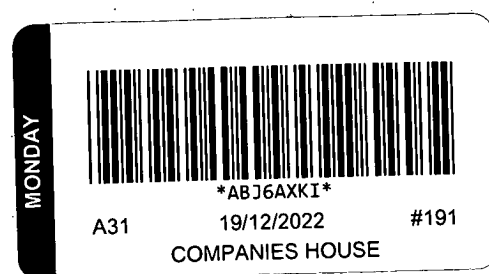


Registered number: 09331560

PORTON BIOPHARMA LIMITED

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**



PORTON BIOPHARMA LIMITED

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PORTON BIOPHARMA LIMITED

COMPANY INFORMATION

Directors	M West R Wilson M Andrews B P Pritchard D A Shepherd M Austin
Registered number	09331560
Registered office	Manor Farm Road Porton Salisbury Wiltshire SP4 0JG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW

PORTON BIOPHARMA LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present the Strategic Report of Porton Biopharma Limited (the "Company") together with its subsidiaries (the "Group") for the financial year ended 31 March 2022.

Business review

Porton Biopharma Limited is responsible for the manufacture of biopharmaceutical products and was formed in 1 April 2015 as a limited liability Company, wholly owned by the Secretary of State for Health and Social Care. Revenue accrues from two principle sources: sales of Erwinase for the treatment of acute lymphoblastic leukaemia and Anthrax vaccine.

During the year the Company successfully fulfilled the supply of Anthrax Vaccine to the Ministry of Defence under the second year of supply of a 6-year contract.

The Company has also recognised a full year of the benefits of a new Erwinase distribution agreement starting 1 January 2021, resulting in a significant increase in turnover from royalty income.

The Company operates a zero-tolerance policy with regard to quality deviations and therefore, as a consequence of this policy, there have been some batches which the Company have not passed the Company's stringent quality controls and have been written off.

Following a review of PBL production processes it was identified that there were efficiency opportunities through process improvements which result in significant cost improvements and therefore a number of assets held by the group were considered to be rendered obsolete. Subsequently, a detailed review of the group's assets in use and under construction was undertaken and significant impairment identified, resulting in a loss for the year of £38,938,000 (2021: loss of £12,628,000) and net assets of £96,923,000 (2021: £106,861,000).

As a relatively new Marketing Authorisation Holder, the Company continued to work with regulatory authorities in the year in order to be granted licences for the official distribution of Erwinase into global markets. A licence was granted in the Netherlands on 7 October 2020 and subsequent licences were recognised by other countries within the EU by way of a Mutual Recognition Process. The Company will continue to work with regulatory authorities within the EU and Rest of World to further increase licences granted in order to provide a licenced supply of Erwinase into the global markets.

Stakeholder considerations (Section 172 (1) Statement)

The directors strive at all times to conduct themselves honestly, fairly, impartially and in accordance with the highest ethical standards, which is central to the success of the Group. Patient accessibility to the Group's products is held as the highest priority in the consideration of all long term strategic decisions, together with the promotion of reputable working relationships with customers, employees and all other stakeholders in the business.

All Board members and directors retain oversight of matters of strategic importance, including the long term objectives of the Group and present the following statement in accordance with section 172 (1) (a-f) of the Companies Act 2006.

a) The likely consequences of any decision in the long term

The Directors consider the potential consequences of all long term decisions financially, ethically and practically, holding patient safety and accessibility as priority at all times. Financial modelling assists with understanding the potential impact on strategic decisions, together with the forecasting of supply and tailoring production schedules to meet patient demand. Communication throughout the Group is key to the success of ensuring the highest standards are maintained in providing an established biopharmaceutical solution to the global market.

PORTON BIOPHARMA LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

b) The interests of the Group's employees

Our staff are the key to our success and we are committed to providing our staff with equal opportunities for learning and personal growth. We are investing in the future of biological science by continuing to support a number of apprentices and university placement students, sponsoring higher level degrees for our staff and attracting high value jobs to the Wiltshire area. Due to business capacity requirements we have launched a significant restructure of our operation during the summer of 2022.

c) The need to foster the Group's business relationships with suppliers, customers and others

The Group regularly engages with all stakeholders to ensure strong working relationships are maintained and to facilitate a stable and consistent process from manufacture to distribution of the Group's products. Any updates or changes to the Group's strategic direction are considered carefully in terms of the impact on the supply chain, including employees, and discussed with those stakeholders affected to ensure business continuity at the highest standard.

During COVID-19, the health and well-being of all at the Group and of our customers and suppliers has been a priority at Porton Biopharma Limited. We have closely followed all Government guidance relating to COVID-19 and have been very grateful for the commitment of all employees.

d) The impact of the Group's operations on the community and the environment

We seek to operate to the highest health and safety and environmental standards. The biopharma industry continues to be subject to increasing regulatory requirements, both in the UK and globally. Compliance with these requirements and our commitment to Good Manufacturing Practice ("GMP") imposes considerable financial cost though is a prerequisite of operating in our sector.

e) The desirability of the Group maintaining a reputation for high standards of business conduct

Erwinase and Anthrax Vaccine are manufactured according to Current Good Manufacturing Practice and regulated accordingly in the appropriate territories and operates a zero-tolerance approach to quality deviations. The pharmaceutical industry strives for continuous improvement of its processes, systems and product characterisation, to improve the quality and efficacy of pharmaceutical products which result in ever higher regulatory standards. The Group must therefore ensure that it continues to meet these regulatory standards, so that our products can continue to be manufactured and marketed.

f) The need to act fairly as between members of the Group

Having reviewed all relevant factors in determining the outcome of the Group's strategic decisions, the directors take into consideration any impact on all stakeholders and strive to ensure all are treated impartially. The Board is aware of the importance of acting fairly between its members and ensure this is a part of the review process for any strategic decision.

Principal risks and uncertainties

Exchange rates

We sell our products internationally, and our revenues are therefore subject to foreign exchange rate fluctuations. Given the multitude of markets into which our products are sold, it is difficult to accurately forecast the impact on revenues.

PORTON BIOPHARMA LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Product quality

The Company operates a zero-tolerance approach to quality deviations in order to meet high regulatory standards, so that our products can continue to be manufactured and distributed to the global market.

On 24 November 2021, the FDA issued its Complete Response Letter (CRL) on the Company. This requires the Company to undertake further work to satisfy the FDA's requirements to approve a BLA application and remedial actions are underway.

Experienced staff

The manufacture of biopharma products requires significant expertise and experience. The Group's talent management strategy seeks to attract, develop, engage and retain individuals who will prove valuable to the organisation. The Group must ensure that it is able to attract and retain the required calibre of staff to develop and manufacture products to meet regulatory standards and deliver manufacturing efficiencies.

Disabled employees

The Company takes positive action to recruit disabled persons, understanding the provisions of the Equality Act 2010 with respect to discrimination, including the obligation for employers to introduce reasonable adjustments for disabled employees. Support is actively provided to any employee becoming disabled during the term of their employment, including the provision of access to occupational health and other support services as required. All disabled employees are entitled to the same access to training, career development and promotion as those employees without identified disabilities.

Financial key performance indicators

Revenue is driven by the volumes of both products (Erwinase and Anthrax Vaccine) manufactured in the year, the markets we supply and the prevailing prices for our products. The Company recognised additional revenue against budget as a result of royalties payable under the new Erwinase distribution agreement as well as increased access to global markets in the year, the results of which are disclosed on page 14.

Following the identification of a concern with respect to the Company's cash management, specific key performance indicators focussed on cash management were implemented and reported against on a monthly basis. A strong focus on working capital management resulted in the Company ending the year as expected.

Non-financial key performance indicators

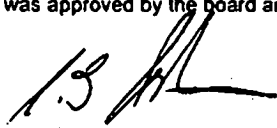
The Company monitored a number of non-financial key performance indicators throughout the year, of which the most significant and relevant to the results for the year are as follows:

- Downtime – reported performance was significantly behind target due to a number of ongoing engineering issues, having a direct effect on production and associated activities
- Schedule adherence – reported performance was significantly behind target due to equipment failures in the year
- Quality Control on time delivery – reported performance was as expected and on target

All key performance indicators are reviewed on a monthly basis by the Senior Leadership Team, with actions being agreed, tracked and reported against in the following month. The Company continues to review the appropriateness of each key performance indicator on a regular basis and seeks early identification of potentially significant issues from regular discussions and the review of monthly results accordingly.

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

M Austin
Director
Date:


10 November 2022

PORTON BIOPHARMA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and the audited consolidated financial statements of Porton Biopharma Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 March 2022.

Principal activities

The principal activity of the Group is the manufacture and sale of biopharmaceutical products.

Results and dividends

The loss for the financial year amounted to £38,938,000 (2021: £12,628,000).

A dividend of £Nil was declared for the year (2021: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

M West (appointed 8 August 2022)
B Clare (resigned 5 August 2022)
R Wilson
M Andrews
B P Pritchard
D A Shepherd
I S Muir (resigned 16 November 2021)
M Austin (appointed 23 November 2021)

Going concern

Porton Biopharma Limited (the "Company") has net current assets of £65,742,000 (2021: £43,413,000) and cash of £37,225,000 (2021: £21,510,000) as at 31 March 2022. The increase in cash balances has been driven by additional shareholder investment in the year. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial risk management

As a result of normal group operations, there are a number of financial risks to which the Group could be exposed. To control the possible effects of such risks, the Board of Directors monitors the risks and exposures, relying on the controls and policies currently in place.

Future developments

The Group strategy is to continue to manufacture and sell of its two products, Erwinase and Anthrax Vaccine.

PORTON BIOPHARMA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Streamlined Energy and Carbon Report (SECR)

UK Energy Use

The tables below detail the energy used by the Group in their business activities involving the combustion of gas and fuels, the purchase of electricity and business mileage in both kWh and tCO₂e. They also detail the total energy and emissions by scope and as a total.

Type of Activity	Energy Usage	Measurement Unit	GHG Emissions	Measurement Unit
Grid electricity	7,260,150	kWh	1,543	tCO ₂ e
Natural gas	10,691,515	kWh	1,958	tCO ₂ e
Gas oil	5,355,738	kWh	1,375	tCO ₂ e
Fleet	11,536	kWh	3	tCO ₂ e
Fuel reimbursed	9,041	kWh	2	tCO ₂ e
Total	23,327,980	kWh	4,881	tCO₂e

Type of Activity	Energy Usage	Measurement Unit	GHG Emissions	Measurement Unit
Scope 1	17,313,536	kWh	3,365	tCO ₂ e
Scope 2	5,993,867	kWh	1,511	tCO ₂ e
Scope 3	20,577	kWh	5	tCO ₂ e
Total	23,327,980	kWh	4,881	tCO₂e

Intensity Ratio

To convert absolute emissions to a measurable intensity metric, the Group has calculated emissions per a relevant unit of measure.

An intensity ratio is a way of defining the Group's emissions data in relation to an appropriate business metric, such as tonnes of CO₂e per sales revenue or tonnes of CO₂e per total square metres of floor space. This allows comparison of energy efficiency performance over time and with other similar types of organisations.

SECR intensity ratios are calculated by dividing the Group's emissions by its organisation-specific metric.

In the case of the Group the metric chosen to normalise its emissions is based on floor space and its intensity ratio is detailed below:

Normalising Metric Floor Space	10705	m ²
Intensity Ratio FY 2021/2022	0.46	tCO ₂ e/m ²

Methodology

The Group shares the majority of its facilities with UKHSA and associated utilities are recharged as part of an overall annual facilities management charge. Electricity and gas meters are managed by UKHSA and 46.2% of total costs recharged to Porton Biopharma Limited in accordance with the current Memorandum of Understanding. Data has been provided by UKHSA in this respect and disclosures are therefore made as an estimate of the Group's usage in the year, subject to the recharge proportion being appropriate. This data is detailed within Scope 1 of the above tables.

The Group also manages its own meters on a specific manufacturing unit, for which independent data is readily available. This data is detailed within Scope 2 of the above tables.

PORTON BIOPHARMA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Streamlined Energy and Carbon Report (SECR) (continued)

Emissions detailed within Scope 3 of the above tables relates to the running of a small fleet of vehicles and the reimbursement of business mileage to employees and is considered immaterial in the context of SECR requirements.

The DEFRA 2021 conversion figures for CO₂e were used along with the fuel property figures to determine the kWh content for gasoil and vehicle fuel. Where specific data was not readily available, UK average figures were used to determine a reasonable disclosure; for example in the case of the running of the Group fleet and reimbursement of business mileage to employees.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the consolidated 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", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors are responsible for safeguarding the assets of the Company and the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

PORTON BIOPHARMA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

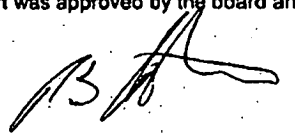
Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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

M Austin
Director

Date:


10 November 2022

Independent auditors' report to the members of Porton Biopharma Limited

Report on the audit of the financial statements

Opinion

In our opinion, Porton Biopharma Limited's group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the Company's affairs as at 31 March 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared 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", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2022; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Porton Biopharma Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Porton Biopharma Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment and health & safety regulations and the specific product quality and manufacturing process requirements of the Medicines and Healthcare Products Regulatory Agency ("MHRA") and US Food and Drug Administration ("FDA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries designed to manipulate financial results and potential management bias in making accounting estimates. Audit procedures performed by the engagement team included:

- Enquiry of management around known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings of those charged with governance in the Company;
- Challenging assumptions made by management in its significant accounting estimates; and
- Identifying and testing the validity of journal entries, in particular those which are considered to have unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PORTON BIOPHARMA LIMITED

Independent auditors' report to the members of Porton Biopharma Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jonathan Bound (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
17 November 2022

PORTON BIOPHARMA LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £000	2021 £000
Turnover	4	58,993	43,632
Cost of sales		(44,246)	(36,983)
Gross profit		14,747	6,649
Administrative expenses		(11,997)	(12,965)
Impairment of tangible fixed assets		(41,889)	-
Loss on disposal of tangible fixed assets		(1,874)	(2,373)
Loss on disposal of intangible fixed assets		(3,497)	-
Operating loss	5	(44,610)	(8,689)
Operating profit/(loss) before impairment and losses on disposal of fixed assets			
		2,750	(6,316)
Impairment and losses in disposal of fixed assets		(47,360)	(2,373)
Interest payable and similar expenses	9	(289)	(297)
Loss before taxation		(44,899)	(8,986)
Tax on loss	10	5,961	(3,642)
Loss for the financial year		(38,938)	(12,628)

The notes on pages 20 to 40 form part of these financial statements.

PORTON BIOPHARMA LIMITED

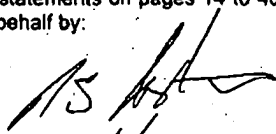
REGISTERED NUMBER: 09331560

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022**

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	11	354	3,531
Tangible assets	12	31,106	73,080
Investments	13		
		<u>31,460</u>	<u>76,611</u>
Current assets			
Stocks	14	39,456	41,750
Debtors	15	17,241	15,769
Cash at bank and in hand	16	37,225	21,510
		<u>93,922</u>	<u>79,029</u>
Creditors: amounts falling due within one year	17	(28,459)	(36,029)
Net current assets		<u>65,463</u>	<u>43,000</u>
Total assets less current liabilities		<u>96,923</u>	<u>119,611</u>
Creditors: amounts falling due after more than one year	18		(6,789)
Provisions for liabilities			
Deferred taxation	20		(5,961)
Net assets		<u>96,923</u>	<u>106,861</u>
Capital and reserves			
Called up share capital	21	145,681	116,681
Profit and loss account	22	(48,758)	(9,820)
Total shareholders' funds		<u>96,923</u>	<u>106,861</u>

The financial statements on pages 14 to 40 were approved by the Board of directors on 4 October 2022 and signed on its behalf by:

M Austin
Director
Date:


10/11/22

The notes on pages 20 to 40 form part of these financial statements.

PORTON BIOPHARMA LIMITED

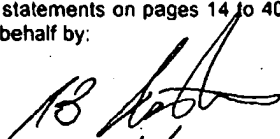
REGISTERED NUMBER: 09331560

**COMPANY BALANCE SHEET
AS AT 31 MARCH 2022**

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	11	232	3,120
Tangible assets	12	31,106	73,080
Investments	13	0	-
		<u>31,338</u>	<u>76,200</u>
Current assets			
Stocks	14	39,456	41,750
Debtors	15	17,520	16,183
Cash at bank and in hand	16	37,225	21,510
		<u>94,201</u>	<u>79,443</u>
Creditors: amounts falling due within one year	17	<u>(28,459)</u>	<u>(36,030)</u>
Net current assets		<u>65,742</u>	<u>43,413</u>
Total assets less current liabilities		<u>97,080</u>	<u>119,613</u>
Creditors: amounts falling due after more than one year	18	-	(6,789)
Provisions for liabilities			
Deferred taxation	20	-	(5,961)
Net assets		<u>97,080</u>	<u>106,863</u>
Capital and reserves			
Called up share capital	21	145,681	116,681
Profit and loss account	22	(48,601)	(9,818)
Total shareholders' funds		<u>97,080</u>	<u>106,863</u>

The financial statements on pages 14 to 40 were approved by the Board of directors on 4 October 2022 and signed on its behalf by:

M Austin
Director
Date:


10/11/22

The notes on pages 20 to 40 form part of these financial statements.

PORTON BIOPHARMA LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up Share Capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 April 2020	76,476	2,808	79,284
Comprehensive expense for the financial year			
Loss for the financial year	-	(12,628)	(12,628)
Total comprehensive expense for the financial year	-	(12,628)	(12,628)
Contributions by and distributions to owners			
Shares issued during the financial year	40,205	-	40,205
Total transactions with owners	40,205	-	40,205
At 31 March 2021 and 1 April 2021	116,681	(9,820)	106,861
Comprehensive expense for the financial year			
Loss for the financial year	-	(38,938)	(38,938)
Total comprehensive expense for the financial year	-	(38,938)	(38,938)
Contributions by and distributions to owners			
Shares issued during the financial year	29,000	-	29,000
Total transactions with owners	29,000	-	29,000
At 31 March 2022	145,681	(48,758)	96,923

PORTON BIOPHARMA LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up Share Capital	Profit and loss account	Total share- holders' funds
	£000	£000	£000
At 1 April 2020	76,476	2,808	79,284
Comprehensive expense for the financial year			
Loss for the financial year	-	(12,626)	(12,626)
Total comprehensive expense for the financial year	-	(12,626)	(12,626)
Contributions by and distributions to owners			
Shares issued during the financial year	40,205	-	40,205
Total transactions with owners	40,205	-	40,205
At 31 March 2021 and 1 April 2021	116,681	(9,818)	106,863
Comprehensive expense for the financial year			
Loss for the financial year	-	(38,783)	(38,783)
Total comprehensive expense for the financial year	-	(38,783)	(38,783)
Contributions by and distributions to owners			
Shares issued during the financial year	29,000	-	29,000
Total transactions with owners	29,000	-	29,000
At 31 March 2022	145,681	(48,601)	97,080

PORTON BIOPHARMA LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £000	2021 £000
Cash flows from operating activities		
Loss for the financial year	(38,938)	(12,628)
Adjustments for:		
Amortisation of intangible assets	37	80
Depreciation of tangible assets	3,004	3,178
Loss on disposal of intangible assets	3,497	-
Loss on disposal of tangible assets	1,874	2,373
Impairment of tangible assets AUC	41,989	-
Interest payable and similar charges	289	297
Taxation (credit)/charge	(5,961)	3,642
Decrease/(increase) in stocks	2,294	(13,170)
(Increase)/decrease in debtors	(1,118)	(8,751)
(Decrease)/increase in creditors	(7,570)	17,743
Corporation tax received	(354)	788
Net cash used in operating activities	(957)	(6,448)
Cash flows from investing activities		
Purchase of intangible assets	(357)	(3,497)
Purchase of tangible assets	(4,893)	(11,163)
Sales of tangible assets	-	3
Net cash used in investing activities	(5,250)	(14,657)
Cash flows from financing activities		
Issue of ordinary shares	4,000	10,205
Issue of preference shares	25,000	30,000
Loan repayments	(6,789)	(10,273)
Interest paid	(289)	(297)
Net cash generated from financing activities	21,922	29,635
Net increase in cash and cash equivalents	15,715	8,530
Cash and cash equivalents at beginning of financial year	21,510	12,980
Cash and cash equivalents at end of financial year	37,225	21,510
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	37,225	21,510

PORTON BIOPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Porton Biopharma Limited (the "Company") together with its subsidiaries (the "Group") principal activity is that of the development, manufacture and sale of pharmaceutical products.

The Company is a private Company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is: Manor Farm Road, Porton, Salisbury, Wiltshire, SP4 0JG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

Porton Biopharma Limited (the "Company") has net current assets of £65,742,000 (2021: £43,413,000) and cash of £37,225,000 (2021: £21,510,000) as at 31 March 2022. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

PORTON BIOPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- The Group has transferred the significant risks and rewards of ownership to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Customer relationships	10 years
Developed processes and technology	10 years
Licences	Relevant licence life
Negative goodwill	10 years
Other intangible assets	10 years

PORTON BIOPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.6 Tangible assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Leasehold property	25 years
Plant and machinery	4 to 20 years
Assets under construction	Not depreciated

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

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

PORTON BIOPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.10 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

The Group has applied section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.12 Creditors

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

PORTON BIOPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transaction. At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.14 Finance costs

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

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

PORTON BIOPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Certain staff who became employees of the Company following its acquisition of the Development and Production Division of Public Health England remain members of the Principal Civil Service Pension Scheme (PCSPS). This scheme is a defined benefit scheme, which prepares separate scheme statements which are readily available to the public. Further details of the scheme are given below.

The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme which the Company is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012 with full details being disclosed in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

For the year ended 31 March 2022, employer's contributions were payable at one of four rates in the range of 26.6% to 30.3% based on salary bands. The scheme's actuary reviews employer contributions every four years following a scheme valuation.

Contributions to the PCSPS have been accounted for as if it was a defined contributions scheme and recorded within staff costs during the year payable.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

PORTON BIOPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that could have a material adjustment to the carrying value of assets and liabilities are addressed below.

i) Fair value assigned to assets acquired in the business combination

Fair values have been assigned to assets and liabilities acquired from Public Health England. The most significant are the customer relationships, licences, developed processes and technology intangible assets having a fair value of £208,913,000, in total at the time of acquisition. The fair values have been estimated using assumptions of future cashflows arising from the business, discounted at appropriate rates. No changes were required to the fair values during the course of the year.

ii) Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge is sensitive to changes in the estimated useful economic lives and any residual values of the assets. These are re-assessed each year and are amended when necessary to take account of current estimates, technological advancement and physical condition.

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£000	£000
Sale of goods	57,736	35,892
Services	1,235	7,740
Grant	22	-
	58,993	43,632

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	55,660	18,181
Rest of Europe	2,178	23,186
Rest of the world	1,157	2,265
	58,993	43,632

The majority of the Company's turnover is now generated within the UK following a change in distribution partners.

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£000	£000
Depreciation of tangible assets	3,004	3,178
Amortisation of intangible assets, including goodwill	37	80
Costs of stock recognised as an expense	44,246	36,983

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditors for the audit for the Group's annual financial statement	37	34
Fees payable to the Group's auditors in the respect of:		
Other advice	11	5

7. Employees

Staff costs, including directors' remuneration were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	14,265	14,942	14,265	14,942
Social security costs	1,433	1,541	1,433	1,541
Other pension costs	1,501	1,681	1,501	1,681
	17,199	18,164	17,199	18,164

The average monthly number of employees, including the directors, during the year as follows:

	Group 2022 Number	Group 2021 Number	Company 2022 Number	Company 2021 Number
Administrative	24	26	24	26
Production	371	401	371	401
	395	427	395	427

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Directors' remuneration

	2022 £000	2021 £000
Aggregate directors' remuneration	168	229
Compensation for loss of office	-	107
	168	336

The highest paid director received remuneration of £55,900 (2021: £117,050)

During the financial year one of the directors was part of the Company's defined contribution pension scheme (2021: one)

Key management personnel (including directors)

	2022 £000	2021 £000
Wages and salaries	893	1,064
Other pension costs	78	123
Compensation for loss of office	278	107
	1,249	1,294

9. Interest payable and similar expenses

	2022 £000	2021 £000
Loan interest payable	289	297

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Tax on loss

	2022 £000	2021 £000
Corporation Tax		
Current tax on losses for the financial year	-	78
Total current tax	-	78
Deferred tax		
Origination and reversal of timing differences	(5,961)	3,564
Total deferred tax	(5,961)	3,564
Total tax charge/ (credit)	(5,961)	3,642

Factors affecting tax (credit)/charge for the financial year

The tax credit assessed for the financial year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Loss before taxation	44,899	8,986
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(8,531)	(1,707)
Effects of:		
Expenses not deductible for tax purposes	256	41
Income not taxable	(76)	(78)
RDEC	76	78
SBA's transferred out	-	258
Tax losses	2,314	5,050
Total tax credit for the financial year	(5,961)	3,642

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted following the 2021 Budget. These include increases to the main rate to 25% from 1 April 2023 from the previously enacted 19%. The 19% rate will remain applicable for companies with taxable profits below £50,000.

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Intangible assets

Group

	Customer relationships £000	Development processes and technology £000	Negative goodwill £000	Licences and other intangibles £000	Total £000
Cost					
At 1 April 2021	27,796	178,224	(206,019)	6,629	6,630
Additions	-	-	-	357	357
Impairment	-	-	-	(3,497)	(3,497)
At 31 March 2022	27,796	178,224	(206,019)	3,489	3,490
Accumulated amortisation					
At 1 April 2021	16,680	106,932	(123,611)	3,098	3,099
Charge for the year	11,116	71,292	(82,408)	37	37
At 31 March 2022	27,796	178,224	(206,019)	3,135	3,136
Net book value					
At 31 March 2022	-	-	-	354	354
At 31 March 2021	11,116	71,292	(82,408)	3,531	3,531

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Intangible assets (continued)

Company

	Customer relationships £000	Development processes and technology £000	Negative goodwill £000	Licences and other intangibles £000	Total £000
Cost					
At 1 April 2021	27,796	178,224	(206,019)	6,218	6,219
Additions	-	-	-	225	225
Impairment	-	-	-	(3,086)	(3,086)
At 31 March 2022	27,796	178,224	(206,019)	3,357	3,358
Accumulated amortisation					
At 1 April 2021	16,680	106,932	(123,611)	3,098	3,099
Charge for the year	11,116	71,292	(82,408)	27	27
At 31 March 2022	27,796	178,224	(206,019)	3,125	3,126
Net book value					
At 31 March 2022	-	-	-	232	232
At 31 March 2021	11,116	71,292	(82,408)	3,120	3,120

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. Tangible assets

Group and Company

	Leasehold property £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost				
At 1 April 2021	5,018	24,541	53,351	82,910
Additions	-	37	4,856	4,893
Disposals	(449)	(2,474)	(250)	(3,173)
Transfers between classes	11,212	(1,359)	(9,853)	-
At 31 March 2022	15,781	20,745	48,104	84,630
Accumulated depreciation				
At 1 April 2021	972	8,858	-	9,830
Charge for the year	953	2,051	-	3,004
Impairment	-	-	41,989	41,989
Disposals	(59)	(1,240)	-	(1,299)
Transfers between classes	2,369	(2,369)	-	-
At 31 March 2022	4,235	7,300	41,989	53,524
Net book value				
At 31 March 2022	11,546	13,445	6,115	31,106
At 31 March 2021	4,046	15,683	53,351	73,080

13. Investments

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered Office	Principal activity	Class of shares	Holding
Porton Biopharma Limited	Ireland	Enable Porton Biopharma Limited to hold a Marketing Authorisation for Crisantapase in Europe post-Brexit	Ordinary	100%

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Stocks

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Raw materials and consumables	2,591	3,222	2,591	3,222
Work in progress	18,591	25,034	18,591	25,034
Finished goods	18,274	13,494	18,274	13,494
	39,456	41,750	39,456	41,750

There is a provision for stock impairment at the year end of £1,324,000 (2021: £Nil)

15. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	12,761	10,764	12,761	10,764
Amounts owed by other group undertakings	-	-	302	436
Other debtors	57	-	57	-
Tax recoverable	1,062	1,016	1,062	1,016
Prepayments and accrued income	3,361	3,989	3,338	3,967
	17,241	15,769	17,520	16,183

There is no provision for debtor impairment at year end (2021: £Nil)

16. Cash at bank and in hand

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	37,225	21,510	37,225	21,510

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

17. Creditors: amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	2,432	1,135	2,432	1,135
Amounts owed to related parties	5,496	16,468	5,496	16,468
Taxation and social security	37	1,086	37	1,086
Other creditors	178	102	178	104
Accruals and deferred income	20,316	17,238	20,316	17,237
	28,459	36,029	28,459	36,030

Amounts owed to related parties refers to the trading balance due to UKHSA which is interest free, unsecured and repayable on demand.

18. Creditors: amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Loan from Secretary of State for Health and Social Care (due to Public Health England)	-	6,789	-	6,789
	-	6,789	-	6,789

The loan payable was bearing interest at 4%. The remaining balance was repaid in full prior to 31 March 2022.

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Financial Instruments

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	16,179	14,753	16,458	15,167
Financial liabilities				
Financial liabilities measured at amortised cost	(28,422)	(41,732)	(28,422)	(41,733)

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, other creditors, amounts owed to related parties and loans from the Secretary of State for Health and Social Care.

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

20. Deferred Taxation

Group

	2022 £000
At beginning of year	5,961
Credited to the profit and loss	(5,961)
At end of year	<u>-</u>

Company

	2022 £000
At beginning of year	5,961
Credited to the profit and loss	(5,961)
At end of year	<u>-</u>

The provision for deferred taxation is made up as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Accelerated capital allowances	-	6,233	-	6,233
R&D expenditure credit	-	(250)	-	(250)
Other timing differences	-	(22)	-	(22)
	<u>-</u>	<u>5,961</u>	<u>-</u>	<u>5,961</u>

There are unrecognised deferred tax assets in respect of trading losses, capital allowances and other timing differences of £5,141,000, £1,699,000 and £360,000 respectively that total £7,200,000 (2021: £5,050,000 related to trading losses).

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

21. Called up share capital

Group and Company

	2022	2021
	£000	£000
Allotted, called up and fully paid		
55,000,000 (2021: 30,000,000) Redeemable preference shares of £1 each	55,000	30,000
90,681,000 (2021: 86,681,000) Ordinary shares of £1 (2021: £1) each	90,681	86,681
	145,681	116,681

On 31 March 2022 the Company issued 4,000,000 Ordinary shares of £1 for consideration of £4,000,000. The consideration was settled in cash.

On 31 March 2022 the Company issued 25,000,000 redeemable preference shares of £1 for consideration of £25,000,000. The consideration was settled in cash.

22. Profit and loss account

The profit and loss account represents all the net gains and losses with owners (e.g. dividends) that are not recognised elsewhere

23. Capital commitments

At 31 March the Group and Company had capital commitments as follows:

	Group	Group	Company	Company
	2022	2021	2022	2021
	£000	£000	£000	£000
Contracted for but not provided in these financial statements	1,619	2,276	1,619	2,276

PORTON BIOPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. Pension commitments

The Group operates a defined contribution pension scheme and also has staff who remain members of the Principal Civil Service Pension Scheme (PCSPS), a defined benefit scheme. Full details are provided on page 25. The Group's contribution to each scheme was as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Defined contribution scheme	81	95	81	95
PCSPS and NHSPS	84	-	84	-
Total	165	95	165	95

25. Commitments under operating leases

At 31 March the Group and the Company had future minimum lease payments due under non cancellable operating leases for each of the following periods.

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Not later than 1 year	140	192	140	192
Later than 1 year and not later than 5 years	137	207	137	207
Later than 5 years	3	2	3	2
Total	280	401	280	401

26. Related party transactions

The Company entered into a number of transactions with UKHSA during the year, a wholly owned body of the Secretary of State of Health and Social Care.

Totals of £1,080,316 and £147,267 were invoiced by UKHSA to Porton Biopharma Limited in the year with reference to revenue and capital costs respectively. Totals of £1,908 and £62,602 were invoiced by Porton Biopharma Limited to UKHSA in the year with reference to revenue and capital costs respectively.

Costs were accrued at the year end totalling £5,618,245, being amounts due to UKHSA from Porton Biopharma Limited in respect of facilities and other resources utilised in the year.

As at 31 March 2022, Porton Biopharma Limited owed UKHSA £5,495,538 (2021: £16,468,234). Trading balances are interest free, unsecured and repayable on demand.

PORTON BIOPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

27. Ultimate parent undertaking and controlling party

The directors consider the ultimate controlling party of the Company to be the Secretary of State for Health and Social Care by virtue of their 100% shareholding in the Company.

28. Post balance sheet events

Following a review of PBL production processes it was identified that there were efficiency opportunities through process improvements which result in significant cost improvements. A reorganisation and cessation of specified Company processes commenced on 29 June 2022, in order to rationalise assets associated with ceased activities.