Company registration number 08879741 (England and Wales)

CENTAURI THERAPEUTICS LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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CENTAURI THERAPEUTICS LIMITED

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CENTAURI THERAPEUTICS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Non-current assets					
Intangible assets	4		22,619		40,714
Property, plant and equipment	5		415		1,108
Investments	6		-		344
			23,034		42,166
Current assets					
Trade and other receivables	7	95,393		155,690	
Cash and cash equivalents		87,033		321,661	
		182,426		477,351	
Current liabilities	8	(276,453)		(45,650)	
Net current (liabilities)/assets			(94,027)		431,701
Net (liabilities)/assets			(70,993)		473,867
Equity					
Called up share capital	10		167		166
Share premium account			5,863,072		5,822,998
Retained earnings			(5,934,232)		(5,349,297)
Total equity			(70,993)		473,867

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

CENTAURI THERAPEUTICS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements were approved by the board of directors and authorised for issue on 18 July 2022 and are signed on its behalf by:

J R Schneider
Director

Company Registration No. 08879741

CENTAURI THERAPEUTICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Equity reserve £	Retained earnings £	Total £
Balance at 1 January 2020		160	5,450,323	97,696	(5,460,086)	88,093
Year ended 31 December 2020:						
Profit and total comprehensive income for the year		-	-	-	13,093	13,093
Issue of share capital	**10**	6	372,675	-	-	372,681
Convertible loan notes redeemed or converted		-	-	(97,696)	97,696	-
Balance at 31 December 2020		166	5,822,998	-	(5,349,297)	473,867
Year ended 31 December 2021:						
Loss and total comprehensive income for the year		-	-	-	(584,935)	(584,935)
Issue of share capital	**10**	**1**	40,074	-	-	40,075
Balance at 31 December 2021		167	5,863,072	-	(5,934,232)	(70,993)

1 Accounting policies

Company information

Centauri Therapeutics Limited is a private company limited by shares incorporated in England and Wales. The registered office is First Floor, 5 Fleet Place, London, EC4M 7RD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

During the year the company made a loss of £584,935 and at the reporting date the company was in a net current liability and net liability position. The company funds its activities through the issue of share capital at a premium from its pool of existing and potential new shareholders and had raised sufficient funds to meet its working capital needs for at least one year from the date of signing these financial statements due to the additional equity funding received subsequent to the year-end (see note 12).

The directors have considered the impact of the ongoing uncertainty arising from the global health epidemic caused by COVID-19 both on its operations and potential financial risks and have assessed that it will continue to be able to attract funding where necessary to meet its liabilities.

On this basis the directors believe it appropriate to prepare the financial statements on a going concern basis.

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.4 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

1 Accounting policies **(Continued)**

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	12.5%

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25%
Fixtures, fittings & equipment	25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of income.

1.7 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.8 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include deposits held at call with banks.

1 Accounting policies **(Continued)**

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies **(Continued)**

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using an appropriate pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1 Accounting policies **(Continued)**

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	4	5

4 Intangible fixed assets

	Goodwill	Other	Total
	£	£	£
Cost			
At 1 January 2021 and 31 December 2021	1	144,759	144,760
Amortisation and impairment			
At 1 January 2021	-	104,046	104,046
Amortisation charged for the year	-	18,095	18,095
At 31 December 2021	-	122,141	122,141
Carrying amount			
At 31 December 2021	1	22,618	22,619
At 31 December 2020	1	40,713	40,714

5 Property, plant and equipment

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2021 and 31 December 2021	88,000	2,773	90,773
Depreciation and impairment			
At 1 January 2021	88,000	1,665	89,665
Depreciation charged in the year	-	693	693
At 31 December 2021	88,000	2,358	90,358
Carrying amount			
At 31 December 2021	-	415	415
At 31 December 2020	-	1,108	1,108

6 Fixed asset investments

	2021	2020
	£	£
Shares in group undertakings and participating interests	-	344

6 Fixed asset investments **(Continued)**

Movements in non-current investments

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2021	344
Disposals	(344)
At 31 December 2021	-
Carrying amount	
At 31 December 2021	-
At 31 December 2020	344

7 Trade and other receivables

	2021 £	2020 £
Amounts falling due within one year:		
Corporation tax recoverable	24,812	39,307
Other receivables	70,581	116,383
	95,393	155,690

8 Current liabilities

	2021 £	2020 £
Convertible loans	100,181	-
Trade payables	49,748	34,097
Taxation and social security	25	-
Other payables	126,499	11,553
	276,453	45,650

9 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2021	2020	2021	2020
	Number	Number	£	£
Outstanding at 1 January 2021	7,384	10,886	122.66	140.78
Granted	4,616	-	-	-
Forfeited	(4,616)	(3,502)	117.78	163.81
Outstanding at 31 December 2021	7,384	7,384	49.04	122.66
Exercisable at 31 December 2021	7,384	5,227	49.04	113.27

Liabilities and expenses
The company issues options to certain employees and directors.

These options vest over a period of three months to three years on the anniversary of the grant date and are conditional on the recipient remaining in employment with the company, unless permitted by the board. However the options can be exercised at any time at which an offer has been made to acquire a controlling interest of the company.

At the date of grant the directors considered the fair value of these options to be £nil.

10 Called up share capital

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 0.2411p each	69,154	68,772	167	166

During the year the company issued 382 Ordinary shares of 0.2411p each for a total consideration of £40,075.

Subsequent to the year end the company issued 952 Series A shares of 0.2411p each for a total consideration of £ 100,369 and 50,256 Series A shares of 0.2411p each for a total consideration of £5,886,988.

11 Events after the reporting date

Subsequent to the year-end the company secured equity funding of approximately £24 million. As disclosed within note 11, approximately £6 million was received in February 2022 with the remaining amount becoming receivable upon completion of certain milestones.