# BiVictriX Therapeutics plc

## Annual Report and Accounts for the year ended 31 December 2022

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BiVictriX is a UK-based drug discovery and development company which is focused on applying an innovative, proprietary approach to develop a new class of highly selective, next generation cancer therapeutics which exhibit superior potency, whilst eliminating treatment-related toxicities.

**References to "BiVictriX", the "Company" or the "Group"** refer to BiVictriX Therapeutics plc a company incorporated in England & Wales with registered number 13470690 whose registered address is Mereside Alderley Park, Alderley Edge, Macclesfield, England, England, SK10 4TG and BiVictriX Limited, a company incorporated in England & Wales with registered number 10005270 whose registered address is Mereside Alderley Park, Alderley Edge, Macclesfield, England, England, SK10 4TG


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# Strategic Report

# Highlights and Progress in the Year and Post Period End

## Operational

**Good progress made towards identifying a clinical candidate**

December 2022, identification of a development lead for the BVX001 programme which will progressed to *in vivo* studies.

**Broadening and strengthening the Company's pipeline portfolio**

Expansion of the therapeutic pipeline with two additional programmes, BVX002 and BVX003, both entering the early stages of drug development.

Development of a unique, state-of-the-art, Bi-Cygni® discovery engine that will feed the Company's growing proprietary Bi-Cygni® library, IP portfolio and expanding therapeutic pipeline.

**Expansion of scientific capabilities and premises**

Expansion of the newly established internal R&D premises at Alderley Park, UK to incorporate a dedicated protein expression division and biomarker discovery unit.

## Financial

- Increased investment in R&D of £2.1 million (2021: £0.7 million)
- Loss after tax of £2.5 million (2021: £2.3 million)
- Closing cash of £3.3 million at 31 December 2022 (2021: £6.1 million)

## Post period end

January 2023, the appointment of Dr. Michael Kauffman as Non-Executive Chairman.

January 2023, positive preclinical data reported with the BVX001 programme, demonstrating a highly favourable safety profile compared to Mylotarg™ in an *in vivo* model assessing the risk for bone marrow toxicity and neutropenia.

# Chairman's Statement

**For the year ended 31 December 2022**

I am delighted to report on the Company's most recent and notable developments and am confident that we will continue to see significant progress with our pipeline over the coming year as we advance towards the clinic.

Since joining BiVictriX in 2021, my role has focused on supporting our CEO, Tiffany Thorn, and the Company in establishing a strong foundation from which it can develop and mature into a meaningful biotech company. It is my belief that, over the past 12 months, we have achieved this across all aspects of the business, in line with the Company's goals laid out at the time of the last statement.

We have produced promising *in vitro* safety and efficacy data, resulting in the identification of a development lead for the BVX001 programme and marking a significant step forward towards progressing this programme to the clinic.

We have successfully built upon our existing internal R&D capabilities, incorporating a fully functional protein expression laboratory to satisfy our tumour-selective bispecific antibody (Bi-Cygni®) requirements across both the lead programme and broader pipeline.

In addition, in pursuit of our aim to decrease the development time from discovery to lead selection, we established our own unique Bi-Cygni® discovery engine which enables the expansion of our library of proprietary cancer-selective fingerprints, using patient-derived next-generation sequencing data.

During the period, the Company expanded its development pipeline to include two new programmes, BVX002 & BVX003, which have entered discovery. These programmes target a spectrum of solid tumour and haematological cancer indications, demonstrating the broad utility of the Bi-Cygni® concept as a first-in-class approach to better cancer treatment. Selection of development leads for the two new programmes, together with further patent filings, is anticipated during the next year.

We have continued to maintain tight control of our finances and have been both robust and prudent with the use of shareholders' funds. In terms of governance and oversight during the year, we strengthened the Board with the appointment of Dr Michael Kauffman, who broadens the Board's capabilities and experience by providing his expertise in preclinical research, clinical development, and regulatory strategy. Recently, we announced that I am handing over the Chairman role to Michael. I look forward to remaining with the Company as a member of the Board and continuing as a supportive shareholder. It has been a privilege to serve BiVictriX as Chairman since 2021, through the Company's initial public offering in August 2021 and the significant progress made since.

In summary, the journey of any biotech company is often non-linear, but we have nevertheless continued to make great progress in the past year, which has proven very challenging for many small biotech companies. We have built an effective, fit-for-purpose R&D team with expanded capabilities, and broadened our know-how in the business. A development lead for the BVX001 programme was selected in December 2022, and we have expanded our discovery capabilities along with our development pipeline, which we believe over time will address substantial numbers of patients with cancers and thus represent very substantial commercial markets. The fundamentals of this business remain strong and I am confident we will make substantial progress in the coming year.

I would like to thank all my fellow Directors and our terrific team in Alderley Park, UK, led by our exceptional CEO, Tiffany Thorn, for all their efforts over the past year. And, as always, we remain grateful for the ongoing support of our shareholders, whose faith in the company makes possible

everything we do.

## Iain Ross
## Former Non-Executive Chairman - (August 2021 – January 2023)

## 29 March 2023

# Chief Executive Officer's Review

**For the year ended 31 December 2022**

It is with great pleasure that I am delivering the Company's second Annual Report as CEO of BiVictriX Therapeutics plc, following our IPO in 2021. I am delighted to share the meaningful recent progress that we have made in advancing our state-of-the-art approach to developing more effective and safer anti-cancer therapeutics. The original idea I had while serving as a Clinical Immunologist in the NHS is moving ever closer to delivering value in a patient setting and offering a potentially "game-changing" approach to cancer treatment. This would not be possible without the continued and valued support of our dedicated staff and shareholders, to whom I am extremely grateful for their enthusiasm and belief in BiVictriX.

**The business**

BiVictriX is a UK-based drug discovery and development company with a vision to revolutionise cancer therapy for some of the most difficult to treat cancers. The Company is focused on applying our innovative, proprietary Bi-Cygni® approach to develop a new class of highly selective, next-generation cancer therapeutics which exhibit superior potency, whilst substantially reducing treatment-related toxicities by greatly improving the specificity of these molecules for targeting the cancer. Our lead programme, BVX001, is focused on Acute Myeloid leukaemia ("AML"), one of the most aggressive forms of blood cancer which, to this day, carries an incredibly poor prognosis, leading to death in 60%-90% of adult cases depending on the patient's age.

## Bi-Cygni®: A game-changing approach to treat cancer

Bi-Cygni® is a unique, proprietary platform which combines the discovery of novel, cancer-selective twin-antigen pairs or "fingerprints" (typically two different proteins), with our expert bispecific antibody engineering insights; to create a new class of highly selective, next-generation anti-cancer therapeutics. Together with our proprietary library of these newly identified cancer-specific fingerprints, which are found to be aberrantly present on tumour cells, but largely absent from normal, healthy cells; we develop first-in-class obligate bispecific therapeutics (Bi-Cygni® therapeutics) that are exquisitely cancer-selective.

Because our first-in-class Bi-Cygni® therapeutics have high selectivity for cancer cells with reduced toxicity on normal cells, we have the potential to generate a pipeline of anti-cancer drugs across both solid and haematologic cancers with the widest therapeutic windows. Consequently, these drugs have the potential to reduce the development of treatment-limiting (and sometimes life-threatening) toxicities and enable clinicians to give patients higher, more effective doses of therapy over prolonged periods in order to improve both depth and duration of anti-tumour responses with reduced likelihood of causing harm.

Since establishing operations in 2017, the Company has maintained its vision to combine our unique innovations in therapeutic design with established, clinically validated, therapeutic modes of action. Applying advances in our understanding of precision targeting through the Bi-Cygni® platform to the established, highly potent Antibody Drug Conjugate "ADC" concept enables us to generate a broad pipeline of next generation ADC therapeutics which could deliver increased tumour cell kill while reducing effects on normal cells. Thus, my fellow directors and I believe that in the clinic, these therapeutics will have the potential to deliver very high response rates and longer-term tolerability over and above the standard ADC design, while effectively reducing early developmental risk and time-to-market. This will enable, for the first time, the broader utilisation of this therapeutic class across a

wider range of difficult-to-treat solid tumour and haematologic cancers.

**Key achievements in 2022**

Following our IPO on to the AIM market of the London Stock Exchange in 2021, which was recognised as Investment Deal of the Year at Bionow's 20th annual awards, I am pleased to report the Company has continued to make value-creating progress in line with our strategy in what has been a significant year for the ADC space. We continue to utilise the net proceeds of our £7.5 million fundraise at the time of IPO with care and precision, ensuring absolute priority is given to the progression of our R&D programmes and to meeting the corporate goals. We have made good progress in the period in meeting these goals, which include:

- building a fit-for-purpose internal R&D team to ensure value-creation and know-how is retained in the business;
- identifying a development lead for the BVX001 programme to accelerate progression towards the clinic; and
- expansion of our early-stage pipeline and growth of our IP portfolio, with the development of a novel "Bi-Cygni® discovery engine" - utilising state-of-the-art, patient-derived, next-generation sequencing data, with the addition of two further candidates to our pipeline.

A more detailed description of our progress and key drivers follows below.

**Board of Directors**

On 6 January 2023, post period end, we announced that Dr. Michael Kauffman, M.D., Ph.D. has been appointed as Non-Executive Chairman of BiVictriX. Dr. Kauffman took over the role from Iain Ross, who will continue as a Non-Executive Director at BiVictriX and stepped down from the role of Chairman due to his additional responsibilities at ReNeuron Group plc.

Dr Kauffman takes over the reins as Non-Executive Chairman at a crucial time for the Company, as we plan to progress our BVX001 development lead into the clinic. Since his appointment to the Board of Directors in January 2022, Dr Kauffman has seen the business progress the lead drug candidate from an early-stage asset towards a clinical candidate. Having been instrumental in the approval of several oncology therapeutics over twenty five years of working across preclinical research, clinical development, regulatory strategy and commercialisation, he is very well placed to draw from his experience as a highly seasoned cancer drug developer to support the business as we progress the asset towards clinical development and commercialisation.

As Non-Executive Chairman, Dr Kauffman will utilise his previous experience as Co-Founder and Chief Executive Officer of oncology company Karyopharm Therapeutics Inc., which he guided from a discovery stage biotechnology company to a commercial stage organisation, achieving global approvals of XPOVIO®. He also led the Kyprolis® development programme at Proteolix and then Onyx Pharmaceuticals, the Velcade® development programme at Millennium Pharmaceuticals, and has held a number of senior positions at Millennium Predictive Medicine and Biogen, and other companies.

I would like to personally thank Iain Ross for his commitment and support of the business, his mentorship and his valued guidance in helping to take the Company from a private entity to a publicly listed business during our IPO in August 2021. I look forward to continuing to work closely with Iain and Michael, together with our wider group of seasoned Non-Executive Directors, as we look to navigate the Company towards commercial success.

**Internal R&D capabilities**

In 2022, we expanded our newly established internal R&D premises to incorporate a dedicated protein expression division. This additional capability will be key in reducing timelines from discovery to the identification of development leads, across the pipeline. In addition, the new division will expand and diversify internal know-how surrounding the development of novel bispecific antibody formats, a key aspect of our approach. Ultimately, this will reduce the time-to-market and increase patent life for each asset, as well as drive further value in the platform offering of the business.

To support our expanded internal capabilities and our growing pipeline, during the period we continued to build our dedicated team of experienced scientific staff. This included the recruitment of four exceptional scientists to provide support across each of the three internal R&D divisions at BiVictriX: namely protein expression, bioconjugation and biology/biomarker discovery.

**Scientific progress**

We have continued to make good progress during the period through the optimisation of BVX001, our lead therapeutic development programme. In December 2022, we announced that we have successfully identified a development lead for this programme, which is a substantial step forward in identifying a final clinical candidate – a milestone which we anticipate meeting later this year.

As the first asset utilising our proprietary Bi-Cygni® approach, navigating the clinical development landscape for a completely novel drug candidate was always going to require careful preparation and planning. I am pleased to report that the Company has made great progress in identifying a suitable and timely development path, in conjunction with support and guidance from our regulatory advisors, which we believe will ensure a streamlined path to the clinic for this asset. This will effectively set the precedent and will aim to reduce time-to-market for all future pipeline assets aligned to this approach.

The development lead identified for the BVX001 programme was selected based on a highly encouraging and comprehensive *in vitro* data package. The data package report included positive readouts on cancer cell potency across different target-expressing cell lines, improved cancer selectivity and safety studies using human-derived healthy cells, as well as a suitable developability, stability and manufacturing profile reported. As such assays, many of which are proprietary, have been developed, established, and validated in house at BiVictriX, they will also serve the entire pipeline of the Company. In particular, we believe that these now established assays will help to drive shorter timelines from discovery activities to selection of future asset leads.

The development lead will now be further assessed in *in vivo* models of efficacy to assess the optimised dosing regimen, data which is anticipated later this year and will represent an exciting milestone for the business. The results will support manufacturing preparation of material for human trials and guide dosing in first-in-human studies to follow.

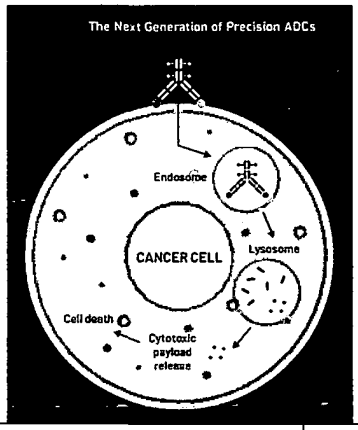
During the period, we have also made good progress with our proposed strategy to expand the therapeutic pipeline and identify new ways in which we could rapidly expand our proprietary Bi-Cygni® fingerprint library.

I am pleased to report that, through utilising patient-derived, next-generation sequencing data and state-of-the-art bioinformatics approaches, we have established a wholly-owned Bi-Cygni® discovery engine. The Bi-Cygni® discovery engine enables the efficient discovery of a wide range of novel, cancer-selective Bi-Cygni® fingerprints to feed our growing proprietary library, IP portfolio and expanding therapeutic pipeline. The discovery engine will serve an important, valued asset for the business and

will enable BiVictriX to progress the Bi-Cygni® platform further into areas of significant unmet medical need and high commercial interest. Importantly, the Bi-Cygni® discovery engine will enable the business to expand the utility of the Bi-Cygni® concept across a wide range of solid tumour and haematological cancer indications, while also enabling the Company to enter new, well-sought-after markets, such as immuno-oncology. I believe this to be a crucial step forward for the business as we look to increase our value proposition aligned to our proprietary Bi-Cygni® concept and as we look towards securing commercial partnerships with third parties.

Post period end, we reported positive preclinical safety data with BVX001 when compared to Mylotarg™ – the only currently approved ADC indicated for AML. In January 2023, we reported that in an *in vivo* model evaluating the risk for bone marrow toxicity and neutropenia - a potentially life-threatening toxicity linked to currently approved therapies in AML – BVX001 showed no adverse effect to these healthy cells. The model was run head-to-head with Mylotarg™ with BVX001 demonstrating a highly favourable safety profile when compared to this commercial comparator. These results build upon the previously documented excellent *in vivo* efficacy data and *ex vivo* safety data reported for this programme.

**Bi-Cygni®: The Next Generation of Precision ADCs**




| | | |
|---|---|---|
| **Global Antibody Drug-Conjugate market valued at US$ 5.81 billion in 2021**<br><br>**Expected to grow at a Compound Annual Growth Rate (CAGR) of >16% to 2030**<br><br>**Global Market anticipated to be worth USD 27.5 billion by 2040**<br><br>***Source: Grand View Research Inc, 2022*** | **14 Antibody Drug-Conjugates approved**<br><br>***Source: Fu, Z., et al. 2022*** | **Buoyant market for ADC assets in 2022:**<br><br>**Astellas/Sutro biopharma announce early-stage multi-ADC partnership for US$422.5m per candidate**<br><br>**Merck & Co puts US$9.3bn on the line in ADC deal with Kelun-Biotech** |

| Bi-Cygni® Therapeutic Platform: Engineered to Target the Cancer, not the Patient | |
|---|---|
| Cancer remains a notoriously challenging disease to treat due to the inherent similarity that exists between cancer cells and other vital healthy cells within the body.<br><br>Clinicians, for many decades now, have had to carefully balance the dose of the anti-cancer drugs they administer to a patient to attempt to treat the disease, without significantly harming the patient in the process, limiting the safe dose they can prescribe. | At BiVictriX, we aim to skew this balance in the patients' favour by revolutionising how we design anti-cancer therapeutics to ensure our next generation therapeutics have superior cancer-selectivity. Thus, ensuring clinicians can deliver higher, more effective doses of therapy safely to patients.<br><br>The Bi-Cygni® platform was derived from specialist clinical experience and combines the identification of a library of novel cancer-specific fingerprints, with expert engineering and design capabilities, to develop a differentiated bispecific therapeutic approach with superior cancer-specificity and potency. |

**Lead Programme: BVX001**

BVX001 is a first-in-class, Bi-Cygni® ADC designed to target the cancer-specific Bi-Cygni fingerprint, CD7 x CD33, found on the cancer cells of approximately 25-30% of patients with Acute Myeloid Leukaemia "AML", and in subpopulations of cancer cells from patients with other haematological cancers.

AML represents one of the most aggressive forms of cancer and is often associated with a fulminant clinical course. The effectiveness of newly emerging treatments has been compromised by the onset of significant toxicities, resulting in life-threatening, treatment-related side effects and even death. At present, about half of the entire AML patient population are excluded from receiving preferred intensive combination chemotherapy treatments (often followed by allogeneic stem cell transplantation) based on their inability to withstand such toxicity. Amongst patients who do receive this intensive therapy, ~30% are cured, with the remaining relapsing and requiring effective therapies. For the other ~50% of patients who cannot receive intensive treatment, the disease is almost always fatal within 2-4 years. For this reason, AML remains a critical unmet medical need, associated with one of the lowest 5-year survival rates across all forms of cancer.

Early preclinical data reported for this programme has been very encouraging. In January 2023, we reported that in an *in vivo* model evaluating the risk for bone marrow toxicity and neutropenia - a potentially life-threatening toxicity linked to currently approved therapies in AML – BVX001 showed no adverse effect to these healthy cells. The model was run head-to-head with Mylotarg™, the only currently approved ADC indicated for AML, with BVX001 demonstrating a highly favourable safety profile when compared to this commercial comparator.

This programme has now been optimised for clinical development, with a development lead selected in December 2022, based on a highly encouraging and comprehensive *in vitro* data package. The data package included positive readouts on cancer cell potency across different target-expressing cell lines, improved cancer selectivity/safety using human-derived healthy cells, as well as suitable developability, stability and manufacturing profile recorded.

The development lead, together with a back-up candidate, will now be taken forward into animal models to assess efficacy *in vivo* and determine appropriate dosing schedules, with the nomination

of a clinical candidate anticipated during 2023. The Group would then look to progress BVX001 through further preclinical studies towards obtaining regulatory approval to initiate human trials while seeking suitable third-party partnerships to support manufacturing and clinical development activities and commercialisation of the asset.

**Commercial strategy**

It is my belief, and that of the Board, that the Bi-Cygni® platform can be applied to build a diverse pipeline of first-in-class therapeutics to treat a wide range of solid tumour and haematological cancer indications, offering a competitive therapeutic advantage to the existing milieu of drugs currently in development and addressing key unmet needs in the market. BiVictriX's ambition is to validate the Bi-Cygni® approach within a panel of difficult-to-treat cancer indications, beginning with BVX001 in AML, to demonstrate the wide applicability of the concept, propelling the Group forward as a global leader in the field.

To realise maximum value, we are committed to ensuring the focused, expedient development of our therapeutic pipeline towards reaching key value inflection points, subsequently validating the wide utility of our proprietary Bi-Cygni® approach to treat multiple cancer types. Alongside this, we aim to further strengthen and grow our broad patent portfolio through the newly established Bi-Cygni discovery engine, safeguarding both current and future cancer-specific fingerprints for the Group, or our chosen partners. In addition, a number of our now established in-house assays represent trade secrets and provide further barriers to entry for potential competitors.

We are strongly focused on utilising our capital efficiently to secure value-enhancing milestones across our therapeutic products and wider platform, which will enable us to target commercial partnerships, including licensing agreements.

BVX001, as our lead asset, will be important in providing validation to the market for the wider Bi-Cygni platform. I believe there are three key milestones within the development pathway for our lead, namely nominating a clinical candidate, achieving IND approval and establishing early clinical proof of concept through an initial Phase I/II clinical trial. The first value-enhancement for BVX001 is on track to be achieved during 2023. The Board believes that nomination of a clinical candidate will have the potential to attract third party interest, including from pharma and mid-sized biotech companies operating within the sector, who may be interested in partnerships and/or licensing opportunities, providing long-term revenue streams to BiVictriX.

As we near completion of this major corporate milestone, we will continue to increase visibility of the Company at major sector conferences, building upon our well-received presentations and active involvement at the Immuno-Oncology Summit Europe and PEGS Europe during the period, together with our upcoming presentation at PEGS Boston in 2023. We were delighted to be included, nominated, and recognised for a variety of awards in 2022, notably EY's Entrepreneur of the Year and the European Mediscience Awards, in the 'Emerging Star' category. To enable the Company to actively seek out and explore potential opportunities in the near term, we will also bring onboard additional resource.

While we have had some early interest in our platform, our aim is to strike a balance between demonstrating commercial value of both our platform and our specific programmes, with an appropriate deal structure for the Company and our stakeholders. We, as a Company and Board, believe that our position to negotiate an appropriate deal structure for the lead asset will be strengthened by the continued development of the wider pipeline alongside the further development

of BVX001. Therefore, in order to expedite the development of the lead asset and to ensure the Company is in a strong position to find the most appropriate partnership structure, we will also seek early-stage partnerships within specified territories which may provide additional financial support to move the asset forward within the shortest timeframe.

**Immediate goals**

Through our expanding pipeline, broad patent portfolio and internal know-how, the Company is well positioned to target multiple early-stage, preclinical partnership opportunities on the wider pipeline.

To succeed at achieving these goals we are focused on delivering upon the following key milestones:

- Nomination of a clinical candidate for the BVX001 programme based on *in vivo* efficacy data, anticipated during 2023;
- Identification of development leads for BVX002 and BVX003 within the next 12 months;
- Consolidation of the intellectual property landscape surrounding further potential cancer-specific Bi-Cygni® fingerprints, supported by the newly established discovery engine;
- Bringing onboard dedicated business development resource to actively seek out appropriate partnership opportunities for the BVX001 and/or other programmes; and
- Securing key discovery-stage collaborations with industry and academia to expand the Bi-Cygni® platform across other therapeutic platforms/other therapeutic indications.

**Proprietary Bi-Cygni® discovery engine established: future proofing BiVictriX**

At the time of IPO, BiVictriX possessed a small, proprietary library of cancer-specific Bi-Cygni® fingerprints derived from clinical experience, which had the potential to address a wide range of different blood cancer indications.

In support of our intention to consolidate the wider intellectual property landscape surrounding potential additional Bi-Cygni® fingerprints, the Company has developed a novel, efficient way of identifying new cancer-specific fingerprints, which can be applied effectively across a broader array of different solid tumour and haematological cancer types.

Through combing the expertise of bioinformatic data-mining experts, with our internal know-how in BiVictriX, we have now developed the Bi-Cygni discovery engine. The discovery engine represents a proprietary, wholly owned, state-of-the-art bioinformatics model to be used in conjunction with patient-derived next-generation sequencing data. The model uses a set of specially defined algorithms to interrogate large patient data sets to define a novel list of potential cancer-specific Bi-Cygni® fingerprints. These algorithms can be effectively applied across a wide range of cancer types to deliver a broad and ever-growing library of novel fingerprints, which can be developed into therapeutics internally, or can be made available for partnership.

The establishment of the Bi-Cygni® discovery engine marks a substantial value inflection point in the Company's progression as we seek to attract third party partnerships and aim to future proof the Company as a world-leader in this novel approach.

**Financials**

Management controls operate across the business to ensure that our financial resources are prioritised towards the further development of the Company's therapeutic programmes and platform to reach the key value points outlined above.

This focus was reflected in the R&D expenditure which increased to £2.1 million (2021: £0.7 million) in the year and a loss after tax of £2.5 million (2021: £2.3 million).

We added to our internal laboratory capabilities by investing a further £241k (2021: £64k) in laboratory equipment.

The Group ended the year with a cash balance of £3.3 million (2021: £6.1 million)

**Summary and outlook**

I am very encouraged by the progress we have made during the period, including the progression of our lead therapeutic programme and the further strengthening of our IP portfolio; together with the positive strides we have made in future-proofing the business through the establishment of the Bi-Cygni® discovery engine, expansion of the pipeline and broadening of our internal capabilities and know-how. As we draw closer to reaching key value inflection points during 2023, our focus will be on increasing the visibility of the Company and showcasing our clear value proposition to potential third-party collaborators.

I remain fully committed to our business goals, our continued delivery against objectives and to prioritising the use of proceeds to create further significant value in the Company and to provide multiple potential opportunities for financial return to our valued shareholders.

Finally, and on a personal note, I would like to thank our exceptional scientific team for their enthusiasm, commitment and hard work over the past twelve months, for which our progress to date would not have been possible, the Board for their guidance throughout the period and of course, our shareholders for their much valued continued support and investment in our business.

**Tiffany Thorn**
**Chief Executive Officer**
**29 March 2023**

# Principal Risks and Uncertainties

**Risk management process and risk appetite**

We identify, consider and mitigate the principal risks to our business strategy in accordance with our governance framework set out in the Corporate Governance Report. The management team monitor and assess principal risks, based on the probability of the risk crystalising and the potential impact on the Group.

Management review the inherent risk (i.e., level of risk before internal controls) and the residual risk (i.e., the remaining risk after the effect of existing controls is considered) and then determine with the Board further actions required to manage the risk in line with the risk appetite approved by the Board.

The Board is responsible for the overall stewardship of our risk management processes and considers that the Group's risk profile is within its tolerance range.

Below are our principal risks, a summary of key controls and mitigating factors:

| Risk | Impact | Mitigation | Change in year |
|---|---|---|---|
| The Company's operations are at an early stage of development | It might not be able to develop our proprietary technology or therapeutic programmes towards the clinic | Experienced board directors will support management to implement the Company's strategy |  |
| Drug development programmes are at an early stage | Milestones may not be achieved or are delayed which could affect the timing of the Company's development and the delivery of our business strategy | Regular review of progress and effective decision making. Board expertise and experience support the management and project teams. |  |
| Attract and retain key management and employees in an increasingly competitive environment | The Company's ability to deliver on its business strategy | Attractive remuneration package including share options. Active board interaction with the team to engage the whole team in driving the strategy forward and the benefits of being part of a growing entrepreneurial, company. |  |
| The patent portfolio currently comprises six patent families, which have not yet been granted | Negative impact on the Group's ability to protect its intellectual Property which underpins its commercial strategy | Patent filing strategy includes new applications to build a broad portfolio. IP strategy covers technology and products. |  |
| The Company may have insufficient cash resources to fund its ongoing activities and investment in Research & Development. | Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interest in certain work programmes or projects and miss commercial opportunities. | Cash resources carefully deployed to maximise timely R&D investment to achieve value enhancing milestones |  |

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|---|---|---|---|
| Competitors may develop new products | Could reduce the commercial potential of the Company's pipeline | Develop a focused product pipeline and closely monitor the commercial landscape. Adapt product plans if necessary to meet market changes. |  |
| High UK and worldwide Inflation | Higher charges from external partners on the cost of our lead programme. Difficulty in holding onto and attracting high quality staff. | Careful cost control throughout the organisation, regular salary and other benefits reviews to ensure we are competitive with similar companies in our industry. |  |
| Foreign exchange risk | Volatility around costs of foreign sourced supplies and scientific consultancy. | Review the use of suppliers and consultants paid in other currencies |  |
| Conflict in Ukraine | Uncertainty in sourcing supplies and pressures on energy and other commodities costs. | Investigate alternative supplies of direct materials. Work with partners on site to mitigate the effects of higher energy costs. |  |

# Corporate Governance Report

***As Chairman during the period, it was my responsibility, working with my fellow Board members, to ensure that good standards of corporate governance apply throughout BiVictriX and the way that the Group conducts business. As a Board we set and influence the Group's culture and conduct.***

As directors we acknowledge the importance of high standards of corporate governance and the principles set out in the Corporate Governance Code for small and mid-sized companies issued by the Quoted Companies Alliance ("QCA Code"). The QCA Code is a widely recognised benchmark for corporate governance of small and mid-sized companies, particularly AIM companies. It takes key elements of good governance and applies them in a manner which is relevant to different needs of growing companies. At BiVictriX we have adopted and apply the QCA Code as appropriate for a business of our size and stage of development.

The Board comprises six Directors: one Executive Director (CEO Tiffany Thorn) and five Non-Executive Directors, including a Non-Executive Chairman. Our Board comprises individuals who bring complementary experience and skills. Robert Hawkins, Susan Lowther, Drummond Paris and Michael Kauffman are considered to be independent Non-Executive Directors.

This Board composition provides a range of relevant experience to meet the Group's challenges and opportunities as a public company, knowledge of pharmaceutical product development in the markets within which it operates, whilst ensuring that no individual (or a small group of individuals) can dominate the Board's decision making.

The Board meets regularly to review the Group's progress towards its strategic goals and to approve budgets, corporate actions and financial reporting. The Board is supported by committees which fulfil specific functions. Such committees include the Audit & Risk Committee and the Remuneration Committee which have clear terms of reference setting defined duties and responsibilities.

The Audit & Risk Committee and Remuneration Committee meet at least three times per year and otherwise as required. They are both chaired by independent Non-Executive Directors.

Separate committees may also be set up by the Board to consider specific issues.

**Iain Ross**

**Former Chairman - (August 2021 – January 2023)**

**29 March 2023**

## Corporate Governance Statement

***The Board is responsible for the long-term success of the Group and agrees the business strategy, implementation plans and management of risk. It provides leadership and is responsible for the overall corporate governance of the Company. The directors are responsible for ensuring that the strategy, operations, financial reporting and management of risk are underpinned by processes which promote a culture of engagement, transparency and responsibility throughout the Group.***

The Board believes that good corporate governance is an integral part of the future success of the Group. Accordingly, the directors have adopted the QCA Code, to establish the governance in a manner appropriate for a company of its size. This section of the annual report includes information about how the ten guiding principles of the QCA Code have been adopted and are being applied by the Group.

### Business Model and Strategy

The Directors believe the Bi-Cygni® approach can be applied to build a diverse pipeline of first-in-class therapeutics across the wider spectrum of immunotherapeutic platforms, addressing key unmet medical needs in the market. BiVictriX's ambition is to validate the B-Cygni® approach within a panel of difficult-to-treat cancer indications to demonstrate to the market the wide applicability of the concept, building the Company into a global leader in the field.

*To succeed at achieving this vision, BiVictriX aims to achieve the following key milestones within the short to medium term:*

- ***progress** BVX001 to reach key preclinical milestones on early (non-GLP) efficacy and safety;*
- ***develop** two new candidates, BVX002 and BVX003 to early preclinical proof of concept;*
- ***expand** the Company's internal early-stage development capabilities to support the further optimisation of the Bi-Cygni® approach and to enable better access to partnerships with larger pharmaceutical companies;*
- ***consolidate** the intellectual property landscape surrounding further potential cancer-specific "twin antigen" fingerprints;*
- ***secure** key collaborations with industry and academia to expand the Bi-Cygni® approach across other therapeutic platforms; and*
- ***establish** consistent and growing revenue streams through licensing arrangements with industrial partners comprising upfront option and licensing payments, programme milestone payments and ultimately royalties on commercial sales.*

### Board of Directors

The Group is governed through its Board of Directors, comprising the Chairman, Chief Executive Officer and four Non-Executive Directors. The names of the current Directors together with their biographical details, skills, experience and other Directorships are set out on pages 24 to 25.

All Directors are subject to election by the shareholders at the general meeting immediately following their appointment to the Board and at re-election intervals of not more than three years.

### Skills and experience

The Company has put in place a board structure that provides a breadth and depth of skills and experience to deliver the business strategy of the Group for the benefit of shareholders over the medium to long-term.

The directors believe that the Board has an appropriate balance of sector, financial, and public markets skills and experience and members bring a range of skills and capabilities to the Company. The Board members are kept up to date on a regular basis on key issues and developments pertaining to the Company as well as their responsibilities as members of the Board.

The Board reviews the corporate governance framework periodically to ensure it remains appropriate for the size, stage, complexity and risk profile of the Company and the markets within which it operates.

Whilst day-to-day management of the Group is delegated to the senior management team, certain matters are specifically reserved for decision by the Board and documented in a written schedule which is reviewed annually.

**Independence**

The Board believes that all Non-Executive Directors together with the Non-Executive Chairman bring an independent judgement to bear. No Non-Executive Director has been an employee of the Group, has had a material relationship with the Group, receives remuneration other than Directors fees and share options (save as disclosed), has close family ties with any of the Group's advisers, Directors or senior employees or holds cross-directorships.

The Board is aware of the other commitments of its directors and changes to these commitments must be reported to the Board. The Group has procedures in place to deal with conflicts of interest, the directors do not participate in any vote in which they have a conflict of interest and do not contribute to discussions involving such interests.

The Group has adopted a policies and procedure for dealing in the securities of the Group, which is appropriate for a company listed on AIM. All share purchases or sales, grant or exercise of share options are approved by the Board. They are disclosed via a RNS release which is published on the Company's website.

**Professional development**

On appointment each Director takes part in an induction programme in which they receive information about the Group and the role of the Board including matters reserved for its decision, the terms and reference of the Board and committees. They receive guidance about the responsibilities of AIM company's directors as set out in the AIM Rules for Companies and relevant aspects of the Market Abuse Regulation legislation.

The Directors can access independent professional advice at the Group's expense when it is considered necessary in order for them to carry out their responsibilities.

**Evaluation of Board Performance**

Internal evaluation of the Board and its individual Directors is led by the Chairman in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas as well as the Directors' continued independence and capacity. The criteria against which effectiveness is considered is aligned to the business strategy.

Succession planning for the Board and senior management team is undertaken by the board.

**Understanding shareholder needs and expectations**
The Board is committed to maintaining good communication and investor relations and having a constructive dialogue with its shareholders. Institutional shareholders and analysts can discuss issues and provide feedback at meetings with the Company. The Company's financial communications advisor provides Investor Relations services allowing all investors to have the opportunity to ask questions and provide feedback either by telephone or email.

Shareholders are invited to attend company investor presentations which are organised periodically during the year. In addition, all shareholders are encouraged to attend the Company's annual general meeting and any other general meetings which are held during the year when possible.

The Company's website is used to communicate with shareholders and investors by providing access to current information about the Company. In addition, shareholder communications are answered by the Chief Executive Officer, the Chairman, or the Company's Nominated Adviser and Brokers.

**Stakeholder engagement**
The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its customers, stakeholders, suppliers and regulators.

The BiVictriX team is key to the business and regular meetings are held to ensure that all staff are aware of the direction of the business, key business priorities, milestones and progress to date. Communication is frequent and includes engagement with the Directors on a one-to-one basis or as a group, including during board meeting days held at the Company offices.

The Group draws upon a range of different resources and relationships to drive the business forward. The focus on highly specific research and development, means that the team works collaboratively in internal and external academic groups. External relationships reflect an aim of building and maintaining a network of relationships with academia, key opinion leaders, clinicians, potential industry partners and regulators. These relationships are valued with processes and systems to ensure that there is appropriate oversight and engagement.

**Managing risk and uncertainty**
The Board have identified principal business risks which are included in the Strategic Report on pages xx to xx.

The Board is responsible for establishing the system of internal control used by the Group and reviewing its effectiveness. This system is intended to understand and manage risk which could potentially impact the business, including information used in decision making. Established controls include:

- Monthly management accounts issued to the Board
- Detailed Board reports of progress against company goals and in R&D projects
- Annual budget and rolling forecasts reviewed and approved by the directors
- Authority limits approved by the Board, with matters reserved for the Board including approval of significant contracts and overall project expenditure
- Ongoing review of the IP strategy including status of IP applications and grants

In addition to its other roles and responsibilities, the Audit & Risk Committee is responsible to the Board for ensuring that appropriate internal controls and authorities are in place.

**Culture and values**

The Board recognises that its decisions regarding strategy and risk may impact the corporate culture which in turn could impact the performance of the Group. The Board is very aware that the tone and culture set by the Board greatly impacts all aspects of the Company as a whole and the way that employees behave. The importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

The culture within the Company includes respect for all individuals, an open dialogue within the Company and a commitment to maintain relationships with key stakeholders. Employees are at the heart of the Company's corporate culture. They are aware that their work, commitment and enthusiasm to the development of new treatments in areas of high unmet need, could make a positive contribution to people's lives. This is a strong motivator and drive for change, which means that in a small yet growing company the nascent culture reflects core values of integrity, collaboration and mutual respect.

The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever they occur. The Company has adopted an anti-bribery and anti-corruption policy which provides guidance to those working for the Company on how to recognise and deal with bribery and corruption issues and the potential consequences and applies to all persons working for the Company or on its behalf in any capacity, including employees at all levels, Directors, officers, consultants and agents.

The Company's share dealing policy regulates trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company takes all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy.

**Governance structures and processes**

The division of responsibilities is clearly defined. Ultimate authority for all aspects of the Company's activities rests with the Board with the respective responsibilities of the Non-Executive Chairman and Chief Executive Officer delegated by the Board.

The Chairman is responsible for the effectiveness and leadership of the Board, to provide a culture of engagement including appropriate challenge to enable the effective contribution of Non-Executive Directors and constructive, regular interaction between the Executive and the Non-Executive Directors.

The Chief Executive Officer and Chairman ensure that the Board receives accurate, timely and clear information.

Non-executive Directors are appointed not only to provide independent oversight and constructive challenge but to provide strategic advice and guidance. There is a rigorous and transparent procedure for the appointment of new Directors to the Board. The search for Board candidates is conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board.

The Audit & Risk and Remuneration Committees have delegated duties and responsibilities and

written terms of reference. These committees are comprised solely of Non-Executive Directors. From time to time, other committees may be set up by the Board to consider specific issues when the need arises.

The Company considers that, at this stage of its development, and given the current size of its Board, it is not necessary to establish a Nominations Committee. This is reviewed on a regular basis by the Board.

**Audit & Risk Committee**

The Committee's role is to assist the Board with the discharge of its responsibilities in relation to internal and external financial reporting, audits and controls. This includes reviewing the Company's annual and half-yearly financial statements, reviewing and approving the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and the tendering process.

The Committee reviews the effectiveness of the Company's corporate governance, internal audit and controls, risk management, whistle-blowing and fraud-prevention systems.

The ultimate responsibility for reviewing and approving the Company's annual report and accounts and its half-year reports rests with the Board.

The Audit & Risk Committee is chaired by Susan Lowther with Drummond Paris and Robert Hawkins as members. The Board has satisfied itself that the Audit & Risk Committee members have recent and relevant financial experience, including knowledge of the sector in which the Company operates.

The Audit & Risk Committee normally meets not less than three times in each financial year and at such other times as the chair of the committee requires. It has unrestricted access to the Company's auditors. The Chief Financial Officer and Chief Executive Officer can attend the committee meetings by invitation.

**Remuneration Committee**

The Remuneration Committee is responsible for executive remuneration and the remuneration packages of individual directors. This includes agreeing with the Board the framework for remuneration of the Executive Director and senior management team.

The Committee is responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses and share options. No Director is involved in any decision as to their own remuneration.

The Remuneration Committee normally meets not less than three times in each financial year and at such other times as the chair of the committee requires.

Membership of the Remuneration Committee comprises Robert Hawkins, Michael Kauffman, Susan Lowther, Drummond Paris and Iain Ross. The Committee is chaired by Drummond Paris. The Chief Executive Officer is invited to attend to discuss staff remuneration, option packages and bonus schemes, but does not participate in discussions about Executive Director remuneration.

**Board meetings**

The Board meets at least eight times each year or any other time deemed necessary for the good management of the business. Board meetings are typically held at the Company's premises or at a location agreed between the Board members.

The number of Board and Committee meetings attended by each of the Directors in the financial year are as follows:

| Number of meetings in the year | Full Board | Audit & Risk Committee | Remuneration Committee |
|---|---|---|---|
| Tiffany Thorn | 8 | - | - |
| Iain Ross | 8 | - | 3 |
| Robert Hawkins | 8 | 4 | 3 |
| Susan Lowther | 8 | 4 | 3 |
| Drummond Paris | 8 | 4 | 3 |
| Michael Kauffman | 8 | - | 3 |

**Environmental, Social and Governance**

The Board recognises the importance of social, environmental and ethical matters. Growth as a business is matched by a dedication to behaving responsibly and working practices and processes which underpin our commitment to managing environmental obligations.

The Group is committed to the equal treatment of all employees and applicants regardless of their gender, marital status, sexual orientation, age, race, colour, nationality, ethnic origin, disability, or religious or philosophical beliefs. The Group's responsibilities as a company and the expectations of employees as representatives of the company are set out in the Company Handbook. This handbook is provided to all employees as part of their induction training and is regularly reviewed and updated.

The Health and Safety committee, organised by employee representatives, aims to maintain a safe and healthy working environment for employees and ensure, so far is as is reasonably practicable, that the Group is fulfilling its legal responsibilities.

# Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK, IFRIC interpretations and the Companies Act 2006 applicable to companies operating under IFRS. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

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 Group and parent Company and of the Group's profit or loss for that period. In preparing the Group and parent company financial statements, the directors are required to:

(a) select suitable accounting policies and then apply them consistently;
(b) make judgements and accounting estimates that are reasonable and prudent;
(c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
(d) 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 keeping adequate accounting records that are sufficient to show and explain transactions and disclose with reasonable accuracy the financial position of the Group and parent company to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

***We confirm that to the best of our knowledge we consider the Annual report and Accounts for the year ended 31 December 2022, to be fair, balanced and provide information for shareholders to assess the Group's position and performance, business model and strategy.***

**Tiffany Thorn**
**Chief Executive Officer**

**29 March 2023**

**Iain G. Ross**
**Former Chairman**
**(August 2021 – January 2023)**

**29 March 2023**

# Board of Directors

**Dr. Michael Kauffman** (Non-Executive Chairman, aged 62)

Dr. Michael Kauffman joined the BiVictriX Board in 2022 and was appointed Chairman in January 2023. He has over 25 years of experience in the life sciences industry, including expertise in preclinical research, clinical development and regulatory strategy. In addition to BiVictriX, he is a board member for Verastem Oncology, Adicet Bio and Kezar Life Sciences.

Dr. Kauffman previously served as Co-Founder and Chief Executive Officer of Karyopharm, where he guided the Company's transition from a discovery stage biotechnology company to a commercial stage organisation with the global approvals of XPOVIO®, and latterly served as Senior Medical Advisor. Dr. Kauffman was previous Chief Medical Officer of Onyx Pharmaceuticals Inc. where he lead the development and approval of Kyprolis® and was previously President and Chief Executive Officer of EPIX Pharmaceuticals, Inc. (previously Predix Pharmaceuticals, Inc.).

Dr. Kauffman was the leader of the Velcade® development programme at Millennium Pharmaceuticals, and has also held a number of senior positions at Millennium Predictive Medicine and Biogen. Dr. Kauffman received his M.D. and Ph.D. from Johns Hopkins Medical School, trained at Beth Israel and Massachusetts General Hospitals in Boston and is board certified in Internal Medicine.

**Tiffany Thorn** (*Chief Executive Officer*, aged 35)

Tiffany Thorn is the Founder of BiVictriX Therapeutics plc and is the inventor of the Bi-Cygni® approach, a novel concept which originated from her previous experience as a clinician supporting the diagnosis of haematological malignancies. Ms Thorn has led BiVictriX since its formation in 2016, meeting key corporate milestones and securing c.£10m in investment to date, including leading the successful IPO of the Company onto the London Stock Exchange's AIM market in August 2021.

Ms Thorn brings a strong background in the ADC sector having held senior management positions at ADC-sector specialist, ADCBio Ltd (now Sterling Pharma Solutions), coupled with direct clinical experience from within the NHS. Ms Thorn trained and qualified as a HCPC-registered Clinical Immunologist at Manchester Royal Infirmary and Preston Royal Hospital, UK and during this time was awarded "NHS England's Chief Scientific Officer's Rising Star Award" for her commitment to facilitating better healthcare by strengthening the links between the UK's healthcare sector and the biotech industry.

Ms Thorn graduated with a First-Class Honours Degree in Biochemistry with Biomedicine from Lancaster University and obtained an MSc in Clinical Immunology from the University of Manchester.

**Iain Ross** (Non-Executive Director, aged 69)

Iain Ross was Chairman at the time of the Company's successful IPO in 2021 and handed the role over to Dr Kauffman in January 2023. In addition to BiVictriX, Mr Ross is currently Executive Chairman of ReNeuron Group plc (LSE:AIM) and Non -Executive Chairman of Silence Therapeutics plc (LSE/NASDAQ) and Kazia Therapeutics Limited (ASX/NASDAQ).

Mr Ross has completed multiple financing transactions and has over 30 years of experience in cross-border management as a Chairman and CEO in the pharmaceutical and biotechnology sectors. He has

led and participated in eight IPOs and has direct experience in M&A transactions in Europe, the USA and the Pacific Rim.

During his career, Mr Ross has held senior positions at multinational companies including, Sandoz AG, Hoffman La Roche, and Celltech Group plc. He has a BSc (Biochemistry) from London University and is a qualified Chartered Director.

**Dr. Robert Hawkins** (*Independent Non-Executive Director*, aged 67)

Robert Hawkins brings over 30 years of experience in medical oncology and the development and utilisation of advanced therapies in the oncology sector. He is the scientific founder of Instil Bio (NASDAQ: TIL), which raised $368m during an IPO onto NASDAQ in March 2021 and is currently Head of Research and Development leading clinical and research teams in LA and Manchester.

Dr. Hawkins was a founding consultant of Cambridge Antibody Technology, which was acquired by AstraZeneca in 2006, and was a founding consultant of Oxford Biomedica plc. He was formerly a Cancer Research UK Professor at the University of Manchester where he led the development of cell and gene therapy including leading several major EU consortia. As a practicing Oncologist at the Christie Hospital in the UK he had leading roles in multiple practice changing trials in the treatment of kidney cancer. Over his career, Dr Hawkins has had multiple scientific/clinical advisory board positions within big pharma and biotech companies.

Dr. Hawkins received his MB BS from University College, London and was awarded an MRC training fellowship to work with Sir Gregory Winter at the Laboratory of Molecular Biology in Cambridge, from where he obtained a PhD in antibody engineering. He trained in Medical Oncology at the Royal Marsden Hospital, London and Addenbrookes Hospital, Cambridge.

**Susan Lowther** (*Independent Non-Executive Director*, aged 63)

Susan Lowther brings over 30 years of experience in senior financial leadership roles across a broad range of public and private life science companies. She is Chief Financial Officer and Company Secretary of Arecor Therapeutics plc which is listed on the London Stock Exchange's AIM market.

Susan's previous Chief Financial Officer roles include IXICO plc, Novacyt SA, BioWisdom and Lab21 Group.

**Drummond Paris** (*Senior Independent Non-Executive Director*, aged 71)

Drummond Paris brings over 40 years of experience in senior management roles in the pharmaceutical and life sciences industries. Mr Paris previously spent eight years as President of Kowa Research and Kowa Pharmaceuticals Europe Ltd and held several leadership positions in Novartis at country, regional and global levels.

Mr Paris was previously the Non-Executive Chairman of Karus Therapeutics Ltd, Electrospinning Company Ltd and Sirigen (now part of Becton Dickinson).

# Remuneration Committee Report

**Directors' Remuneration Report**
This report sets out the remuneration policy operated by the Company in respect of the senior management team, Executive Director and Non-Executive Directors.

The application of the Group's remuneration policy is the responsibility of the Remuneration Committee chaired by Drummond Paris, Senior Independent Director.

No Director is involved in discussions relating to their own remuneration.

**Remuneration policy**
The main objectives of the Group's remuneration policy are to:

- set remuneration at a competitive level;
- attract, develop and retain high performing employees who have relevant skills and experience; and
- align remuneration, with shareholders' interests to drive the future growth and development of the Group.

The remuneration of the Executive Director and Non-Executive Directors during the year ended 31 December 2022 is set out below.

**Base salary**
The purpose of the base salary is to ensure that the Group can recruit and retain high-calibre executives.

The Remuneration Committee sets the annual base salary by considering several factors including market rates, benchmarking with peer companies, the development of the Group, individual responsibilities and contribution.

**Discretionary performance related bonus**
The purpose of the annual bonus is to incentivise employees to deliver the business objectives in the year which in turn supports the long-term growth for the benefit of the Group and its shareholders.

The Executive Director and senior management team participate in this bonus scheme. A bonus award reflects the achievement of defined Group targets and milestones and the achievement of personal performance objectives.

Targets for the Executive Director are set each year by the Committee. Performance criteria include scientific and commercial targets of the Group, underpinned by clear and measurable objectives.

All bonus payments are discretionary and decided by the Committee. The Committee has overriding authority to ensure that total bonus payments reflect its view of corporate performance in the year. The performance related bonus for the Chief Executive Officer is capped at 50% of base salary.

**Benefits**
The Group operates a defined contribution pension scheme for all employees. During the year ended 31 December 2022, Group life was introduced for all employees.

**Share option schemes**
Share options are granted in accordance with the Group's All Employee Share Option scheme (AESOP) and are approved by the Committee. Share options will normally be exercisable until the tenth anniversary of the date of grant. Ordinary shares acquired on the issue of an option granted under the AESOP are not subject to a holding period.

Details of grants made under the scheme are provided in note 14 of the financial statements. Details of share option grants made to Directors are shown in the table on page 28.

**Executive Director's service agreement and remuneration**
The service agreement of the Executive Director may be terminated by either party giving notice to the other:

| | Date of contract | Notice period |
|---|---|---|
| Tiffany Thorn | 4 August 2021 | 6 months |

Tiffany Thorn is paid £175,000 p.a. and participates in the discretionary annual performance bonus and share option schemes. She qualifies for employee benefits including the Group pension and life insurance schemes.

**Non-Executive Directors' remuneration**

The aim of remuneration paid to Non-Executive Directors is to ensure that the Group can attract experienced and skilled executives who are able to advise and challenge so that the management team and employees can establish and deliver the business objectives.

Non-Executive Directors receive a fixed fee. Participation in the Group share option scheme is at the discretion of the Remuneration Committee.

**Directors' remuneration (audited)**

| | Salary £ | Bonus £ | Pension contributions £ | Total remuneration Year ended 31 December 2022 £ | Salary £ | Bonus £ | Pension contributions £ | Total remuneration Year ended 31 December 2021 £ |
|---|---|---|---|---|---|---|---|---|
| **Executive** | | | | | | | | |
| Tiffany Thorn | 150,000 | 35,000 | 7,500 | 192,500 | 103,833 | 50,000 | 7,042 | 160,875 |
| **Non-Executive** | | | | | | | | |
| Iain Ross | 50,000 | | | 50,000 | 20,833 | | | 20,833 |
| Susan Lowther | 39,000 | | | 39,000 | 16,250 | | | 16,250 |
| Robert Hawkins | 35,000 | | | 35,000 | 14,583 | | | 14,583 |
| Drummond Paris | 35,000 | | | 35,000 | 14,583 | | | 14,583 |
| Michael Kauffman | 31,322 | | | 31,322 | - | | | - |

No compensation for loss of office was paid.

**Directors' shareholdings (audited)**

Directors' interests in the shares of the Group, including family and beneficial interests, were:

| | 31 December 2022 Number | 31 December 2022 % | 31 December 2021 Number | 31 December 2021 % |
|---|---|---|---|---|
| Tiffany Thorn * | 1,632,500 | 2.5% | 1,632,500 | 2.5% |
| Iain Ross | 505,000 | 0.8% | 300,000 | 0.5% |
| Michael Kauffman | 75,000 | 0.1% | - | - |
| Susan Lowther | 72,727 | 0.1% | 72,727 | 0.1% |
| Robert Hawkins | 225,000 | 0.3% | 225,000 | 0.3% |
| Drummond Paris | 75,000 | 0.3% | 75,000 | 0.1% |

* Simon Thorn, Acceleris Capital Limited and Acceleris Limited held 217,686 (0.3%) shares.

**Directors' share options**

Directors' interests in share options to acquire ordinary shares of 1 pence in the Group as at 31 December 2022 were:

| | Number of options granted in the period under the replacement share option scheme for Directors previously employed by BiVictriX Limited | | Number of options granted under the new scheme for Directors of the Group |
|---|---|---|---|
| **Exercise Price** | **£0.117** | **£0.20** | **£0.20** |
| Tiffany Thorn | 365,295 | 1,658,205 | 3,673,500 |
| Iain Ross | 0 | 0 | 2,040,850 |

Drummond Paris
Remuneration Committee Chairman
29 March 2023

# Audit & Risk Committee Report

This report covers the activities of BiVictriX Limited and BiVictriX Therapeutics plc for the year ended 31 December 2022 and includes references to the Group and Company.

**Role and responsibilities**

The role and primary responsibility of the Audit & Risk Committee is to assist the Board by providing appropriate oversight of the Group's financial reporting, internal controls and risk management framework. The Committee has a planned schedule of meetings for the financial year which were aligned to the Company's financial reporting calendar and Board meeting schedule.

Our responsibilities and terms of reference include:

- Monitor the integrity of the Group's financial reporting, including financial statements
- Review the application of accounting policies, estimates and judgements
- Oversight of the business internal controls and whether there is a requirement for an internal audit function
- Ensure the adequacy and security of the Company's processes and procedures for whistleblowing arrangements, detecting potential fraud or bribery
- The relationship with the external auditor including audit fees and non-audit services
- Consider and make recommendations to the Board in respect of the appointment, re-appointment or removal of the Group's external auditor
- Consider and approve audit and non-audit fees and services

The Committee's terms of reference are available on the Company's website.

**Key matters**

The Committee considered the following key matters during the year ended 31 December 2022:

- Audit planning and scope of the financial audit for the period ended 31 December 2022
    - Review of share-based payment charges including Black Scholes modelling
    - Review of the going concern analysis
    - Review of the tax computations and R&D tax credit claim
- Review of the interim results to 30 June 2022
- Audit planning and scope of the financial audit for the year ended 31 December 2022
    - Approval of the proposed audit plan and fees
- Review of the financial authorities used by the Group, including approving the authorisation levels and limits for operating and capital expenditure.

**Assessing business risk and internal controls**

During the financial year we monitored the effectiveness of the Group's internal controls including the need for an internal audit function. The Committee decided that the internal controls and risk

management framework are appropriate for the relative size and complexity of the Group's activities which are performed at a single site. This was discussed with the Board and it was agreed that the requirement for an internal audit function will be monitored and reviewed.

**External auditors**

The Committee has reviewed the statutory auditor's performance and independence, which included inputs from other Board members, the Executive Director and the finance team. We are content that Crowe LLP are independent. Audit fees were carefully reviewed to ensure that they remain in line with market rates for the Company's relative size and complexity.

The Committee monitors the nature and level of any non-audit services provided. Crowe LLP did not undertake any non-audit services for the Company during the financial year.

**Susan Lowther**

**Chair of Audit & Risk Committee**

29 March 2023

# Directors' Report

The Directors present their report and the financial statements and independent auditor's report for the Group and parent company for the year ended 31 December 2022.

The Corporate Governance statement on pages 17 to 22 and the governance section on pages 16 to 38 form part of this report.

**Directors**
The Directors who were in office during the year and up to the date of signing the financial statements, unless stated, were:

**Executive**
Tiffany Thorn
**Non-Executive**
Iain Ross
Robert Hawkins
Susan Lowther
Drummond Paris
Michael Kauffman (appointed on 16 January 2022)

**Secretary**
Simon Wallwork

Directors' biographies are set out on pages 24 to 25.

No Director had an interest in any contract that was significant to the Group's business during the year.

The Company maintained Directors and Officers liability insurance cover throughout the year.

**Principal activities**
Details of the Group's current and future trading are included in the Strategic Report on pages 3 to 15.

**Business review**
The Strategic Report on pages 3 to 15 is a review of the business and the Group's trading for the year ended 31 December 2022. It also sets out an outlook of future development and principal risks or uncertainties. The Strategic Report is part of this Directors' Report.

**Financial results and dividend**
The Group's loss after tax for the year was £2.5 million (2021: loss £2.3 million). The Directors do not recommend the payment of a dividend (2021: £nil)

**Financial instruments**
Information regarding financial instruments can be found in note 16 of the Consolidated Financial Statements.

**Directors' remuneration and interests**
Details of the directors' remuneration and interests in the share capital of the Group are included in

the Directors' Remuneration report on pages 26 to 28.

**Research and development**
The principal activity of the Group is research and development through the identification, assessment and validation of drug targets ahead of commercial partnerships. This is reflected in the increase in Research and development expenditure of £2.1 million (2021: £0.7 million) in the year. Further details are set out in the Strategic Report.

**Donations**
No charitable or political donations were made in the year (2021: Nil)

**Information provided to the independent auditor**
The directors at the date of approval of this Annual Report confirm that:

(i) So far as each director is aware, there is no relevant audit information of which the Group's Independent Auditor is unaware, and
(ii) Each director has taken all steps that they ought to have taken as a director, to make themselves aware of any relevant audit information and to establish that the independent auditor is aware of such information.

**Strategic report**
The Company has chosen in accordance with the Companies Act 2006, section 414C (11) to set out in the Company's strategic report on pages 3 to 16, information required to be contained in the Directors' Report by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7, where not already disclosed in the Directors' Report

**Post balance sheet events**
Page 6 and note 21 of the Consolidated Financial Statements refers.

**Independent auditor**
Crowe UK LLP have expressed their willingness to continue in office as independent auditor. An Ordinary resolution to reappoint Crowe UK LLP and to authorise the directors to agree the audit fee will be proposed at the forthcoming Annual General Meeting ('AGM').

**AGM notice**
The AGM of the Company will be held on 4th May 2023. The notice convening the AGM which will confirm details of the AGM format, together with an explanation of the resolutions to be proposed at the meeting, is included in the Notice of Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

**Iain Ross**
**Former Chairman - - (August 2021 – January 2023)**
**29 March 2023**

**Tiffany Thorn**
**Chief Executive Officer**
**29 March 2023**

**BiVictriX Therapeutics plc**
Mereside Alderley Park
Alderley Edge
Macclesfield
England
SK10 4TG

Company registration number: 13470690

# Independent Auditors Report

## Independent Auditor's Report to the Members of BiVictriX Therapeutics Plc.

### Opinion

We have audited the financial statements of BiVictriX Therapeutics Plc (the "parent company") and its subsidiary (the "group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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. Our evaluation of the director's assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's assessment of going concern and the underlying financial projections which support that assessment;
- testing to ensure the mathematical accuracy of the model presented;
- reviewing the assumptions used about future cash flows and timings;

- challenging the basis of management's estimates and assumptions in relation to cash flows for the business and available cost mitigations;
- confirming the existence of cash balances which will be relied on;
- considering a range of sensitivities to assess reasonably likely changes to key inputs; and
- reviewing the appropriateness of the disclosures in the financial statements.

Based on the audit 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 and parent 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.

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

**Materiality**

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

- £140,000 (2021: £65,000) is the group level of materiality determined for the financial statements as a whole. This was determined based on approximately 5% of the consolidated loss at the planning stage and we did not consider it necessary to revise it. In 2021 this was normalised by adding back IPO related costs included in expenses. As the Group is constituted with a view to making profits we determined that a results based metric was the most appropriate to use for determining materiality.
- £98,000 (2021: £48,000) is the group level of performance materiality. Performance materiality is used to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.
- £7,000 (2021: £3,250) is the group level of triviality agreed with the Audit Committee. Errors above this threshold are reported to the Audit Committee, errors below this threshold would also be reported to the Audit Committee if, in our opinion as auditor, disclosure was required on qualitative grounds.

The parent company materiality was assessed as £10,000 (2021: £10,000). The parent company performance materiality is £7,000 (2021: £7,000).

**Overview of the scope of our audit**

There are two components in the group, the parent company and the subsidiary undertaking, BiVictriX Limited. We audited both of the components and the consolidation of the two components

**Key Audit Matter**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified going concern as the only key audit matter. This is dealt with in 'Conclusions relating to going concern' above.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act

2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 auditor's 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:

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK which is the only significant jurisdiction in which the Group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for

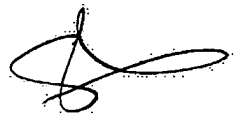
biases.
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

29 March 2023

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

| | Notes | **Year Ended 31 Dec 2022 £'000** | Year Ended 31 Dec 2021 £'000 |
|---|---|---|---|
| **Operating expenses** | | | |
| Research and Development | 3 | **(2,110)** | (711) |
| General and Administration | 3 | **(738)** | (567) |
| Share based compensation | 14 | **(127)** | (224) |
| **Total operating expenses before non-recurring costs** | | **(2,975)** | (1,502) |
| Non-recurring costs | 3 | **—** | (389) |
| **Operating loss** | | **(2,975)** | (1,891) |
| Finance income/(cost) | | **4** | (641) |
| **Loss on ordinary activities before taxation** | | **(2,971)** | (2,532) |
| Taxation | 6 | **474** | 192 |
| **Loss and total comprehensive expenses attributable to equity holders of the parent for the year** | | **(2,497)** | (2,340) |
| **Loss per share attributable to equity holders of the parent (pence)** | 7 | | |
| Basic loss per share (pence) | | **(3.78)** | (6.02) |
| **Diluted loss per share (pence)** | | **(3.78)** | (6.02) |

# Consolidated and Company Statements of Financial Position

as at 31 December 2022

| | Notes | Group | | Company | |
|---|---|---|---|---|---|
| | | **As at 31 Dec 2022 £'000** | As at 31 Dec 2021 £'000 | **As at 31 Dec 2022 £'000** | As at 31 Dec 2021 £'000 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 8 | 571 | 339 | — | — |
| Investment in subsidiary undertakings | 9 | — | — | **214** | 214 |
| Amounts receivable from subsidiaries | | — | — | **5,173** | 2,906 |
| **Total non-current assets** | | 571 | 339 | **5,387** | 3,120 |
| **Current assets** | | | | | |
| Trade and other receivables | 10 | 224 | 287 | **74** | 11 |
| Current tax receivable | | 454 | 192 | — | — |
| Cash and cash equivalents | 11 | 3,287 | 6,063 | **3,002** | 5,500 |
| **Total current assets** | | 3,965 | 6,542 | **3,076** | 5,511 |
| **Total assets** | | 4,536 | 6,881 | **8,463** | 8,631 |
| **Liabilities and equity** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 12 | 284 | 308 | **43** | 2 |
| Lease liabilities | 15 | 107 | 71 | — | — |
| **Total current liabilities** | | 391 | 379 | **43** | 2 |
| **Non-current Liabilities** | | 188 | 175 | — | — |
| **Total Liabilities** | | 579 | 554 | **43** | 2 |
| **Equity** | | | | | |
| Ordinary shares | 13 | 661 | 661 | **661** | 661 |
| Share premium | 13 | 12,052 | 12,052 | **8,002** | 8,002 |
| Share based compensation | 13 | 351 | 224 | **351** | 224 |
| Warrant reserve | 13 | 73 | 73 | **73** | 73 |
| Merger reserve | 13 | (2,834) | (2,834) | — | — |
| Retained losses | 13 | (6,346) | (3,849) | **(667)** | (331) |
| **Total equity attributable to equity holders of the parent** | | 3,957 | 6,327 | **8,420** | 8,629 |
| **Total liabilities and equity** | | 4,536 | 6,881 | **8,463** | 8,631 |

No Statement of Comprehensive Income is presented in these financial statements for the parent company as provided by Section 408 of the Companies Act 2006. The loss for the financial year dealt with in the financial statements of the parent company was £345k (2021: £331k).

The financial statements on pages 39 to 63 were approved by the Board of Directors and authorised for issue on 29 March 2023 and were signed on its behalf by:

**Michael Kauffman**
**Chairman**

**Tiffany Thorn**
**Chief Executive Officer**

29 March 2023

BiVictriX Therapeutics plc
Registered number: 13470690

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

| | Ordinary shares £'000 | Share Premium £'000 | Merger reserve £'000 | Share based compensation £'000 | Warrant reserve £'000s | Fair Value Reserve £'000 | Retained deficit £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2020** | **1** | **1,428** | **—** | **10** | **—** | **147** | **(1,519)** | **67** |
| Total comprehensive expense for the period | — | — | — | — | — | — | (2,340) | (2,340) |
| **Transactions with owners** | | | | | | | | |
| Acquisition of BiVictriX Limited | 212 | 2,622 | (2,834) | — | — | — | — | — |
| Share issue - convertible loan notes | 73 | 1,387 | — | — | — | (147) | — | 1,313 |
| Share issue - cash | 375 | 7,125 | — | — | — | — | — | 7,500 |
| Expense of share issue | — | (437) | — | — | — | — | — | (437) |
| Share based compensation – share options | — | — | — | 224 | — | — | — | 224 |
| Issue of warrants | — | (73) | — | — | 73 | — | — | — |
| Share based compensation – lapsed options | — | — | — | (10) | — | — | 10 | — |
| **Total transactions with owners** | 660 | 10,624 | (2,834) | 214 | 73 | (147) | 10 | 8,600 |
| **Balance at 31 December 2021** | **661** | **12,052** | **(2,834)** | **224** | **73** | **—** | **(3,849)** | **6,327** |
| Total comprehensive expense for the period | | | | | | | (2,497) | (2,497) |
| **Transactions with owners** | | | | | | | | |
| Share based compensation – share options | | | | 127 | | | | 127 |
| **Total transactions with owners** | **—** | **—** | **—** | **127** | **—** | **—** | **—** | **127** |
| **Balance at 31 December 2022** | **661** | **12,052** | **(2,834)** | **351** | **73** | **—** | **(6,346)** | **3,957** |

# Company Statement of Changes in Equity

for the year ended 31 December 2022

| | Attributable to equity holders of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | Ordinary shares £'000 | Share premium £'000 | Share based compensation £'000 | Warrant reserve £'000s | Fair Value Reserve £'000 | Retained deficit £'000 | Total £'000 |
| **Balance at 31 December 2020** | — | — | — | — | — | — | — |
| Total comprehensive expense for the period | — | — | — | — | — | (331) | (331) |
| **Transactions with owners** | | | | | | | |
| Share issue - acquisition of BiVictriX | 213 | — | — | — | — | — | 213 |
| Share issue - convertible loan notes | 73 | 1,387 | — | — | — | — | 1,460 |
| Share issue – cash | 375 | 7,125 | — | — | — | — | 7,500 |
| Expense of share issue | — | (437) | — | — | — | — | (437) |
| Share based compensation – share | — | — | 224 | — | — | — | 224 |
| Share based compensation – | — | (73) | — | 73 | — | — | — |
| **Total transactions with owners** | **661** | **8,002** | **224** | 73 | — | — | **8,960** |
| **Balance at 31 December 2021** | **661** | **8,002** | **224** | 73 | | **(331)** | **8,629** |
| Total comprehensive expense for the period | | | | | | (336) | (336) |
| **Transactions with owners** | | | | | | | |
| Share based compensation – share options | | | 127 | | | | 127 |
| **Total transactions with owners** | | | **127** | | | | **127** |
| **Balance at 31 December 2022** | **661** | **8,002** | **351** | **73** | | **(667)** | **8,420** |

# Consolidated and Company Statements of Cash Flows

for the year ended 31 December 2022

| | Group | | Company | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
| **Cash flows from operating activities** | | | | |
| Loss before taxation | **(2,971)** | (2,532) | **(336)** | (331) |
| Depreciation and amortisation | **151** | 46 | **—** | — |
| Share based compensation | **127** | 224 | **127** | 224 |
| Finance costs | **(4)** | 641 | **—** | — |
| | **(2,697)** | (1,621) | **(209)** | (107) |
| **Changes in working capital** | | | | |
| (Increase)/decrease in trade and other receivables | **63** | (227) | **(63)** | (11) |
| Increase/(decrease) in trade and other payables | **25** | (21) | **41** | 1 |
| Cash used in operations | **88** | (248) | **(22)** | (10) |
| Taxation received | **212** | 84 | **—** | — |
| **Net cash used in operating activities** | **(2,397)** | (1,785) | **(231)** | (117) |
| **Cash flows (used in)/generated from investing activities** | | | | |
| Acquisition of tangible fixed assets | **(389)** | (46) | **—** | — |
| Disposal of tangible fixed assets | **10** | — | **—** | — |
| Loans to subsidiary | **—** | — | **(2,267)** | (1,446) |
| **Net cash (used in)/generated from investing activities** | **(379)** | (46) | **(2,267)** | (1,446) |
| **Cash flows from financing activities** | | | | |
| Proceeds from issue of shares | **—** | 7,500 | **—** | 7,500 |
| Issue costs | **—** | (437) | **—** | (437) |
| Repayment of lease liabilities | **—** | (31) | **—** | — |
| **Net cash generated from financing activities** | **—** | 7,032 | **—** | 7,063 |
| **Movements in cash and cash equivalents in the period** | **(2,776)** | 5,201 | **(2,498)** | 5,500 |
| Cash and cash equivalents at start of period | **6,063** | 862 | **5,500** | — |
| **Cash and cash equivalents at end of period** | **3,287** | 6,063 | **3,002** | 5,500 |

# Notes to the Financial Statements

**1. General Information**

BiVictriX Therapeutics plc ('the Company') is a public limited company incorporated in England and Wales and was admitted to trading on the AIM market of the London Stock Exchange under the symbol "BVX" on 11 August 2021. The address of its registered office is Mereside, Alderley Park, Alderley Edge, Macclesfield, England, SK10 4TG and the registered company number is 13470690. The principal activity of the Company is research and experimental development of pharmaceutical products.

**2. Significant Accounting Policies and Basis of Preparation**

**Basis of preparation**

The consolidated financial statements have been prepared in accordance with United Kingdom International Financial Reporting Standards ('IFRS') as adopted by the UK, IFRIC interpretations and the Companies Act 2006 applicable to companies operating under IFRS. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

The financial statements are presented in Sterling (£) and rounded to the nearest £000. This is the predominant functional currency of the Group and is the currency of the primary economic environment in which it operates. Foreign transactions are accounted in accordance with the policies set out below.

**Basis of consolidation**

The financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and, has the ability to use its power to affect its returns. The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

**Going concern**

In considering the Group's financial commitments and forecasts, the Board has followed the guidelines published by the Financial Reporting Council entitled "Guidance on Risk Management and Internal Control and Related Financial and Business Reporting".

In the normal course of business, the Directors regularly review rolling cash flow forecasts. The review of financial forecasts and cash flows looking at least 12 months from the approval of these financial

statement includes levers and controls which could be applied, if necessary.

The Board has considered the impact of rising inflation and foreign exchange risk. In addition, consideration has been given to the conflict in Ukraine and the impact that may have on worldwide supplies. These risks are closely monitored as part of controlled, defined expenditure to meet business objectives.

Operational cashflows include planned research and development activities to advance the Group's lead and pipeline programmes. The timing and quantum of this expenditure is under the control and direction of management with oversight provided by the Board.

After considering cash flow forecasts and associated risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

At 31 December 2022, the Group had cash and cash equivalents, including short-term investments and cash on deposit, of £3.3 million.

**Standards, interpretations and amendments to published standards not yet effective**

The Directors have considered those standards and interpretations, which have not been applied in these financial statements but which are relevant to the group's operations, that are in issue but not yet effective and do not consider that they will have a material effect on the future results of the Group.

**Currencies**

**Functional and presentational currency**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The presentational currency is also the functional currency.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Office equipment – 25% straight line
Plant and equipment – 16% straight line
Furniture, fixtures and fittings – 25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Income.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment assets

to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities, representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the leases (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the remainder of the lease term.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The Group's lease liabilities are included in interest-bearing loans and borrowings.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line bases over the lease term.

*Extension and termination options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

**Research and development**

Expenditure on pure and applied research are charged to the profit and loss account in the year in which they are incurred. Development costs are charged to profit and loss account unless it can be demonstrated that the costs represent an intangible asset which meets all of the criteria for capitalisation set out in para 57 of IAS38.

**Income tax**
The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) Current income tax
Current tax, including R&D tax credits which have the characteristics of income tax, is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted or substantively enacted by the dates of the Consolidated Statement of Financial Position.

(b) Deferred tax
Deferred tax is calculated at the latest tax rates that have been substantially enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities, and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are not recognised due to uncertainty concerning crystallisation.

**Payroll expense and related contributions**
Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

**Pension costs**
The Group makes contributions to the private pension schemes of Directors and employees. Contributions are recognised in the periods to which they relate.

**Share-based compensation**
The Group issues share based payments to certain employees and Directors and warrants have been issued to certain suppliers. Equity- settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of any revision is recognised in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity reserves.

The fair value of share options and warrants are determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option or warrant and the estimated number of shares that will eventually vest.

**Operating segments**
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8.

The results and assets for this segment can be determined by reference to the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position.

**Investment in subsidiaries**
Investment in subsidiaries are shown in the Company balance sheet at cost and are reviewed annually for impairment.

**Financial instruments**
Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

**Trade and other receivables**
Trade and other receivables that do not contain a significant financing component are initially recognised at fair value and subsequently held at amortised cost less provision for impairment. Provisions for impairment are based on an expected credit loss model as required by IFRS 9.

**Cash, cash equivalents and short-term investments**
Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Trade and other payables**
Trade and other payables are not interest-bearing and are stated at nominal value.

**Classification as debt or equity**
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised as the proceeds received,

net of direct issue costs.

**Capital risk management**
The Group has been funded by equity. The components of shareholders' equity are:

(a) The share capital and share premium account arising on the issue of shares.
(b) Merger reserve, which was created as a result of the acquisition by the Company of the entire issued share capital of BiVictriX Limited on 9 August 2021.
(c) The share based compensation reserve results from the Group's grant of equity-settled share options to selected employees and Directors.
(d) The retained deficit reflecting comprehensive loss to date.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

**Fair value estimation**
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values because of the short term nature of such assets and the effect of discounting liabilities is negligible.

**Significant management judgement in applying accounting policies and estimation uncertainty**
When preparing the financial statements, the Directors make estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Estimation uncertainty**
Receivables from the subsidiary, being amounts due from BiVictriX Limited advanced to support the Group's research expenditure, will be recoverable from future commercial revenues or capital receipts in the subsidiary, which are not certain to arise.

**Taxation**
In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. In particular, amounts claimed for R&D tax credits may not be receivable. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. The carrying values of current tax are disclosed separately in the statement of financial position

**Share based payment charge**
A Black-Scholes model was used to calculate the appropriate charge for share based payments. The model involves using a number of estimates and judgements to establish the appropriate inputs including an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. The total charge in the year to 31 December 2022 was £127k (year to 31 December 2021: £224k).

## 3. Operating Loss

An analysis of the Group's operating loss has been arrived at after charging:

| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
|---|---|---|
| **Research and development:** | | |
| Other research and development | **1,237** | 306 |
| Staff costs – Note 5 | **722** | 349 |
| Depreciation of property, plant and equipment | **151** | 46 |
| Operating lease cost – land and buildings | **-** | 10 |
| **General and Administrative:** | | |
| Staff costs – Note 5 | **314** | 329 |
| Administration expenses | **424** | 238 |
| Share based compensation | **127** | 224 |
| Non-recurring costs | **-** | 389 |
| **Total operating expenses** | **2,975** | 1,891 |

The Group has one reportable segment, namely the development of pharmaceutical products all within the United Kingdom.

Non-recurring costs represent the costs of the Company's admission to AIM in the period ended 31 December 2021 which were recognised as an expense.

## 4. Auditor's Remuneration

The analysis of the auditor's remuneration is as follows:

| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
|---|---|---|
| Fees payable to the Group's auditors for the audit of: | | |
| the consolidated and Company annual accounts | **38** | 33 |
| the subsidiary's annual accounts | | - |
| **Total audit fees** | **38** | 33 |
| Audit related services | 4 | 4 |
| **Total audit related fees** | **42** | 37 |
| Other services | - | - |
| **Total non-audit fees** | **4** | 4 |

## 5. Employees and Directors

The average monthly number of persons (including Executive Directors) employed by the Group was:

| | Group | | Company | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2022 Number** | Year ended 31 Dec 2021 Number | **Year ended 31 Dec 2022 Number** | Year ended 31 Dec 2021 Number |
| Directors | **6** | 5 | **6** | 5 |
| Scientists and administration staff | **10** | 5 | **-** | - |
| **Average total persons employed** | **16** | 10 | **6** | 5 |

At 31 December 2022 the Group had 17 employees (31 December 2021: 7).

Staff costs in respect of these employees were:

| | Group | |
|---|---|---|
| | **Year ended 31 Dec 2022** | Year ended 31 Dec 2021 |
| Salaries and other short-term employee benefits | **899** | 395 |
| Employer's National Insurance | **102** | 44 |
| Pension contributions | **35** | 16 |
| Options vesting under share option schemes | **127** | 224 |
| **Total remuneration including vesting of share options** | **1,163** | 679 |

The Group makes contributions to a pension scheme on behalf of the Director and employees.

The total remuneration of the highest paid Director excluding share based payments was £212,950 (31 December 2021: £181,290).

The Directors have the authority and responsibility for planning, directing and controlling, directly or indirectly, the activities of the Group and they therefore comprise key management personnel as defined by IAS 24.

Aggregate emoluments of the Directors of BiVictrix Therapeutics Plc:

| | | Group |
|---|---|---|
| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
| Aggregate emoluments of Directors: | | |
| Salaries and other short-term employee benefits | **375** | 205 |
| Employer's National Insurance | **38** | 28 |
| Pension contributions | **8** | 7 |
| Options vesting under share option schemes | **106** | 224 |
| **Total remuneration including vesting of share options** | **527** | 464 |

**6. Taxation**

| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
|---|---|---|
| **Current tax** | | |
| Current period – UK corporation tax | - | - |
| R&D tax credit | **454** | 192 |
| Adjustments in respect of prior periods | 20 | - |
| **Net tax credit** | **474** | 192 |

The tax credit for each period can be reconciled to the loss per Consolidated Statement of Comprehensive Income as follows:

| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
|---|---|---|
| Loss on ordinary activities before taxation | **(2,971)** | (2,532) |
| Loss before tax at the effective rate of corporation tax in the United Kingdom of 19% (2021 19%) | **(566)** | (481) |
| Effects of: | | |
| Fixed asset differences | **(15)** | - |
| Expenses not deductible for tax purposes | **59** | - |

| | | |
|---|---|---|
| Additional deduction for R&D expenditure | **(336)** | - |
| Surrender of tax losses for R&D tax credit refund | **596** | - |
| Movement in deferred tax not recognised | **262** | 481 |
| R&D tax credit | **474** | 192 |
| **Tax credit for the year** | **474** | 192 |

The Group has a deferred tax liability being accelerated capital allowances, for which the tax, measured at a standard rate of 19% in all periods is 31 December 2022 £262 (2021: £18,000). This has not been recognised as it is covered by accumulated tax losses in all periods.

The Group has a deferred tax asset for share-based payments, for which the tax, measured at a standard rate of 19% in all periods is 31 December 2022 £66,000 (2021: £45,000). No deferred tax assets have been recognised due to the uncertainty of the availability of future profits.

At 31 December 2022 the Group had UK carried forward tax losses of approximately £3,668,000 (2021: £3,703,000) for which no deferred tax asset has been recognised.

**7. Loss per Share**

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the year.

For diluted loss per share, the loss for the year attributable to equity holders and the weighted average number of ordinary shares outstanding during the year is adjusted to assume conversion of all dilutive potential ordinary shares.

As at 31 December 2022, the Group had 8,734,184 (2021: 8,614,184) share options, warrants and subscriptions outstanding which are potentially dilutive.

The calculation of the Group's basic and diluted loss per share is based on the following data:

| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
|---|---|---|
| Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution | **(2,497)** | (2,340) |

| | **Year ended 31 Dec 2022** | Year ended 31 Dec 2021 |
|---|---|---|
| **Weighted average number of ordinary shares for basic loss per share** | **66,115,171** | 38,865,782 |
| Effects of dilution: Share options | - | - |
| **Weighted average number of ordinary shares adjusted for the effects of dilution** | **66,115,171** | 38,865,782 |
| Loss per share – basic and diluted | **(3.78)** | (6.02) |

The loss and the weighted average number of ordinary shares for the years ended 31 December 2022 and 2021 used for calculating the diluted loss per share are identical to those for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of International Accounting Standard ('IAS') No 33.

**8. Property, Plant and Equipment**

| | Office equipment, fixtures and fittings £'000s | Building improvements £'000s | Plant and machinery £'000s | Motor Vehicles £'000s | Right of Use Asset £'000s | Total £'000s |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 31 December 2021 | 12 | 3 | 97 | - | 275 | 387 |
| Additions | 5 | 2 | 229 | 4 | 148 | 388 |
| Disposals | - | - | (7) | - | - | (7) |
| **At 31 December 2022** | 17 | 5 | 319 | 4 | 423 | 768 |
| | | | | | | |
| **Accumulated Depreciation** | | | | | | |
| At 31 December 2021 | 2 | 1 | 16 | - | 29 | 48 |
| Provided during the year | 4 | 1 | 43 | - | 102 | 150 |
| Disposals | - | - | (1) | - | - | (1) |
| **At 31 December 2022** | 6 | 2 | 58 | - | 131 | 197 |
| | | | | | | |
| **Net Book Value** | | | | | | |
| At 31 December 2021 | 10 | 2 | 81 | - | 246 | 339 |
| **At 31 December 2022** | 11 | 3 | 261 | 4 | 292 | 571 |

Depreciation is charged to operating expenses.

| | Office equipment, fixtures and fittings £'000s | Building improvements £'000s | Plant and machinery £'000s | Right of Use Asset £'000s | Total £'000s |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 31 December 2019** | **2** | - | - | - | **2** |
| Additions | 1 | 2 | 61 | - | 64 |
| Disposals | | | | | |
| **At 31 December 2020** | **3** | **2** | **61** | | **66** |
| Additions | 9 | 1 | 36 | 275 | 321 |
| Disposals | | | | | |
| **At 31 December 2021** | 12 | 3 | 97 | 275 | 387 |
| | | | | | |
| **Accumulated Depreciation** | | | | | |
| At 31 December 2019 | 1 | - | - | - | 1 |
| Provided during the year | - | - | 1 | - | 1 |
| At 31 December 2020 | 1 | - | 1 | - | 2 |

| | | | | | |
|---|---|---|---|---|---|
| Provided during the year | 1 | 1 | 15 | 29 | 46 |
| **At 31 December 2021** | 2 | 1 | 16 | 29 | 48 |
| | | | | | |
| **Net Book Value** | | | | | |
| At 31 December 2020 | 1 | 2 | 60 | - | 63 |
| **At 31 December 2021** | 10 | 2 | 81 | 246 | 339 |

**9. Investment in Subsidiary Undertakings**

The consolidated financial statements of the Group at 31 December 2022 include:

| Name of subsidiary | Class of share | Place of incorporation | Principle activities | Proportion of ownership interest | Proportion of voting rights held |
|---|---|---|---|---|---|
| BiVictriX Limited | Ordinary | United Kingdom | Research and development | 100% | 100% |

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| **Cost at 1 January** | - | - | 214 | - |
| **Acquisitions during the year** | - | - | - | 214 |
| **Cost at 31 December** | - | – | 214 | 214 |
| **Carrying Value as at 31 December** | - | – | 214 | 214 |

Break down of carrying value of investment:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| BiVictriX Limited | - | – | 214 | 214 |

Investments are tested for impairment at the balance sheet date. The recoverable amount of the investment in BiVictriX Limited at 31 December 2022 was assessed on the basis of value in use. As this exceeded carrying value no impairment loss was recognised.

The key assumptions used for the value in use calculation in 2022 were as follows:

| | % |
|---|---|
| **Discount rate** | **13.8** |

The Directors have made significant estimates on the future revenues based around a typical partnering with a large FMCG or Pharma partner. Assumptions have been made based upon on the size of the potential market, a patent will be achieved from which royalties will flow and the expected royalty % across the lifetime of the patent.

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the Group. The projection used is sensitive to the projected royalty assumptions that have been applied.

## 10. Trade and Other Receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **As at 31 Dec 2022 £'000** | As at 31 Dec 2021 £'000 | **As at 31 Dec 2022 £'000** | As at 31 Dec 2021 £'000 |
| **Amounts receivable within one year** | | | | |
| Other taxation and social security | **111** | 68 | **32** | 6 |
| Prepayments | **113** | 219 | **42** | 5 |
| **Trade and other receivables** | **224** | 287 | **74** | 11 |

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. In addition, an expected credit losses model is used which broadens the information that an entity is required to consider when determining its expectations of impairment. Under this model, expectations from future events are taken into account which could result in the earlier recognition of impairments. Details on the Group's credit risk management policies are shown in Note 16. The Group does not hold any collateral as security for its trade and other receivables.

Amounts due to the Company from subsidiary undertakings are not considered to be receivable within one year – see note 17

## 11. Cash, Cash Equivalents and Short-Term Investments

| | Group | | Company | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
| **Cash at bank and in hand** | **3,287** | 6,063 | **3,002** | 5,500 |

## 12. Trade and Other Payables

| | Group | | Company | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 | **Year ended 31 Dec 2022 £'000** | Year ended 31 Dec 2021 £'000 |
| **Amounts falling due within one year** | | | | |
| Trade payables | **112** | 69 | - | 2 |
| Other taxation and social security | **40** | 65 | - | - |
| Accrued expenses | **132** | 174 | **43** | - |
| **Trade and other payables** | **284** | 308 | **43** | 2 |

Trade and other payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 45 day terms. The Directors consider that the carrying value of trade and other payables approximates to their fair value. All trade and other payables are denominated in Sterling. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

The fair value of trade and other payables approximates to their current book values.

## 13. Issued Capital and Reserves

### Ordinary shares

| | Company | | | |
|---|---|---|---|---|
| Ordinary shares of 1p each: | Number | Share Capital £'000 | Share Premium £'000 | Total £'000 |
| **At 31 December 2021** | **66,115,171** | **661** | **12,052** | **12,713** |
| **At 31 December 2022** | **66,115,171** | **661** | **12,052** | **12,713** |

### Other reserves

The share premium reserve represents the difference between the net proceeds of equity issues and the nominal share capital of the shares issued.

The merger reserve at 31 December 2022 arose from the acquisition of BiVictriX Limited on 9 August 2021, which is accounted for using the merger method of accounting.

The share-based compensation reserve reflects the cumulative expense for outstanding share based instruments.

Reserves classified as retained deficit represent accumulated losses. None of the reserves are distributable.

## 14. Share-based Payments

Certain Directors and employees of the Group are granted options to subscribe for shares in the Group in accordance with the rules of the Company's share option schemes. The number of shares subject to options, the periods in which they were granted and the period in which they may be exercised are given below.

The Group operates one share option scheme, in addition share options have been granted under standalone unapproved share option agreements. Options are currently granted for £nil consideration and are exercisable at a price determined on the date of the grant.

At 31 December 2022 the Company had 8,744,184 (2021: 8,614,184) unissued ordinary shares of 1p under the Company's share option schemes, details of which are as follows:

Movements on share options during the year were as follows:

| **Exercise price** | **At 1 Jan 2022** | **Granted** | **Lapsed/ Cancelled** | **At 31 Dec 2022** | **Date from which exercisable** | **Expiry date** |
|---|---|---|---|---|---|---|
| 0.250 | 30,000 | - | 30,000 | 3 May 2025 | 2 May 2032 | |
| 0.205 | 40,000 | - | 40,000 | 14 Sep 2025 | 13 Sep 2032 | |
| 0.170 | 30,000 | - | 30,000 | 22 Dec 2025 | 21 Dec 2032 | |
| 0.170 | 20,000 | - | 20,000 | 22 Dec 2025 | 21 Dec 2032 | |

As at 31 December 2022, the share option scheme movements was as follows:

| | **As at 31 Dec 2022** | | As at 31 Dec 2021 | |
|---|---|---|---|---|
| | **Number** | **Weighted average exercise price Pence** | Number | Weighted average exercise price Pence |
| Outstanding at start of the year | **8,614,184** | **20.16** | - | - |
| Granted | **120,000** | **20.17** | 8,614,184 | 20.16 |
| Lapsed/cancelled | | | - | - |
| Outstanding at end of year | **8,734,184** | **20.16** | 8,614,184 | 20.16 |
| Exercisable at end of year | **4,900,677** | **19.54** | 3,656,170 | 19.17 |

The fair values of share options granted during the period were calculated using the Black Scholes option pricing model. The inputs into the model for awards granted were as follows:

| Options issued | 30,000 | 40,000 | 30,000 | 20,000 |
|---|---|---|---|---|
| Grant date | 3 May 2022 | 14 Sep 2022 | 22 Dec 2022 | 22 Dec 2022 |
| Expiry date | 2 May 2032 | 13 Sep 2032 | 21 Dec 2032 | 21 Dec 2032 |
| Vesting period | Over 3 years from grant | Over 3 years from grant | Over 3 years from grant | Over 3 years from grant |
| Share price (pence) | 25.0p | 20.5p | 17.0p | 17.0p |
| Exercise price (pence) | 25.0p | 20.5p | 17.0p | 17.0p |
| Expected volatility | 52.5% | 52.5% | 52.5% | 52.5% |
| Risk free rate | 0.75% | 1.75% | 3.5% | 3.5% |

The expected volatility of 52.5% has been estimated based on comparable companies listed on AIM.

**15. Lease liabilities**

**Amounts recognised in the statement of financial position**

**Right-of-use assets**
Details of the Right-of-use assets held at 31 December 2022 can be found in note 8.

**Lease liabilities**

| | **As at 31 December 2022** | As at 31 December 2021 £000 |
|---|---|---|
| Current | **107** | 71 |
| Non-current | **188** | 175 |
| | **295** | 246 |
| Future minimum lease payments are as follows: | | |
| Not later than one year | **107** | 71 |
| Later than one year and not later than 5 years | **188** | 175 |
| Total gross payments | **295** | 246 |
| Impact of finance expenses | **-** | - |
| Carrying amount of liability | **295** | 246 |

Lease liabilities have been recognised on the incremental borrowing rate for Land and Buildings and Office Equipment.

**Amounts recognised in the statement of comprehensive income**

| | **As at 31 December 2022** | As at 31 December 2021 £000 |
|---|---|---|
| Depreciation charge | (103) | (29) |
| Interest of lease liabilities | (12) | (2) |
| Rental payments with lease term less than 12 months | | - |
| | (115) | (31) |

**Amounts recognised in the statement of cash flows**

| | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|
| | | £000 |
| Principal elements of lease payments | **(75)** | (1) |
| Interest of lease liabilities | - | - |
| Rental payments with lease term less than 12 months | - | (1) |
| | **(75)** | (2) |

**16. Financial Risk Management**

The main risks arising from the Group's financial instruments are cash flow and liquidity and credit risk. The Group's financial instruments comprise cash and various items such as trade payables, which arise directly from its operations.

**Cash flow and liquidity risk**

Management monitors the level of cash on a regular basis to ensure that the Group has sufficient funds to meet its commitments where due. The table below analyses the Group and Company's financial assets and liabilities by category:

| | Group | | Company | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2022 Financial assets at amortised cost £'000** | Year ended 31 Dec 2021 Financial assets at amortised Cost £'000 | **Year ended 31 Dec 2022 Financial assets at amortised cost £'000** | Year ended 31 Dec 2021 Financial assets at amortised cost £'000 |
| **Assets as per statement of financial position** | | | | |
| Other receivables | **111** | 68 | **5,205** | 2,911 |
| Cash and cash equivalents | **3,287** | 6,063 | **3,002** | 5,500 |
| | **3,398** | 6,131 | **8,207** | 8,411 |

| | Group | | Company | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2022 Financial assets at amortised cost £'000** | Year ended 31 Dec 2021 Financial assets at amortised Cost £'000 | **Year ended 31 Dec 2022 Financial assets at amortised cost £'000** | Year ended 31 Dec 2021 Financial assets at amortised cost £'000 |
| Trade payables | **112** | 69 | **-** | 1 |
| Other creditors and accruals | **172** | 239 | **43** | - |
| | **284** | 308 | **43** | 1 |

All liabilities are due within 30 days except for lease liabilities which are dealt with in note 15.

**Credit risk**

The Group gives careful consideration to which organisations it uses for banking in order to minimise credit risk. The Group holds cash with two large banks in the UK. The amounts of cash held at the reporting date can be seen in the financial assets table above. All of the cash and equivalents were denominated in UK Sterling. The Group's policy is to minimise the risks associated with cash and cash equivalents by placing these deposits with institutions with a recognised high credit rating.

The carrying amount of financial assets recorded in the Consolidated Statement of Financial Position, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

No allowance has been made for impairment losses. In the Directors' opinion, there has been no impairment of financial assets during the period.

An allowance for impairment is made where there is an identified credit loss which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held by the Group as security in relation to its financial assets.

**Foreign currency risk**

The Group's exposure to the risk of changes in foreign exchange rates relates solely to the Group's use of suppliers operating overseas, primarily denominated in Euros and US Dollars. The Group's use of foreign suppliers is minimal and as such exposure to foreign currency changes is not material.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the year end were £16,000 (2021: 1,000).

At present the Group does not make use of financial instruments to minimise any foreign exchange gains or losses so any fluctuations in foreign exchange movements may have a material adverse impact on the results from operating activities.

**Fair value of financial assets and liabilities**

There is no material difference between the fair value and the carrying values of the financial instruments because of the short maturity period of these financial instruments and their intrinsic size and risk.

**Capital risk management**

The Group considers capital to be shareholders' equity as shown in the consolidated statement of financial position, as the Group is primarily funded by equity finance. The Group is not yet in a position to pay a dividend.

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and for other stakeholders. In order to maintain or adjust the capital structure the Group may return capital to shareholders and issue new shares.

**17. Related Party Transactions**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management compensation is disclosed in Note 5 of the consolidated financial statements. Directors' emoluments are disclosed in the Remuneration Committee Report.

## 18. Transactions with shareholders

The following transactions with shareholders and companies controlled by directors or former directors of Bivictrix were recorded, excluding VAT, during the year:

| | Year to 31 December 2022 £000 | Year to 31 December 2021 £000 |
|---|---|---|
| **Acceleris (David Youngman/Norman Molyneux)** | - | 129 |
| Non-Executive Director fees, funding support fees and expenses | | |
| **Gladstone Consultancy Partnership (Iain Ross)** | - | 39 |
| Consultancy fees | | |

**Company**

The Company is responsible for financing and setting Group strategy. The Company's subsidiary carried out the Group's research and development strategy including the management of the Group's intellectual property. The Company provides funding to its subsidiary in the form of a loan. This loan is classified as non-current to reflect the likely repayment schedule of the loan. Interest is accrued at a rate of 4.5% per annum which is considered to be a market rate. Balance outstanding, including accrued interest, at the 31 December 2022 was £5,173,000 (31 December 2021: 2,906,000)

## 19. Contingent Liabilities

The Group has no contingent liabilities at 31 December 2022 (2021: nil).

## 20. Convertible loan notes

In 2020 BiVictriX Limited entered into a Convertible Loan Agreement ('CLA') with the Future Fund, Development Bank of Wales and Alderley Park Ventures. The CLA had 36 months term with interest payable of 8% p.a Loan note holders had the right to receive repayment in full and a 100% redemption premium or convert to equity at 20% to the prevailing share price or the previous round price, whichever was the lower..

On 10 August 2021, the loan note holders elected to convert the CLA and accrued interest. All loan notes were converted to ordinary shares at a price of 11.7 pence per share. The discount against the Admission price of 20.0 pence per share has been recognised in the statement of comprehensive income.

## 21. Events after the Reporting Date

In January 2023, Dr. Michael Kauffman was appointed as Non-Executive Chairman.

In January 2023, positive preclinical data was reported with the BVX001 programme, demonstrating a highly favourable safety profile compared to Mylotarg™ in an in vivo model assessing the risk for bone marrow toxicity and neutropenia.

**22. Ultimate Controlling Party**

There is no ultimate controlling party of the Group.

# Directors and Professional Advisers

**Directors**

- Dr Michael Kauffman
- Iain Ross
- Tiffany Thorn
- Professor Robert Hawkins
- Susan Lowther
- Drummond Paris

**Secretary**
Simon Wallwork

**Company number**

13470690

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**Joint Broker**

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