
Tax	Note 3	160	86,986	545	276	160,375	581
Bankrupt/Director/Member	Note 4	177	88,332	499	217	108,326	500
General	Note 5	139	83,195	599	219	135,889	620
Trading	Note 6	665	393,312	591	743	437,043	589
Realisation of Assets	Note 7	1,763	1,233,510	700	1,901	1,320,590	695
Employees	Note 8	52	30,381	584	58	33,377	573
Creditors and claims	Note 9	237	118,429	499	448	247,983	554
Committees	Note 10	-	-	-	-	-	-
Directors	Note 11	61	25,229	415	61	25,229	415
Investigations	Note 12	14	4,900	350	16	5,650	353
Total		4,095	2,606,614	637	4,895	3,106,252	635

Note 1 – Statutory and compliance

We are required to comply with our statutory obligations. Time has been spent maintaining the strategy for the administration, including preparing checklists and reviews; and providing updates to the secured lender. Costs increased due to the increased level of planning and preparation required in initially seeking guidance from the court in relation to the administration exit following the debt assignment and subsequently the sale of business strategy. Costs further increased as a result of the completion of the sale and the support subsequently required of the administration team to effect the sale efficiently.

The completion of the sale resulted in increased resource requirement by the administration team to ensure the effective transfer of assets including the associated patents and data.

Note 2 – Cashiering

Receipts and payments have been authorised and processed, which we reconciled to internal systems. Payments were made to critical suppliers during the trading period. The trading period was longer than initially anticipated as our primary strategy had to shift from a debt for equity swap and equity raise, to a sale of business strategy. Post completion costs have been incurred to ensure the termination of the clinical trials in-line with regulatory requirements and the transfer of sensitive data in a compliant manner. Therefore, cashiering costs have increased to facilitate ongoing payments.

Note 3 – Tax

The Company is registered for VAT purposes and as such, time has been spent preparing, reviewing, and submitting the Company's quarterly VAT returns. As a result of the sale of business our tax specialists have had an increase in time as they have been involved in reviewing sale agreements during negotiations with interested parties. Further time has and will be incurred by Interpath tax specialists, to seek the necessary tax clearance from HM Revenue & Customs, to complete future quarterly VAT returns, corporation tax returns, as well as any other tax obligations.

Note 4 – Bankrupt/Director/Member

Time has included notifying and corresponding with the Company's shareholders and directors. The costs are higher than expected due to a larger than expected volume of correspondence from shareholders.

Note 5 - General

Time has been incurred on general administration matters, including handling Company books and records, reviewing time costs and producing reports which are compliant with Statement of Insolvency Practice 9.

Note 6 – Trading

While the Company itself did not supply goods or provide services, it continued to trade for the benefit of the wider corporate group. Time has been spent preparing, reviewing and monitoring cashflow forecasts, reviewing critical payments, liaising with clinical trial stakeholders and agreeing the trading strategy. The trading period carried on longer than anticipated in-line with our changing strategies and significant time has been spent in closing down these trading strategies, such as the closure of the clinical trials. Therefore, these costs are higher than originally forecast.

Note 7 – Asset realisation

Significant time costs were incurred to run a sale of business process and explore the Company's refinance options. We spent time advertising the business to over 70 interested parties, populating a virtual data room, responding to information requests and negotiating with interested parties. Three offers were received and taken further for consideration but ultimately could not be transacted upon and subsequently the debt was sold.

Following the debt assignment, the process was restarted following instruction from the secured creditor and significant time was spent re-running the sales process. We contacted the interested parties again, repopulated the data rooms with updated information and restarted the negotiations. Extensive meetings were held with the interested parties and the negotiations continued for several months before a deal could be finalised.

The process was ongoing for longer than initially forecast which resulted in higher time costs. Nevertheless, the extended process resulted in two completed sale agreements, which is the optimal result for the creditors as a whole.

Post-completion time has been incurred in seeking to recover surplus funds due to the administration estate, which were initially paid to the clinical trial partners pre-administration.

Note 8 – Employees

Time has been spent dealing with statutory employment-related matters and employee queries from French-based staff. Staff were consulted in-line with French employment law advice obtained from Jones Day.

Note 9 – Creditors and claims

Time has been spent communicating with creditors, including notifying creditors of our appointment and responding to general enquiries. Time has also been spent preparing updates on the progress of the administration, including drafting and circulating our Proposals and progress reports. Time has also been spent in updating creditors on the revised strategy. There will also be further time spent reviewing claims received in the administration for the purposes of making creditor distributions.

Note 10 – Committees

A creditors' committee has not been formed. No time will be incurred in this regard unless a committee is requisitioned by creditors.

Note 11 – Directors

Time has been spent liaising with the directors regarding the Statement of Affairs and directors' questionnaires and reviewing questionnaires submitted by directors in-line with our statutory duties. A return on the conduct of the directors was submitted to the Insolvency Service. Please note that this report is confidential.

Note 12 – Investigations

During the previous period, time was incurred reviewing the Company's records and we have continued to address any matters brought to our attention by the Company's creditors in this regard, as part of our directors' investigations.

Appendix 5 Joint Administrators' revised expenses estimate

The table below illustrates our revised estimate of total expenses of the administration payable by the Company. This is a revision from our initial estimate of expenses as shown in our previous progress report. Explanatory notes have been provided below.

Summary of expenses from appointment					
Expense	Note	Initial estimate (£)	Paid to date (£)	Future costs (£)	Total (£)
Critical payments	Note 1	672,302	1,424,509	123,000	1,547,509
Patents	Note 2	73,362	215,490	-	215,490
Transfers to subsidiaries for critical payments	Note 3	3,970,676	4,324,699	-	4,324,699
Computer and IT costs	Note 4	450,007	698,240	25,000	723,240
Rent and rates	Note 5	153,846	187,022	-	187,022
IP consultant	Note 6	203,223	195,742	-	195,742
Consultancy fees	Note 7	-	24,895	5,000	29,895
					-
Legal advisors' pre-administration costs	Note 8	29,850	29,850	-	29,850
Legal fees & disbursements	Note 8	854,679	535,041	577,200	1,112,241
Wages and salaries	Note 9	157,238	157,238	-	157,238
Agent's fees	Note 10	-	-	-	-
Other costs of realisation	Note 11	100,000	-	-	-
Bank charges	Note 11	2,000	1,189	500	1,689
Storage costs	Note 11	5,000	453	3,170	3,623
Statutory advertisement	Note 11	336	172	-	172
Redirection of mail	Note 11	321	570	-	570
Insurance	Note 11	61,984	51,475	5,000	56,475
Total		6,734,825	7,846,585	738,870	8,585,455

Trading expenses

Note 1 – Critical payments

The Company traded for longer than initially anticipated while a sale of business process and a fund-raising package were explored. Whilst the Company has now ceased trading, it continues to incur costs such as clinical trial termination costs.

Note 2 – Patents

This was the estimated cost to maintain the Company's intellectual property assets during the trading period. The majority of the patent costs sat with other entities in the Group and therefore these costs were instead incurred as part of transfers to subsidiaries.

Note 3 – Transfers to subsidiaries for critical payments

The Company's subsidiaries have historically been funded by the Company. We originally assumed that the Company would trade for a period of three months while a sale process was completed. After three months the debt assignment occurred, which precipitated a longer trading period to preserve value in the wider corporate group. The critical payments of the subsidiaries continued to be funded by the Company.

Note 4 – Computer and IT costs

IT support costs were incurred while we explored a sale of business / refinance solution, and during the subsequent transfer of data to the purchaser. As noted above, the trading period was extended and therefore these costs are higher than originally anticipated.

Note 5 – Rent

Rent, rates, and service charge relate to the Company's leasehold property. This cost is higher than expected due to the longer than anticipated trading period. The premises have been surrendered and no further property costs will be incurred.

Note 6 – IP Consultant

Costs of taking advice from an external intellectual property consultant during the trading period. This cost is in line with expectations. Advice was also sought after completion of the sale in relation to the transfer of the patents to CJB.

Note 7 – Consultancy fees

Costs of taking advice from consultants in relation to the termination of the clinical trials in line with regulatory requirements. This cost is higher than expected as our previous strategy to bring the Company out of administration included the continuation of the clinical trials. Since completion, costs have been incurred with regards to advice sought for the closure of the clinical trials in line with regulatory requirements.

Cost of realisations

Note 8 – Legal fees

Legal costs and disbursements have been incurred throughout the administration:

- Jones Day in relation to potential sale options, administration exit strategy, interaction with the court, the subsequent completion of the sale and advice regarding the termination of the clinical trials; and
- Other legal costs paid to Stephenson Harwood to review the validity of our appointment.

Note 9 – Wages and salaries

There has been no change in the salary and redundancy costs for employees. Both employees were made redundant on 12 August 2022.

Note 10 – Agent's fees

There has been no change in the expected agent's fees as there has been no agents involved in the administration.

Note 11 – Other costs of realisation

Other costs of carrying out the administration in-line with statutory requirements.

Appendix 6 Joint Administrators' charging and expenses policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of in-house Interpath Advisory , VAT and employee specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Aruj Mughal on 0161 529 8847.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Table of charge-out rates

Managing Director	1060
Director	980
Associate Director	870
Manager	700
Senior Associate	510
Administrator	375
Support	175

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of expenses

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

Use of privately-owned vehicle or car cash alternative – 45p per mile.

Use of company car – 60p per mile.

Use of partner's car – 60p per mile.

For all of the above car types, when carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following expenses during the period.

Please bear in mind that this table includes expenses incurred by Interpath and is therefore unlikely to reconcile with the expenses shown in the Schedule of Expenses.

IT Consultants and equipment	NIL	266.65	NIL	NIL	266.65
Postage	NIL	338.80	NIL	NIL	338.80
Professional and legal fees	NIL	74.44	NIL	NIL	74.44
Travel	NIL	1,131.42	NIL	NIL	1,131.42
Total	NIL	1,811.31	NIL	NIL	1,811.31

We have the authority to pay Category 1 expenses without the need for any prior approval from the creditors of the Company.

Category 2 expenses are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 24 June 2023 to 23 December 2023

The key areas of work have been:

Statutory and compliance	issuing regular press releases and posting information on a dedicated web page; preparing statutory receipts and payments accounts; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; meetings to review and update strategy and monitor progress; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	providing written and oral updates to representatives of Armistice regarding the progress of the administration and case strategy.
Cashiering	preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; dealing with salary related queries; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	gathering information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; reviewing the Company's pre-appointment corporation tax and VAT position; analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; dealing with post appointment tax compliance.
Shareholders	responding to enquiries from shareholders regarding the administration; providing copies of statutory reports to the shareholders.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; drawing remuneration in accordance with the basis which has been approved by the creditors; liaising with the joint appointee in relation to estimated outcomes and distributions; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	collating information from the Company's records regarding the assets; dealing with issues associated with the sale of stock/assets; reviewing the inter-company debtor position between the Company and other group companies.
Property matters	reviewing the Company's leasehold properties, including review of leases; communicating with landlords regarding rent, property occupation and other issues.
Sale of business	seeking continued legal advice regarding sale of business, including regarding non-disclosure agreements;

	continued support and follow-up to facilitate the transition following the sale of the business.
Health and safety	liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums.
Employees	dealing with queries from employees regarding various matters relating to the administration and their employment; dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; managing claims from employees.
Pensions	collating information and reviewing the Company's pension schemes; ensuring compliance with our duties to issue statutory notices.
Creditors and claims	creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; drafting our progress report.

Time costs

Fund management	0.50	255.00	510.00
General (Cashiering)	30.35	15,550.25	512.36
Reconciliations (& IPS accounting reviews)	6.05	4,813.50	795.62
Books and records	22.25	14,558.75	654.33
Fees and WIP	1.30	1,103.00	848.46
Appointment and related formalities	1.25	468.75	375.00
Budgets & Estimated outcome statements	7.70	3,927.00	510.00
Checklist & reviews	23.40	11,758.50	502.50
Extension related formalities	0.20	75.00	375.00
Reports to debenture holders	35.00	37,100.00	1,060.00
Statutory receipts and payments accounts	6.25	3,086.25	493.80
Strategy documents	4.15	2,796.50	673.86
Post appointment corporation tax	24.00	15,059.50	627.48
Post appointment PAYE (Non Trading)	6.80	3,468.00	510.00
Post appointment VAT	62.65	37,515.75	598.81

SIP 9 –Time costs analysis (24/06/2023 to 23/12/2023)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Creditors and claims			
General correspondence	51.25	28,575.50	557.02
Secured creditors	2.25	1,046.25	465.00
Statutory reports	48.35	26,859.75	555.53
Employees			
Employee Correspondence	2.80	1,675.00	598.21
Realisation of assets			
Asset Realisation			
Cash and investments	19.75	15,482.50	783.92
Intellectual Property	16.50	8,415.00	510.00
Other assets	9.00	6,300.00	700.00
Plant and machinery	0.60	306.00	510.00
Sale of business	15.50	10,295.00	664.19
Trading code used when engagement didn't trade			
Trading			
Cash & profit projections & strategy	60.50	42,350.00	700.00
Employee Matters / PAYE	0.30	153.00	510.00
Post trading related matters	15.50	8,345.00	538.39
Purchases and trading costs	10.75	4,335.00	403.26
Trading Management	11.85	5,031.00	424.56
Total in period	496.75	310,676.75	625.42
Brought forward time (appointment date to SIP 9 period start date)	4,191.85	2,660,763.75	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	496.75	310,676.75	
Carry forward time (appointment date to SIP 9 period end date)	4,688.60	2,971,440.50	

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 7 Glossary

Armistice/Secured creditor	Armistice Capital, LLC
CJB	CJ Bioscience Inc
Company	4D Pharma Plc - in Administration
Interpath/Interpath Advisory	Interpath Ltd
Joint Administrators/we/our/us	James Clark and David Pike
Period	24 June 2023 to 23 December 2023

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 8 Notice: About this report

This report has been prepared by James Clark and David Pike, the Joint Administrators of 4D Pharma Plc – in Administration (the ‘Company’), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

James Richard Clark and David John Pike are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders may be Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – www.interpathadvisory.com/privacy-insolvency.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

www.interpathadvisory.com

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