

**SPYBIOTECH LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**Spybiotech Limited**  
**Financial Statements**  
**For The Year Ended 31 March 2022**

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**Contents**

	<b>Page</b>
Balance Sheet	1–2
Notes to the Financial Statements	3–9

**Spybiotech Limited**  
**Balance Sheet**  
**As at 31 March 2022**

**Registered number:** 10649320

		<b>2022</b>		<b>2021</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>					
Intangible Assets	<b>3</b>		363,239		254,563
Tangible Assets	<b>4</b>		100,939		154,883
Investments	<b>5</b>		1		-
			<u>464,179</u>		<u>409,446</u>
<b>CURRENT ASSETS</b>					
Debtors	<b>6</b>	1,417,785		736,930	
Cash at bank and in hand		<u>18,090,376</u>		<u>21,477,391</u>	
		19,508,161		22,214,321	
<b>Creditors: Amounts Falling Due Within One Year</b>	<b>7</b>	<u>(531,957 )</u>		<u>(343,068 )</u>	
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<u>18,976,204</u>		<u>21,871,253</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,440,383</u>		<u>22,280,699</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Provisions For Charges	<b>8</b>		<u>(65,864 )</u>		<u>(59,877 )</u>
<b>NET ASSETS</b>			<u>19,374,519</u>		<u>22,220,822</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	<b>9</b>		6,312		6,273
Share premium account			28,698,889		28,698,889
Other reserves			1,364,154		883,801
Profit and Loss Account			<u>(10,694,836 )</u>		<u>(7,368,141 )</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>19,374,519</u>		<u>22,220,822</u>

**Spybiotech Limited**  
**Balance Sheet (continued)**  
**As at 31 March 2022**

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

The company has taken advantage of section 444(1) of the Companies Act 2006 and opted not to deliver to the registrar a copy of the company's Profit and Loss Account.

On behalf of the board

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Mark Leuchtenberger

Director

**1 December 2022**

The notes on pages 3 to 9 form part of these financial statements.

**Spybiotech Limited**  
**Notes to the Financial Statements**  
**For The Year Ended 31 March 2022**

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**1. Accounting Policies**

**1.1. Basis of Preparation of Financial Statements**

These financial statements have been prepared in accordance with the FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS102 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 amounts 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 Disclosure**

The Directors have adopted the going concern basis in preparing the financial statements. In assessing whether the going concern assumption is appropriate the Directors have taken into account all relevant information about the existing status of the company and future potential scenarios up to the end of December 2023 (the "going concern review period").

The scenarios have taken into consideration the current environment, including the impact of the ongoing changes to the UK economy, and show that the Company has resources to continue in business for the period to December 2023.

In making this assessment, management has considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, cash flows, capital resources and the longer-term strategy of the business. These assumptions have been stress tested with a wide range of scenarios focussed on the risk of rising costs. This continued to show adequate levels of liquidity and capital for the foreseeable future. This conclusion is also before controllable mitigating actions that are available to the company and excludes the impact of any further external financing.

As such, the financial statements continue to be prepared on a going concern basis.

**1.3. Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Revenue from license contracts is recognised in full once an irrevocable and non-refundable license has been granted for which the company has no further performance obligations.

**1.4. Intangible Fixed Assets and Amortisation - Other Intangible**

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

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 basis:

Patents & licences 10% straight line

**1.5. Research and Development**

Expenditure on research and development is written off in the year it is incurred.

**1.6. Tangible Fixed Assets and Depreciation**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Improvements	over the period of the lease
Plant & Machinery	25% straight line
Fixtures & Fittings	33% straight line
Computer Equipment	33% straight line

**Spybiotech Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 March 2022**

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**1.7. Financial Instruments**

**Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction prices less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

**Impairment of financial assets**

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 within profit or loss.

For financial assets that are measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

**1.8. Foreign Currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.9. Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**1.10. Pensions**

The company operates a defined pension contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**1.11. Preparation of Consolidated Financial Statements**

The company is exempt under Section 399 of the Companies Act from the requirement to prepare consolidated financial statements by virtue of the fact it is subject to the small companies regime. These financial statements contain information the company as an individual undertaking and not about this group.

**1.12. Related Party exemption**

The company has taken advantage of the exemption available under FRS 102 not to disclose related party transactions with wholly owned subsidiaries in the group.

**Spybiotech Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 March 2022**

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**1.13. Share based payment**

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payments awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expect and actual outcomes.

**1.14 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit and loss in the period in which it arises.

**1.15 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transactions costs.

**2. Average Number of Employees**

Average number of employees, including directors, during the year was as follows: 11 (2021: 10)

**3. Intangible Assets**

	<b>Other £</b>
<b>Cost</b>	
As at 1 April 2021	308,725
Additions	155,089
As at 31 March 2022	<u>463,814</u>
<b>Amortisation</b>	
As at 1 April 2021	54,162
Provided during the period	46,413
As at 31 March 2022	<u>100,575</u>
<b>Net Book Value</b>	
As at 31 March 2022	<u>363,239</u>
As at 1 April 2021	<u>254,563</u>

**Spybiotech Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 March 2022**

**4. Tangible Assets**

	<b>Land &amp; Property</b>				
	<b>Leasehold Improvements</b>	<b>Plant &amp; Machinery</b>	<b>Fixtures &amp; Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
As at 1 April 2021	29,630	1,021,478	22,270	48,499	1,121,877
Additions	-	28,811	11,275	9,209	49,295
As at 31 March 2022	<u>29,630</u>	<u>1,050,289</u>	<u>33,545</u>	<u>57,708</u>	<u>1,171,172</u>
<b>Depreciation</b>					
As at 1 April 2021	9,152	901,154	18,540	38,148	966,994
Provided during the period	3,104	88,623	4,074	7,438	103,239
As at 31 March 2022	<u>12,256</u>	<u>989,777</u>	<u>22,614</u>	<u>45,586</u>	<u>1,070,233</u>
<b>Net Book Value</b>					
As at 31 March 2022	<u>17,374</u>	<u>60,512</u>	<u>10,931</u>	<u>12,122</u>	<u>100,939</u>
As at 1 April 2021	<u>20,478</u>	<u>120,324</u>	<u>3,730</u>	<u>10,351</u>	<u>154,883</u>

**5. Investments**

	<b>Unlisted £</b>
<b>Cost</b>	
As at 1 April 2021	-
Additions	1
As at 31 March 2022	<u>1</u>
<b>Provision</b>	
As at 1 April 2021	-
As at 31 March 2022	<u>-</u>
<b>Net Book Value</b>	
As at 31 March 2022	<u>1</u>
As at 1 April 2021	<u>-</u>

During the year, the company acquired 100% (1,000 shares of Common Stock, nominal value of \$0.001 each) of SpyBiotech Inc. The registered office address of Spybiotech Inc is 442 Nevada Avenue, San Mateo, CA 94402, USA.

**6. Debtors**

	<b>2022 £</b>	<b>2021 £</b>
<b>Due within one year</b>		
Prepayments and accrued income	34,168	58,850
Other debtors	124,963	141,292
VAT debtor	33,511	21,291
Corporation tax recoverable assets	<u>1,225,143</u>	<u>515,497</u>
	<u>1,417,785</u>	<u>736,930</u>



**Spybiotech Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 March 2022**

**7. Creditors: Amounts Falling Due Within One Year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade creditors	181,720	178,853
Amounts owed to group undertakings	1	-
Other creditors	327,149	150,890
Taxation and social security	23,087	13,325
	<u>531,957</u>	<u>343,068</u>

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date unpaid contributions amounted to £16,163 (2021: £Nil) were due to the fund and included in Other Creditors.

**8. Provisions for Liabilities**

	<b>Other Provisions</b>
	<b>£</b>
As at 1 April 2021	59,877
Additions	5,987
Balance at 31 March 2022	<u>65,864</u>

During the year, the company added an additional £5,987 to the dilapidation reserve of the rented property. The lease on this property expires in 2027.

**9. Share Capital**

		<b>2022</b>	<b>2021</b>
		<b>6,312</b>	<b>6,273</b>
Allotted, Called up and fully paid			
	<b>Value</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>			
Ordinary Shares	0.0010	5,039	5,000
Ordinary A shares	0.0001	400	400
Series A1	0.0001	790	790
Series A2	0.0001	83	83
		<u>6,312</u>	<u>6,273</u>
		17773164	6,273
	<b>Nominal value</b>	<b>Number</b>	<b>Amount</b>
	<b>£</b>		<b>£</b>
<b>Shares issued during the period:</b>			
Ordinary Shares	0.0010	39444	39

During the year, the company issued 39,444 £0.001 ordinary shares for a total consideration of £39.

**Spybiotech Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 March 2022**

**10. Other Commitments**

The total of future minimum lease payments under non-cancellable operating leases are as following:

	<b>Land and buildings</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within 1 year	121,973	93,575
Between 1 and 5 years	182,960	-
	<u>304,933</u>	<u>93,575</u>

**11. Related Party Transactions**

During the year, the company incurred costs (consisting of both cash and share based payments) of £ 273,493 (2021: £53,502) in respect of non-executive directors' fees. Included within other creditors as at 31 March 2022 are accrued directors fees of £22,247 (2021: £15,000).

During the year, the company incurred costs (consisting of both cash and share based payments) of £846,332 (2021: £903,173) in respect of fees paid to senior management and company shareholders who have served as either consultants, suppliers or executive directors to the company.

**12. Share based payment**

The company operates an equity based share option scheme to certain employees which provides additional remuneration for those employees who are key to the company. Options are granted under an approved EMI option plan at an exercise price equalling the value agreed with HMRC and under an unapproved option plan, with the exercise price equalling a value which is compliant with IRC section 409A in the US obtained from an independent valuer. The options expire ten years after the date of the grant. Employees are not entitled to dividends until the shares are exercised. All options granted have performance conditions relating to the relevant employee remaining in the employment of the company at exercise.

A reconciliation of share option movements during the year ended 31 March 2022 is shown below:

Number of options - weighted average exercise price per share

**Outstanding as at 1 April 2020: 653,332 - £0.20**

Granted during the year: 1,531,692 - £0.138

Expired during the year: (653,332) - (£0.20)

Exercised during the year: (0) - (£0)

**Outstanding as at 31 March 2021: 1,531,692 - £0.138**

Granted during the year: 156,500 - £0.001

Forfeited during the year: Nil - (£Nil)

Exercised during the year: (39,444) - (£0.001)

**Outstanding as at 31 March 2022: 1,648,748 - £0.128**

**Exercisable at 31 March 2022: 483,330 - £0.125**

The company is unable to directly measure the fair value of the share options. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value share option schemes similar to that of the company.

Equity settled schemes - charges arising: £598,647

**Spybiotech Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 March 2022**

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**13. Audit Information**

The auditors report on the account of Spybiotech Limited for the year ended 31 March 2022 was unqualified

The auditor's report was signed by Daniel Dennett (Senior Statutory Auditor) for and on behalf of Ernst & Young LLP , Statutory Auditor

Ernst & Young LLP  
2 Blagrove Street  
Reading  
RG1 1AZ

**14. General Information**

Spybiotech Limited is a private company, limited by shares, incorporated in England & Wales, registered number 10649320 . The registered office is 7600 The Quorum, Alec Issigonis Way, Oxford Business Park North, Oxford, OX4 2JZ.

**15. Tax**

The company has accumulated tax losses available to carry forward against future trading profits of £4,955,682 (2021: £3,526,235), this results in an unrecognised deferred tax asset at 25% (2021:19%) of £1,238,921 (2021: £669,985). The losses are not recognised given it is currently not certain as to the period in which future taxable profits which can be offset against the losses will arise.

The company has prepared a research and development claim for the financial year ending 31 March 2022. The expected value of the tax refund relating to this claim of £709,646 (2021: £515,497) has been provided for within these financial statements. The claim is still subject to review and acceptance by HM Revenue and Customs.

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