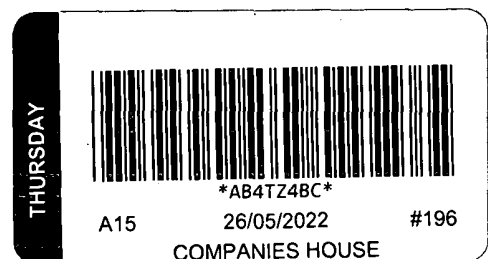


Registered number: 09610773

OPPILAN PHARMA LIMITED

UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 MAY 2021



OPPILAN PHARMA LIMITED
REGISTERED NUMBER: 09610773

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021

	Note	2021 \$	Restated 2020 \$
Fixed assets			
Tangible assets	6	9,266	12,487
		<u>9,266</u>	<u>12,487</u>
Current assets			
Debtors: amounts falling due within one year	8	741,685	2,866,466
Cash at bank and in hand		380,654	1,343,688
		<u>1,122,339</u>	<u>4,210,154</u>
Creditors: amounts falling due within one year	9	(2,704,336)	(3,392,394)
Net current (liabilities)/assets		<u>(1,581,997)</u>	<u>817,760</u>
Total assets less current liabilities		<u>(1,572,731)</u>	<u>830,247</u>
Net (liabilities)/assets		<u>(1,572,731)</u>	<u>830,247</u>
Capital and reserves			
Called up share capital	10	26,276	26,318
Share premium account	12	16,873,649	16,873,649
Capital redemption reserve	12	42	-
Share option reserve	12	738,381	618,276
Capital contribution reserve	12	1,645,896	-
Profit and loss account	12	(20,856,975)	(16,687,996)
		<u>(1,572,731)</u>	<u>830,247</u>

OPPILAN PHARMA LIMITED
REGISTERED NUMBER: 09610773

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MAY 2021

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the income statement in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

C W Krueger

C W Krueger
Director

Date: 24/05/2022

The notes on pages 4 to 12 form part of these financial statements.

OPPILAN PHARMA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021

	Called up share capital	Share premium account	Capital redemption reserve	Share options reserve	Capital contribution reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$	\$	\$
At 1 June 2019 (as previously stated)	26,306	16,872,048	-	-	-	(13,388,541)	3,509,813
Prior year adjustment	-	-	-	585,671	-	(622,295)	(36,624)
At 1 June 2019 (as restated)	26,306	16,872,048	-	585,671	-	(14,010,836)	3,473,189
Loss for the year	-	-	-	-	-	(2,677,160)	(2,677,160)
Shares issued during the year	12	1,601	-	-	-	-	1,613
Share option charge	-	-	-	32,605	-	-	32,605
At 1 June 2020 (as previously stated)	26,318	16,873,649	-	-	-	(16,069,732)	830,235
Prior year adjustment	-	-	-	618,276	-	(618,264)	12
At 1 June 2020 (as restated)	26,318	16,873,649	-	618,276	-	(16,687,996)	830,247
Loss for the year	-	-	-	-	-	(4,168,979)	(4,168,979)
Share option charge	-	-	-	120,105	-	-	120,105
Conversion of debt to equity on acquisition	-	-	-	-	1,645,896	-	1,645,896
Shares bought back	(42)	-	42	-	-	-	-
At 31 May 2021	26,276	16,873,649	42	738,381	1,645,896	(20,856,975)	(1,572,731)

The notes on pages 4 to 12 form part of these financial statements.

OPPILAN PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

1. General information

Oppilan Pharma Limited is a private company, limited by shares, incorporated in England and Wales. The registered office is located at 5 New Street Square, London, EC4A 3TW and the registered number is 09610773.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime.

The following principal accounting policies have been applied:

2.2 Going concern

Following the acquisition of the company by Ventyx Biosciences, Inc. in February 2021 the directors have considered the future cashflow requirements of the company alongside the planned activity and, based on that assessment, have concluded that there is reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is reliant on the continuing support of its parent entity.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

2.4 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

OPPILAN PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

2. Accounting policies (continued)

2.5 Finance costs

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

2.6 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

2.7 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Income Statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Income Statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Income Statement is charged with fair value of goods and services received.

OPPILAN PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

OPPILAN PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

2. Accounting policies (continued)

2.10 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Furniture & Fixtures	- 15-33% straight line
Computers & Software	- 15-33% straight line

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

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

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Debtors

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

2.13 Cash and cash equivalents

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

2.14 Creditors

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

OPPILAN PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

2. Accounting policies (continued)

2.15 Financial instruments

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

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

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

3. Employees

The average monthly number of employees, including directors, during the year was 5 (2020 - 5).

4. Exceptional items

	2021 \$	2020 \$
Gain on conversion of debt to equity	899,310	-
	<u>899,310</u>	<u>-</u>

On 26 February 2021, Ventyx Biosciences, Inc. acquired 100% of the share capital of the company. As part of the acquisition, \$2,500,000 of Promissory Notes together with associated accrued interest of \$32,466 were converted into shares in Ventyx Biosciences, Inc. with a fair value of \$1,645,896. This conversion resulted in an exceptional gain on conversion of \$899,310.

5. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss after tax of the parent Company for the year was \$4,168,979 (2020 - loss \$2,677,160).

OPPILAN PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

6. Tangible fixed assets

	Furniture & Fixtures \$	Computers & Software \$	Total \$
Cost			
At 1 June 2020	17,050	3,145	20,195
At 31 May 2021	17,050	3,145	20,195
Depreciation			
At 1 June 2020	4,563	3,145	7,708
Charge for the year	3,221	-	3,221
At 31 May 2021	7,784	3,145	10,929
Net book value			
At 31 May 2021	9,266	-	9,266
At 31 May 2020	12,487	-	12,487

7. Fixed asset investments

The company has a 100% holding in a subsidiary company, Oppilan Pharma Inc. The share capital held by the company is \$0.01.

OPPILAN PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

8. Debtors

	2021 \$	2020 \$
Amounts owed by group undertakings	200,501	-
Other debtors	57,588	3,568
Prepayments and accrued income	483,596	187,868
Tax recoverable	-	2,675,030
	<u>741,685</u>	<u>2,866,466</u>

9. Creditors: Amounts falling due within one year

	2021 \$	2020 \$
Promissory notes	-	2,500,000
Trade creditors	1,821,772	141,231
Amounts owed to group undertakings	533,318	213,361
Other creditors	35	1,276
Accruals and deferred income	349,211	536,526
	<u>2,704,336</u>	<u>3,392,394</u>

OPPILAN PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

10. Share capital

	2021 \$	2020 \$
Allotted, called up and fully paid		
4,526,158 (2020 - 4,568,033) Ordinary shares of \$0.001 each	4,526	4,568
5,250,000 (2020 - 5,250,000) Series A shares of \$0.001 each	5,250	5,250
16,500,000 (2020 - 16,500,000) Series B shares of \$0.001 each	16,500	16,500
	<u>26,276</u>	<u>26,318</u>

On 23 February 2021, the Company bought back 41,875 Ordinary shares for a total consideration of \$1 and cancelled the same on 26 February 2021.

11. Share option scheme

Until February 2021, the company operated a share option scheme for employees in order to retain key staff. Options vested over a 3 year period from date of grant. Options were forfeited if the employee left the company before the options vested.

Options granted in 2017 and 2018 were exercisable at a price of \$0.13 per \$0.001 ordinary share. Options granted during 2020 were exercisable at a price of \$0.28 per \$0.001 ordinary share. At 31 May 2020 a total of 872,833 share options were outstanding with a weighted average exercise price of \$0.24 per share.

On the acquisition of the company by Ventyx Biosciences, Inc. in February 2021, all the outstanding share options in Oppilan Pharma Limited were replaced by fully vested share options in Ventyx Biosciences, Inc. The vesting of all remaining options in February 2021 resulted in an accelerated vesting charge in the year.

OPPILAN PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

12. Reserves

Share premium account

The share premium account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares which the Company has bought back.

Share option reserve

The share options reserve reflects the fair value of options granted charged to profit and loss over the vesting period.

Capital contribution reserve

The capital contribution reserve represents debts waived and other capital contributions by the controlling party, for which repayment will not be sought.

Profit and loss account

The profit and loss accounts represents cumulative retained earnings less amounts distributed to shareholders.

13. Prior year adjustment

The account for the year ended 31 May 2020 have been restated in order to incorporate the impact of the incorrect valuation of share options issued in prior years. The balance sheet has been restated to include a share option reserve to reflect the cumulative share option charge. This has resulted in a transfer between retained profit and loss reserves and the share option reserve of \$618,264 at 31 May 2020. In addition, share premium at 31 May 2020 has been adjusted to recognise \$13 of share premium on the issue of shares in the year ended 31 May 2020.

The loss for the year ended 31 May 2020 has been reduced by \$4,031 as a result of an adjustment to the share option charge for the year in respect of options issued in 2018 and 2019 previously incorrectly calculated.

14. Deferred tax

Not included in the accounts is a potential deferred tax asset of \$2,673,350 (2020 - \$1,904,064) available to offset against future tax charges.

15. Controlling party

At 31 May 2021, the company is a subsidiary of Ventyx Biosciences, Inc. The smallest group for which consolidated accounts are prepared are for Ventyx Biosciences, Inc. The registered office address of Ventyx Biosciences, Inc is 662 Encinitas Blvd, Suite 250, Encinitas, CA 92024, USA.