Registered No: 13393274

Apollo Therapeutics Group Limited

Annual Report and Accounts

31 December 2022

Apollo Therapeutics Group Limited

Contents

Apollo Therapeutics Group Limited

Corporate information

Directors:	Vasundhara Bhargava Laura Furmanski Dr Richard Mason James Momtazee Ian Tomlinson Neel Varshney Sam Williams
Secretary:	Jamie Heath
Registered Office:	3rd Floor, 22 Station Road Cambridge CB1 2JD United Kingdom
Company number:	13393274
Auditor:	Ernst & Young LLP 1 Cambridge Business Park Cambridge CB4 0WZ

The directors present their strategic report for the Group for the period ended 31 December 2022.

BUSINESS REVIEW

The Group has made an operating loss of $39.7m (2021: $11.7m) in the period and incurred Research and development expenditure of $31.0m (2021: $11.0m). Group cash balances were $92.6m as at 31 December 2022 (2021: $61.4m) with a net inflow of $31.8m (2021: $68.1m) which included $73.1m (2021: $73.4m) proceeds from issuance of share capital.

The average number of employees within the Group was 23 in 2022.

The Group completed its inaugural $146.0 million financing, led by Patient Square Capital, in June 2021. The funds raised will enable the Group to advance its pipeline of transformative therapeutic programs to become potentially meaningful new treatment options.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a number of risks and uncertainties in undertaking its day-to-day operations. The key business risks affecting the Group and how they are managed are set out below:

Financial

Profitability depends on the success of current and new clinical projects, without which the Group will continue to make losses and consume cash. Until the profitable commercialisation of such projects the Group will carefully monitor spend and cash flow with reference to ensuring the Group is able to continue as a going concern. In particular, the investment in new projects will be evaluated based on available surplus cash reserves of the Group and the continued investment requirements into existing projects. The Group expects, over the coming years, to finance its operations through a combination of private or public equity financings. The Group's failure to raise capital as and when needed would have a negative effect on our financial condition and our ability to execute our business strategy.

The directors have prepared a strategic plan, including annual financial forecasts and cash flows. The monitoring of cash availability and future projected cash flows, as well as the project pipeline is included in quarterly reporting to the Board.

Growth

The Group is seeking to expand its operations, financial and management controls, reporting systems and procedures and to train, motivate and manage its employees. The Group's future success depends on its ability to hire, train and retain key technical, scientific and regulatory personnel. The Group seeks to recruit and retain high calibre staff through offering share ownership and rewards commensurate with their seniority and maintaining open communication with employees.

KEY PERFORMANCE INDICATORS

The directors have monitored the performance of the Group with particular reference to the key performance indicators being research and development expenditure and development timeline of projects. The directors are satisfied with the project developments in 2022 with projects progressing along planned timelines.

SECTION 172(1) STATEMENT

In accordance with the Companies Act 2006 as amended by the Companies (Miscellaneous Reporting) Regulations 2018, the directors provide this statement to describe how they have engaged with and had regard to the interests of our key stakeholders when performing their duty to promote the success of the Group under section 172 of the Act.

The directors consider, both individually and collectively that they have taken decisions in a manner they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its stakeholders. These decisions consider the following factors where relevant:

a) The likely consequences of any decision in the long-term: the long-term success of the Group is always a key factor when making strategic decisions. Strategic Plans have been prepared evaluating the investment and commercialisation of each project under development.
b) The interests of the Group's employees: the Group's employees are a key asset and hence we invest in their wellbeing and development. The Group believes it offers competitive remuneration packages and seeks to engage with employees regularly.
c) The need to foster the Group's business relationships with suppliers, customers and other: the Group has numerous collaboration relationships which we seek to be constructive and mutually beneficial. Shareholders are also key stakeholders and we seek to engage shareholders covering both financial returns and investment plans.
d) The impact of the Group's operations on the community and the environment: the Group's aims to execute its operations with due regard to the environment.
e) The desirability of the Group maintaining a reputation for high standards of business conduct: integrity of individuals and corporate integrity are fundamental in all we do.
f) The need to act fairly as between members of the Group: all decisions aim to take into consideration the views and values of all our stakeholders.

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

Richard Mason

Dr Richard Mason
Director
May 2, 2023

DIRECTORS' REPORT

The directors present their report on the affairs of the Group and Company together with the audited financial statements for the period to 31 December 2022. The Group financial statements are prepared under international financial reporting standards in conformity with the requirements of the Companies Act 2006.

PRINCIPAL ACTIVITIES

Apollo Therapeutics is a biopharmaceutical company, rapidly advancing a robust pipeline of potentially transformative therapeutic programs based on breakthrough discoveries. We identify and develop pre-clinical and clinical stage programs with strong biological hypotheses and the potential to become meaningful new treatment options. Our team combines drug development 'architects' and deep subject matter experts who together are building an expansive and de-risked portfolio in oncology, major inflammatory disorders and rare disease. Backed by leading specialist investors including Patient Square Capital and Rock Springs Capital, we have operations in Cambridge, UK, and Boston, USA.

RESEARCH AND DEVELOPMENT

The Group is committed to research and development activities to successfully commercialize its projects and to maintain its portfolio pipeline by commencing new projects.

GOING CONCERN AND FINANCIAL RISK MANAGEMENT

The directors have assessed the Group's ability to continue as a going concern. The directors believe that the Group will have sufficient funding to continue its operations for at least twelve months from the date of approval of these financial statements. Accordingly, the accounts have been prepared on the going concern basis.

The Group expects, over the coming years, to finance its operations through a combination of private or public equity financings. The Groups failure to raise capital as and when needed would have a negative effect on our financial condition and our ability to execute our business strategy. Based on the Directors' current forecasts and plans, the Group has sufficient funding to continue its operations for a period of at least 12 months from the date of approval of these financial statements. The base case is built on the assumption of nil revenue generation.

SHARE ISSUES

The issued share capital of the Company is set out at Note 17 to the accounts. In June 2021, 16,485,310 ordinary shares and 145,218,487 A shares were issued in connection with the raising of $146 million referred above.

During 2022, 1,393,381 ordinary shares were issued as part of the Group's long term incentive plans.

DIRECTORS

The directors who served during the year were:
Vasundhara Bhargava
Laura Furmanski
Dr Richard Mason
James Momtazee
Ian Tomlinson
Neel Varshney
Sam Williams

DIRECTORS' INDEMNITY ARRANGEMENTS

During the period the Group purchased Directors' and Officers' liabilities insurance, which remains in force at the date of this report.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs) and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and applicable law including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Ernst & Young LLP were appointed as auditor in the period. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting. In accordance with normal practice, the directors will be authorised to determine the Auditor's remuneration.

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

Richard Mason

Dr Richard Mason
Director
May 2, 2023

Independent auditor's report to the members of Apollo Therapeutics Group Limited

Opinion

We have audited the financial statements of Apollo Therapeutics Group Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity, and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year 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 UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; 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, 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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period to 31 May 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

Independent auditor's report to the members of Apollo Therapeutics Group Limited (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 6, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are UK adopted international accounting standards; UK Companies Act and tax legislation, General Data Protection requirements, health and safety laws, employment regulations, The Equality Act 2010, anti-bribery and corruption regulations; and those that had a fundamental effect on the operations of the group and company.
- We understood how Apollo Therapeutics Group Limited is complying with those frameworks by making enquiries of management and those charged with Governance. We understood the potential incentive and ability to override controls; and employee access to guidance of how to report any instances of non-compliance. We understood any controls put in place to reduce the opportunities for fraudulent transactions.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We assessed the susceptibility of the group and company's financial statements to material misstatement, including how fraud might occur by holding enquiries with management and those charged with governance. Through these procedures we considered the risk of management override, with the accounting for the license acquisition and project accruals being key areas of focus. We reviewed the license acquisition transaction with respect to IFRSs, tying through material transactions to support. We reviewed the accruals by testing a sample of period end balances through to support and gaining an understanding of the stages of each project in terms of expected costs.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:

  - Enquiry with management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the group and company;

  - Auditing the risk of management override of controls, through testing of a sample of journal entries and other adjustments for appropriateness;

  - Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business;

  - Challenging the judgements made by management through corroborating the basis for those judgements and considering contradicting evidence; and

  - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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.

Ernst & Young LLP

Ruth Logan (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date:

2 May 2023

Apollo Therapeutics Group Limited

Consolidated statement of comprehensive income

	Notes	Year to 31 December 2022 $'000	Period to 31 December 2021 $'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(8,175)	(6,535)
Research and development expenses		(31,060)	(10,957)
Effects of foreign exchange		(494)	5,798
Operating loss	5	**(39,729)**	**(11,694)**
Interest received	9	1,095	13
Loss before tax		**(38,634)**	**(11,681)**
Tax	10	17,490	2,291
Loss for the period attributable to equity holders in the parent		**(21,144)**	**(9,390)**
Other comprehensive loss			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(498)	(6,096)
Total comprehensive loss for the period		**(21,642)**	**(15,486)**

The notes on pages 14 to 27 are an integral part of these financial statements.

Apollo Therapeutics Group Limited

Consolidated statement of financial position

	Notes	31 December 2022 $'000	31 December 2021 $'000
Assets			
Non-current assets			
Goodwill	11	**26,481**	26,481
Intangible assets	12	**55,155**	41,936
Property, plant and equipment	13	**68**	48
Total non-current assets		**81,704**	68,465
Current assets			
Trade and other receivables	15	**1,951**	711
Unpaid share capital	17	**-**	73,107
Tax receivable		**6,975**	2,114
Cash and cash equivalents		**92,559**	61,440
Total current assets		**101,485**	137,372
Total assets		**183,189**	205,837
Liabilities			
Current liabilities			
Trade and other payables	16	**14,388**	5,769
Total current liabilities		**14,388**	5,769
Non current liabilities			
Deferred tax liability	10, 24	**-**	10,333
Total liabilities		**14,388**	16,102
Equity			
Share capital	17	**23**	23
Share premium account		**205,198**	205,198
Translation reserve		**(6,594)**	(6,096)
Share-based payments	21	**708**	-
Retained earnings		**(30,534)**	(9,390)
Total equity		**168,801**	189,735
Total liabilities and equity		**183,189**	205,837

The notes on pages 14 to 27 are an integral part of these financial statements.

The financial statements on pages 10 to 27 were approved by the Board of Directors and authorised for issue on April 25, 2023 and were signed on its behalf on May 2, 2023 by:

Richard Mason

Dr Richard Mason
Director

Apollo Therapeutics Group Limited
Registered Number: 13393274

Apollo Therapeutics Group Limited

Consolidated statement of changes in equity

	Share capital $'000	Share premium $'000	Translation reserve $'000	Share-based payment reserve $'000	Retained earnings $'000	Total $'000
Loss for the period	-	-	-	-	(9,390)	**(9,390)**
Other comprehensive loss	-	-	(6,096)	-	-	**(6,096)**
Total comprehensive loss for the period	-	-	**(6,096)**	-	**(9,390)**	**(15,486)**
Issue of new share capital	23	205,198	-	-	-	**205,221**
Balance at 31 December 2021	**23**	**205,198**	**(6,096)**	**-**	**(9,390)**	**189,735**
Loss for the period	-	-	-	-	(21,144)	**(21,144)**
Other comprehensive loss	-	-	(498)	-	-	**(498)**
Total comprehensive loss for the period	-	-	**(498)**	-	**(21,144)**	**(21,642)**
Share-based payment charge	-	-	-	708	-	**708**
Balance at 31 December 2022	**23**	**205,198**	**(6,594)**	**708**	**(30,534)**	**168,801**

The notes on pages 14 to 27 are an integral part of these financial statements.

Apollo Therapeutics Group Limited

Consolidated statement of cash flows

	Notes	Period to 31 December 2022 $'000	Period to 31 December 2021 $'000
Net cash outflows from operating activities	19	**(25,817)**	**(9,122)**
Investing activities			
Purchase of property, plant and equipment		(56)	(41)
Purchase of intangible fixed assets		(15,375)	-
Acquisition net of cash acquired		-	4,012
Net cash flow generated from investing activities		**(15,431)**	**3,971**
Financing activities			
Proceeds from the issue of share capital		73,070	73,214
Net cash inflows from financing activities		**73,070**	**73,214**
Net increase in cash and cash equivalents		**31,822**	**68,063**
Cash and cash equivalents at start of period		61,440	-
Exchange differences on cash and cash equivalents		(703)	(6,623)
Cash and cash equivalents at end of period		**92,559**	**61,440**

The notes on pages 14 to 27 are an integral part of these financial statements.

1. General information

Apollo Therapeutics Group Limited ('the Company') and its subsidiaries (together, 'the Group') is a biopharmaceutical company, advancing a robust pipeline of potentially transformative therapeutic programs.

The Company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is 3rd Floor, 22 Station Road, Cambridge, CB1 2JD.

The consolidated financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs). The financial statements have been prepared under the historical cost convention. The accounts are presented in US dollars ("$"), and to the nearest $1,000.

The subsidiary undertakings included within the Consolidated Financial Statements as at 31 December 2022 are given in note 14.

2. Outlook for adoption of future Standards (new and amended)

At the date of authorisation of the Consolidated Financial Statements, the standards and amendments that are in issue but not yet effective are considered to have no material impact on the Group.

3. Significant accounting policies

3.1 Basis of consolidation
The consolidated financial statements incorporate the results of the Company and of its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.2 Going concern
The directors have assessed the Group's ability to continue as a going concern. The directors believe that the Group will have sufficient funding to continue its operations for at least twelve months from the date of approval of these financial statements. Accordingly, the accounts have been prepared on the going concern basis.

The Group expects, over the coming years, to finance its operations through a combination of private or public equity financings. The Groups failure to raise capital as and when needed would have a negative effect on our financial condition and our ability to execute our business strategy. Based on the Directors' current forecasts and plans, the Group has sufficient funding to continue its operations for a period of at least 12 months from the date of approval of these financial statements. The base case is built on the assumption of nil revenue generation.

3.3 Foreign currencies
The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). The US dollar is the functional currency of the Company and presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions, with differences recorded in the income statement. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

On consolidation, assets and liabilities have been translated into the US dollar at the closing rate at the reporting date. Income and expenses have been translated into the US dollar at the average monthly rates over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

3.4 Business combinations
Business combinations are accounted for using the acquisition method. On the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be reliably measured, in which case the value is subsumed into goodwill. In the case of reorganisation within the Group where the net assets of, and business undertaken by, a subsidiary are transferred up into the parent company, the Group uses the guidance provided in FRS 102, section 19 since IFRS is silent under common control transactions. FRS 102.19.27 outlines that group reconstructions may be accounted for using hybrid accounting method provided that it is not prohibited by company law or other relevant legislation; the ultimate equity holders remain the same, and the rights of each equity holder, relative to the others, are unchanged; and that the non-controlling interest is not altered by the transfer.

3. Significant accounting policies (continued)

3.4 Business combinations (continued)
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is subject to a maximum of one year.

Acquisition-related costs are expensed to the consolidated income statement in the period they are incurred.

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

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

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

The benefit of UK research and development is recognised under the UK's SME R&D tax credit scheme.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.7 Goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually or more frequently when there is an indication of impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from synergies arising from the combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.8 Intangible assets
Acquisition intangibles:
Acquisition intangibles comprise goodwill and IP Licences. These are capitalised at cost and IP Licences are amortised on commercialisation on a straight-line basis over their estimated useful lives. The principal expected useful lives are as follows:
IP Licences - 20 to 30 years

3. Significant accounting policies (continued)

3.8 Intangible assets (continued)

Purchased licences
Where a licence for software is purchased and controlled by the Group, the amount is capitalised and amortised over the period of the licence as long as future economic benefits are expected. The amortisation charge is charged to administration costs.

Internally-generated intangible assets – research and development expenditure
The Group undertakes research and development expenditure, developing clinical data. Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development spend is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits with reference to demonstrable market conditions;
- it is technically and commercially feasible, the Group intends and has sufficient resources to complete development; and
- the development cost of the asset can be measured reliably.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Costs are allocated to research and development activities based on estimates of the proportion of time incurred by the relevant employees on such activities, plus third-party costs and consumables.

Payments made to third parties to in-licences or acquire products and compounds for new research and development projects typically take the form of upfront payments, milestones and royalty payments. Upfront payments made to third parties for such products and compounds are recognised as intangible assets. Milestone payments are recorded when the specific milestone has been achieved. An evaluation is made as to the nature of these payments, with the substance of the payment determining its classification. When considering the nature of these payments, the Group will determine whether the payment is due only on a verifiable outcome or whether it is due for execution of activities. An example of a verifiable outcome would be regulatory approval as this is more likely to indicate additional value of the intangible asset. Assets capitalised are amortised on a straight line basis over their useful economic lives from product launch. Whilst the intangible asset is not available for use it is subject to review for indicators of impairment on an annual basis.

3.9 Property plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leased buildings (right of use)	-	Period of contracted use (i.e. length of lease)
Fixtures, fittings and equipment	-	25% - 33% per annum straight line
Leasehold improvements	-	straight line over the lesser of 5 years or over the term of the lease

The gain or loss arising on the disposal of an asset is the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

3.10 Impairment of property, plant and equipment and intangible assets excluding goodwill

A review is undertaken upon the occurrence of events or circumstances which indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.11 Financial instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, plus or minus directly attributable transaction costs.

Financial assets
Financial assets are subsequently measured at amortised cost.

Expected credit losses on trade receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

3. Significant accounting policies (continued)

3.11 Financial instruments (continued)

Financial liabilities
Financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date. All the Group's financial liabilities are subsequently measured at amortised cost using the effective interest method. Trade payables (excluding derivative financial liabilities) are non-interest bearing and are stated at cost which equates to their fair value.

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

3.12 Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. 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 the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Key sources of estimation uncertainty
Valuation of acquisition intangible assets
During the prior year the Group acquired Apollo Therapeutics No.2 LLP (formerly Apollo Therapeutics LLP). Accounting for this acquisition in line with IFRS 3 (Business Combinations) requires the use of a number of assumptions and estimates in relation to the future cash flows associated with acquisition intangibles and the use of valuation techniques in order to arrive at the fair value of the intangible assets acquired. The assumptions applied were based on the best information available to management and valuation techniques were supported by third party valuation experts. Nevertheless, the actual performance of these assets may differ from the valuations derived through this exercise.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements that the directors, supported by management have made in the process of applying the Group's accounting policies. Where estimation uncertainty exists, the directors, supported by management take account of all available information in forming their judgement.

Goodwill
The Group reviews the carrying value of its goodwill balances by carrying out impairment tests at least on an annual basis. These tests require estimates to be made of the value in use of its Cash Generating Units (CGUs) which are dependent on estimates of future cash flows and long-term growth rates of the CGUs. Further details are given in note 12.

Capitalisation of development costs
The point at which development costs meet the criteria for capitalisation is critically dependent on management judgement of the probability of future economic benefits. No development was completed in the period which met the requirements for capitalisation under IAS 38 Intangible Assets. Therefore, no development costs have been capitalised during 2022.

Recovery of deferred tax assets
Deferred tax assets have not been recognised for deductible temporary differences and tax losses as management considers that there is not sufficient certainty on when future taxable profits will be available to utilise those temporary differences and tax losses. This judgement is reviewed at each balance sheet date and made based upon forecasts of taxable profit, considering the inherent uncertainties in these forecasts.

5. Operating loss

Operating loss has been arrived at after charging/(crediting):

	2022 $'000	2021 $'000
Net foreign exchange losses/(gains)	**494**	(5,798)
Research and development expenditure	**31,060**	10,957
Depreciation of property, plant and equipment	**34**	8
Amortisation of intangibles	**2,156**	1,168
Staff costs (see note 7)	**7,044**	2,987

6. Auditor's remuneration

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

	2022 $'000	2021 $'000
Fees payable to the Company's auditor for the audit of:		
the Company's annual accounts	**94**	88
the subsidiaries' annual accounts	**77**	68
Total audit fees	**171**	156

There were no non-audit fees provided in either year.

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Management and Board	**5**	4
Research and development	**12**	6
Operational support	**6**	2
	23	12

Their aggregate remuneration receivable comprised:

	2022 $'000	2021 $'000
Wages and salaries	**5,467**	2,565
Social security costs	**567**	329
Other pension costs (see note 20)	**302**	93
Share-based payment charge (see note 21)	**708**	-
	7,044	2,987

8. Directors' remuneration

Directors' aggregate remuneration receivable comprised:

	2022 $'000	2021 $'000
Salaries and fees	**593**	425
Benefits in kind	**3**	-
Pension costs	**20**	12
	616	437

Highest paid director:

	2022 $'000	2021 $'000
Salaries and fees	**541**	340
Benefits in kind	**3**	-
Pension costs	**20**	12
	564	352

9. Interest receivable

The interest receivable for the year can be analysed as follows:

	2022 $'000	2021 $'000
Interest on bank deposits	**1,095**	13

10. Taxation

	2022 $'000	2021 $'000
Corporation tax:		
Current year	**(6,941)**	(2,069)
Adjustments in respect of prior year	**(216)**	-
	(7,157)	(2,069)
Deferred tax		
Origination and reversal of timing differences	**(10,333)**	(222)
Total tax credit	**(17,490)**	(2,291)

Corporation tax is calculated at 19.00% of the estimated taxable loss for the year.

The tax charge for each year can be reconciled to the loss per statement of comprehensive income as follows:

	2022 $'000	2021 $'000
Loss before tax	**(38,634)**	(11,681)
Tax at the UK corporation tax rate of 19.00%	**(7,340)**	(2,225)
Adjustments in respect of prior years	**(216)**	-
Expenses not deductible for tax purposes	**10**	570
Capital allowances in excess of depreciation	**(15)**	(5)
Research and development tax credit enhanced deduction	**(3,001)**	959
Tax rate differences	**(49)**	-
Share of partnership profits	**14**	-
Movement in unprovided deferred tax on losses	**3,440**	(1,590)
Movement in deferred tax liability	**(10,333)**	-
Tax credit for the year	**(17,490)**	(2,291)

10. *Taxation (continued)*

During the year, the Group has released the deferred tax liability following a change in the assessed tax base of certain subsidiary assets. The Group has UK unused tax losses amounting to $24,942k (2021: $5,045k). A deferred tax asset as at 31 December 2022 amounting to $4,917k (2021: $1,262k) has not been recognised in these financial statements as it is unlikely that the Group will generate taxable profits in the foreseeable future to enable the losses to be utilised. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability or asset is expected to be realised based on rates enacted or substantively enacted by the reporting date.

The UK Government has announced that the rate of Corporation Tax will increase to 25% with effect from 1 April 2023.

11. Goodwill

	Goodwill $'000
Cost	
At 1 January and 31 December 2022	**26,481**

Goodwill represents the ability to identify new programme candidates, the ability to enter into new IP licence agreements with universities and the expertise of the assembled workforce as part of the acquisition of Apollo Therapeutics No.2 LLP in 2021.

The directors consider there to be one Cash Generating Unit (CGU) representing the portfolio of projects acquired. Goodwill and intangible assets that are not yet ready for use are subject to impairment review at least annually. The impairment analysis performed is detailed as part of note 12.

12. Intangible assets

	IP Licences $'000	Acquired IPR&D $'000	Total $'000
Cost			
At 1 January 2022	43,104	-	43,104
Additions	-	15,375	15,375
At 31 December 2022	**43,104**	**15,375**	**58,479**
Accumulated amortisation			
At 1 January 2022	(1,168)	-	(1,168)
Charge for the period	(2,156)	-	(2,156)
At 31 December 2022	**(3,324)**	-	**(3,324)**
Net Book value			
At 31 December 2022	**39,780**	**15,375**	**55,155**
At 31 December 2021	41,936	-	41,936

During the year the Group acquired a license to in process R&D from Avalo Therapeutics, Inc. In accordance with the accounting policy set out in note 3.8, assets capitalised are amortised on a straight-line basis over their useful economic lives from product launch. Whilst the intangible asset is not available for use it is subject to review for indicators of impairment on an annual basis. The licence contains certain milestone payments which will be recorded as the milestone is achieved. These milestone payments are for verifiable outcomes and therefore, the expectation is that these will be capitalised on achievement.

12. Acquired intangible assets (continued)

In the prior year, the Group acquired IP Licence Agreements with universities relating to the ability to develop pharmaceutical candidate programmes as part of the acquisition of Apollo Therapeutics No.2 LLP (note 24). Under these agreements, Apollo engages in further development of candidates originally discovered by universities, in exchange for rights to potential revenue to be generated. Whilst the partner universities own the core intellectual property, Apollo has the right to commercialise under the terms of these agreements and has therefore identified these licences collectively as a separably identifiable intangible asset.

The directors consider there to be one Cash Generating Unit (CGU) representing the portfolio of projects acquired and further programs originating from these Universities.

The impairment analysis is principally based upon estimated cash flows to determine recoverable amounts. Actual outcomes could vary significantly since the value in use calculation involves sensitive assumptions including

- Outcome of research and development activities (results of clinical trials etc.)
- Probability of obtaining regulatory approval
- Long term sales forecast periods which extend to the period of the licence or patent
- Availability of sufficient funding to develop the program
- Pricing assumptions

The recoverable value of the acquisition intangibles have been assessed on a value in use basis considering projections covering an extended period as noted above. The discount rate used was 14% being a pre tax rate which reflects the risk of the CGU.

Management has performed a sensitivity analysis on each of the key assumptions mentioned above. The directors have concluded that no impairment of acquired intangibles is required as at 31 December 2022.

13. Property, plant and equipment

	Fixtures and fittings $'000	Total $'000
Cost		
At 1 January 2022	100	**100**
Additions	56	**56**
Disposals	(2)	**(2)**
At 31 December 2022	154	**154**
Accumulated depreciation		
At 1 January 2022	52	**52**
Charge for the period	34	**34**
Eliminated on disposal	-	**-**
At 31 December 2022	86	**86**
Net Book value		
At 31 December 2022	68	**68**
At 31 December 2021	48	**48**

14. Subsidiaries

Details of the Company's subsidiaries at 31 December 2022 are as follows:

Name	Place of incorporation	Principal activity	Proportion of ownership interest %	Proportion of voting power held %
Apollo Therapeutics Enterprise Limited	United Kingdom	Holding company	100%	100%
*Apollo Therapeutics Limited	United Kingdom	Research & development	100%	100%
*AT No.1 Limited	United Kingdom	Holding company	100%	100%
*Apollo Therapeutics No.2 LLP	United Kingdom	Dormant	100%	100%
*Apollo Therapeutics Inc	Delaware, United States of America	Research & development	100%	100%
*Project Subs Limited (various)	United Kingdom	Research & development	100%	100%

*indirect holding

A list of subsidiaries, which are incorporated in England and Wales and which are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act is provided on page 32.

15. Trade and other receivables

	2022 $'000	2021 $'000
Trade receivables	17	16
Prepayments	1,189	205
Other receivables	745	490
	1,951	711

Trade receivables
Trade receivables disclosed above are classified as financial assets and are measured at amortised cost.

Trade receivables include amounts which are past due at the period-end (see below for aged analysis) but against which the Group has not recognised an impairment loss. There has not been a significant change in credit quality and the amounts are still considered recoverable.

Aging of trade receivables:

	2022 $'000	2021 $'000
Not past due	1	16
31-60 days	-	-
61-90 days	-	-
91 or more days	16	-
	17	16

There is no material expected credit loss provision due to the nature of receivable balances.
No bad debts were written off in the period.

16. Trade and other payables

	2022 $'000	2021 $'000
Amounts falling due within one year:		
Trade payables	**4,550**	-
Accruals	**9,589**	5,620
Social security and other taxes	**160**	147
Other payables	**89**	2
	14,388	5,769

Trade and other payables have a contractual maturity of less than 6 months.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. For all suppliers no interest is charged on the trade payables. Group policy is to ensure that payables are settled within the agreed credit terms. The directors consider that the carrying amount of trade payables approximates their fair value.

17. Share capital

Issued and fully paid	2022 $'000	2021 $'000
17,878,691 (2021: 16,485,310) Ordinary shares of £0.0001 each	**2**	2
145,218,487 (2021: 145,218,487) A shares of £0.0001 each	**21**	21
	23	23

The holders of the A shares have a right to participate in any available profits and return of capital in priority over holders of ordinary shares.

On 16 June 2021, the Company raised $146m from the issue of new equity. 42,000,000 of the A shares issued on 16 June 2021 for $63m were in consideration of interests in Apollo Therapeutics No.2 LLP.

During 2022, the Company issued 1,393,381 ordinary shares (£0.0001 each) to employees and advisors of the Group.

18. Other Reserves

Share premium
Includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings
Includes all current retained profits and losses.

Translation reserve
The Translation reserve represents exchange difference on translation of operations with a different functional currency

Share-based payment reserve
Includes the charge for share-based payments in respect of share plans.

19. Notes to the cash flow statement

	2022 $'000	2021 $'000
Loss after tax	**(21,144)**	(9,390)
Adjustments for:		
Amortisation of intangible assets	**2,156**	1,168
Depreciation of property, plant and equipment	**34**	8
Share based payment charge	**708**	-
Tax receivable	**(4,861)**	(2,291)
Movement in deferred tax liability	**(10,333)**	-
Interest receivable	**(5)**	13
Operating cash flows before movements in working capital	**(33,445)**	(10,492)
(Increase) in receivables	**(1,214)**	(460)
Increase in payables	**8,842**	1,830
Cash used by operations	**(25,817)**	(9,122)
Net cash from operating activities	**(25,817)**	(9,122)

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

20. Post-employment benefit schemes

Defined contribution schemes
The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in independently administered funds.

The total cost of $302k represents contributions payable by the Group at agreed rates. As at 31 December 2022, contributions of $58k due in respect of the current reporting period had not been paid over to the scheme.

21. Share-based payments

Equity-settled share option scheme
The Company has a share option scheme for advisory board members and employees of the Group which vest over 1-5 years. A portion of certain option awards vests upon IPO or exit. Options are forfeited if the employee leaves the Group before the options vest. Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Details of the share options outstanding during the year are as follows:

	2022	
	Number of share options	**Weighted average exercise price (in $)**
Granted during the period	4,016,810	0.49
Outstanding at the end of the period	4,016,810	0.49
Exercisable at the end of the period	726,092	0.49

The inputs into the model to evaluate the share-based payment were as follows:

	2022
Share price at date of issue	$0.49
Exercise price	$0.49
Expected volatility	101.9% - 104.4%
Expected life	10 years
Risk-free rate	1.76% - 2.36%
Expected dividend yields	0.0%

21. Share-based payments (continued)

Expected volatility was determined by considering the expected share price movements of other comparable listed companies in the sector.

The Group recognised a total charge of $708k in relation to equity-settled share-based payment transactions.

22. Financial instruments

Capital risk management
The Group manages its capital to ensure the Group is able to continue as a going concern while maximising the return to stakeholders through investment in projects. The Group had no borrowings at 31 December 2022. The Group is not subject to any externally imposed capital requirements.

Categories of financial instruments	2022 $'000	2021 $'000
Financial instruments held at amortised cost		
Cash and bank balances	**92,559**	61,440
Trade and other receivables	**762**	506
Unpaid share capital	**-**	73,107
Trade and other payables	**14,388**	5,769

Financial risk management objectives
The Group's finance function is responsible for all aspects of financial risk management. The risks reviewed include market risk (including currency risk), credit risk and liquidity risk.

Liquidity Risk
Liquidity risk is that the Group might be unable to meet its obligations. The Board approves the funding requirement of the Group as part of the budgeting and strategic planning process. The Group manages its liquidity needs by monitoring cash outflows due in day-to-day business. The Board reviews an annual 12 month financial projection as well as information regarding cash balances on a monthly basis.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below). The Group receives funding in USD and GBP and this provides a natural hedge to outflows in those currencies at present. The Group will continue to monitor exposure to foreign currency exchange rates and take appropriate strategies when they become relevant

Foreign currency risk management
The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's financial assets and liabilities denominated in non-functional currency at the period end were as follows:

	Liabilities 2022 $'000	Assets 2022 $'000
GB Pound	855	3,092
Euro	580	-
Danish Krone	38	-
Swedish Krona	115	-

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group does not have any significant credit risk exposure due to the nature of its activities. The Group has implemented treasury policies to mitigate credit risk including ensuring cash holdings are spread across several high rated financial institutions.

22. Financial instruments (continued)

Fair value of financial instruments
The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the Statement of Financial Position approximate their fair values.

23. Related party transactions

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

Remuneration of key management personnel

The key management personnel of the Group at 31 December 2022 consist of the directors and the leadership team.

	2022 $000	2021 $000
Short-term employee benefits	**2,539**	1,446
Post-employment benefits	**121**	40
	2,660	1,486

The ultimate controlling party is Patient Square Equity Advisors, LP.

24. Business combinations

On 29 July 2022 the Group acquired the licence to AVTX-007 from Avalo Therapeutics, Inc. for consideration of $14.5 million. The acquisition has been accounted for as an intangible asset in accordance with IAS 38.

The fair value of identifiable assets acquired was as follows:

	2022 $000
Non current assets	
Intangible assets	15,375
Current assets	
Trade and other receivables	63
Total identifiable assets acquired	15,438
Total consideration	**15,438**
Satisfied by:	
Cash	14,517
Additional consideration	921
	15,438

In accordance with the accounting policy set out in note 3.8, assets capitalised are amortised on a straight-line basis over their useful economic lives from product launch. Whilst the intangible asset is not available for use it is subject to review for indicators of impairment on an annual basis.

Acquisition-related costs (included in administrative expenses) amount to $0.92 million.

24. Business combinations (continued)

On 16 June 2021, the Group acquired 100% interest in Apollo Therapeutics No.2 LLP for consideration of $63 million. The acquisition was to provide new opportunities to develop the pipeline of therapeutic projects.

The fair value of identifiable assets acquired was as follows:

	2021 **$000**
Non current assets	
Intangible assets	43,104
Tangible assets	15
Current assets	
Trade and other receivables	267
Cash and cash equivalents	7,689
Current liabilities	
Trade and other payables	(4,065)
Deferred tax on intangibles	(10,555)
Total identifiable assets acquired	**36,455**
Goodwill	26,481
Total consideration	**62,936**
Satisfied by:	
Equity instruments (42,000,000 £0.001 ($0.0014) 'A' shares)	59,259
Additional consideration	3,677
	62,936
Net cash outflow on acquisition	
Consideration paid in cash	(3,677)
Acquired cash and cash equivalents	7,689
	4,012

The goodwill recognised is attributable to the ability of the Group to identify new programme candidates, the ability to enter into new IP licence agreements with universities and the expertise of the assembled workforce. In 2021, all of the trading activities of the Group were attributable to the acquisition.

The fair value of the 42,000,000 'A' shares issued as part of the consideration paid ($59 million) was determined on the basis of the valuation of shares issued to new investors at the same time as the transactions which represented fair market value.

Acquisition-related costs (included in administrative expenses) amount to $7 million.

25. Post balance sheet events

There are no subsequent events which require disclosure up to the date that the financial statements were approved on April 25, 2023.

Apollo Therapeutics Group Limited

Parent Company statement of financial position

	Notes	31 December 2022 $'000	31 December 2021 $'000
Assets			
Non-current assets			
Investments	2	**212,782**	212,074
Total non-current assets		**212,782**	212,074
Current assets			
Other receivables	3	**123**	73,095
Total current assets		**123**	73,095
Total assets		**212,905**	285,169
Liabilities			
Current liabilities			
Other payables	4	**7,139**	79,974
Total liabilities		**7,139**	79,974
Equity			
Share capital	5	**23**	23
Share premium account		**205,198**	205,198
Share-based payment reserve		**708**	-
Retained earnings		**(163)**	(26)
Total equity		**205,766**	205,195
Total liabilities and equity		**212,905**	285,169

The notes on pages 30 to 31 are an integral part of these financial statements.

No profit and loss account is presented for Apollo Therapeutics Group Limited as provided by section 408 of the Companies Act 2006. The Company's loss after tax for the financial period was $137k (2021: $26k).

The financial statements of the Company were approved and authorised for issue by the Board on April 25, 2023 and were signed on its behalf on May 2, 2023 by:

Richard Mason

Dr. Richard Mason

Director

Apollo Therapeutics Group Limited
Registered Number: 13393274

Apollo Therapeutics Group Limited

Parent Company statement of changes in equity

	Share capital	Share premium	Share-based payment reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000
Loss for the period	-	-	-	(26)	(26)
Issue of new share capital	23	205,198	-	-	205,221
At 31 December 2021	**23**	**205,198**	**-**	**(26)**	**205,195**
Loss for the period	-	-	-	(137)	(137)
Share-based payment charge	-	-	708	-	708
At 31 December 2022	**23**	**205,198**	**708**	**(163)**	**205,766**

The notes on pages 30 to 31 are an integral part of these financial statements.

1. Significant accounting policies

1.1 Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. The Company has elected to use Financial Reporting Standard – 'The Reduced Disclosure Framework' (FRS 101). The Company has taken advantage of the following disclosure exemptions afforded by FRS 101:

- Disclosure exemption allowing no cash flow statement or related notes to be presented
- Disclosure exemption allowing the Company not to disclose related party transactions when transactions are entered into wholly within the group
- Disclosure exemption around Key Management Personnel compensation
- Disclosure exemption on the effect of future accounting standards
- Disclosure exemption on share-based payment information disclosures
- Disclosure exemption on financial instrument disclosures.

The basis for the above exemptions is because equivalent disclosures are included in the group financial statements in which the entity is consolidated.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year. The accounts are presented in US Dollars ("$"), and to the nearest $1,000.

1.2 Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment. The Company accounts for share options granted to the employees of subsidiary undertakings by recognising an increased investment in the subsidiary, with the corresponding credit recognised in reserves.

1.3 Financial instruments

The Company's financial instruments accounting policy is as per the Group's policy (see note 3.11).

Additionally, with respect to intercompany loans, these are assessed for expected credit losses and provision is made where the recoverable value is less than the book value of the receivable.

1.4 Going concern

The directors have assessed the Group's ability to continue as a going concern. The directors believe that the Group will have sufficient funding to continue its operations for at least twelve months from the date of approval of these financial statements. Accordingly, the accounts have been prepared on the going concern basis.

The Group expects, over the coming years, to finance its operations through a combination of private or public equity financings. The Groups failure to rase capital as and when needed would have a negative effect on our financial condition and our ability to execute our business strategy. Based on the Directors' current forecasts and plans, the Group has sufficient funding to continue its operations for a period of at least 12 months from the date of approval of these financial statements. The base case is built on the assumption of nil revenue generation.

2. Investments

	Investments in Subsidiaries $'000
Cost	
At 1 January 2022	212,074
Additions – share based payment charge	708
At 31 December 2022	**212,782**

2. Investments (continued)

The subsidiary undertaking at the end of the year was follows:

Name	Country of Operation	Proportion of Ownership and Voting Power Held	Nature of Business
Apollo Therapeutics Enterprise Limited	United Kingdom	100%	Intermediate holding company

Other Group subsidiaries, all of which are owned indirectly through Apollo Therapeutics Enterprise Limited are detailed in note 14 of the Group accounts. All subsidiaries have been included in the consolidated accounts.

3. Other receivables

	2022 $'000	2021 $'000
Tranche 2 of fundraising	-	73,069
Amounts due from subsidiary undertakings	97	-
Other receivables	26	26
	123	73,095

4. Other payables

	2022 $'000	2021 $'000
Amounts due to subsidiary undertakings	7,077	79,832
Accruals	62	142
	7,139	79,974

5. Share capital

The details on the share capital of the Company are provided at note 17 to the Group's accounts.

6. Employment costs

The only employees of the Company are the directors whose remuneration is borne by other group companies.

7. Post balance sheet events

There are no subsequent events which require disclosure up to the date that the financial statements were approved on April 25, 2023.

Parental guarantee of subsidiary undertakings

Name	Place of incorporation	Registered number
Apollo Therapeutics Enterprise Limited	United Kingdom	13395729
Apollo Therapeutics No.1 Limited	United Kingdom	13397049
Apollo Therapeutics No.2 LLP	United Kingdom	OC403442
Apollo AP04 Limited	United Kingdom	13594883
Apollo AP05 Limited	United Kingdom	13735245
Apollo AP08 Limited	United Kingdom	13594874
Apollo AP09 Limited	United Kingdom	13735253
Apollo AP10 Limited	United Kingdom	13886072
Apollo AP13 Limited	United Kingdom	13736377
Apollo AP20 Limited	United Kingdom	13736381
Apollo AP21 Limited	United Kingdom	13737726
Apollo AP24 Limited	United Kingdom	13737746
Apollo AP25 Limited	United Kingdom	13737751
Apollo AP30 Limited	United Kingdom	13737762
Apollo AP43 Limited	United Kingdom	14237787