Registered number: 10002103

MOGRIFY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

MOGRIFY LIMITED

COMPANY INFORMATION

DIRECTORS	Dr D M Disley Prof J Gough Dr J Osbourn Dr K Schmitt (resigned 17 January 2022) Parkwalk Advisors Ltd Dr J C A Green L Mayr T Graney Dr L K Modis (appointed 18 January 2022, resigned 13 December 2022) J A Foster (appointed 13 December 2022)
REGISTERED NUMBER	10002103
REGISTERED OFFICE	25 Cambridge Science Park Milton Road Cambridge CB4 0FW
INDEPENDENT AUDITORS	Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House Cambridge Business Park Cambridge CB4 0WZ

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present a strategic report on the Company for the twelve months ended 31 December 2022.

BUSINESS REVIEW

Mogrify Limited is a biopharmaceutical company that has developed a proprietary suite of platform technologies that enable systematic identification of the key transcriptomic and epigenetic switches to drive direct cellular reprogramming.

The platforms, MOGRIFY® and epiMOGRIFY®, can be used to enhance existing stem-cell forward programming methods, or bypass development pathways altogether, affecting direct transdifferentiation between a mature cell type to another mature cell type.

Uniquely positioned to address a regenerative medicine market estimated to be worth $150 billion USD by 2028, the Company is commercializing its technology through the development of a novel class of in vivo reprogramming therapies across ophthalmology, otology, metabolic and other areas of degenerative disease; in addition to co-development and the exploitation of the platform in other therapeutic and non-therapeutic applications.

During the financial year ending 2022, the group reported £0.3m revenue from collaboration activities (2021 £0.35m). Mogrify continues to focus its attention on Research and Development activities, with R&D costs totaling £5.1m in 2022 (2021 £5m), consisting of both internal and external resource associated with the development of core programs and the associated bioinformatic platform.

The financial statements have been prepared on a going concern basis; the directors consider that the cash held at the end of the year together with the current fundraising is sufficient to pursue the existing Research and Development programs into the next stage of development. 2022 resulted in a post-tax loss for the twelve months ending 31 December 2022, of £8.8m (2021 £8.9m). The group closed the year with net assets of £7.2m (2021 £15.4m).

PRINCIPAL RISKS AND UNCERTAINTIES

The key challenges of the business are consolidated and considered by the Board of Directors as part of a bi-annual risk register review. These are categorized based on their risk to the organization and its delivery of the annual strategic objectives.

The principal risks and uncertainties affecting the Company are considered to relate to (1) the availability and continuity of investment capital (2) the ability to obtain scientific validation and advance pipeline and/or partnership projects in a timely manner and (3) the securing and maintenance of a robust intellectual property portfolio.

The Company's operations expose it to a variety of financial risks. Mogrify evaluates its financial risks in accordance with the company's risk management policy and monitors these risks on a regular basis. Mogrify is exposed to the following financial risks:

Liquidity Risk

This is the risk associated with ensuring that there are sufficient funds available to meet Mogrify's financial commitments in a timely manner. It is also associated with planning for unforeseen events which may reduce cash flows and cause pressure on liquidity.

Mogrify is mostly reliant on investment funding and manages its cash flow on a 12 monthly and 2-year basis through forecasts and scenario-based models. The board reviews the level of cash and cash equivalents on a regular basis, which is reported in the monthly management accounts. The board reviews funding requirements as part of the budget and long-term strategic planning process.

A liquidity buffer is maintained and reported when reached and regular reviews on spend are held to maintain a strong control environment and ensure that substantial cash balances are available to meet Mogrify's liabilities and operational activities.

Interest rate risk

The risk of a reduction in earnings and / or the Net present value (NPV) of Mogrify as a consequence of adverse movements in interest rates. It arises when a company is exposed to risk on borrowing or extended credit terms to others.

Mogrify currently has no credit borrowings and offers no long-term credit borrowing to customers. We do not currently engage in any interest rate hedging activity. Mogrify does monitor short- and medium-term interest rates and would look to place any excess cash on short term deposits to obtain an optimal return in the foreseeable future, whilst enabling the cash to be available to meet the company's operational cash needs.

Foreign Currency Risk

Foreign exchange transaction risk is the risk that Mogrify's cash flows will be adversely affected by movements in exchange rates that will increase the value of foreign currency payables or will diminish the value of foreign currency receivables. it may also arise from the translation of foreign assets and liabilities converted into GBP.

The main source of Mogrify's current foreign exchange exposures is in the balance reported on the intercompany accounts from the Australian subsidiary, foreign currency royalty & licence agreement payments, and the payment of foreign currency supplier invoices, although these are considered low in relation to the company's overall liabilities. Any exchange rate movement impacts are recognised in the financial statements.

Mogrify does not currently have any receivables or sales in foreign currency. At such time that Mogrify receives currency income on a regular basis further consideration will be given to opening foreign currency bank accounts to obtain a natural FX hedge for income and expenditure in the same currency.

Credit risk and price risk are not considered material risks for Mogrify.

FINANCIAL KEY PERFORMANCE INDICATORS

The Directors of the Group continue to review and manage both financial and non-financial KPIs on a regular basis. These KPIs include EBITDA and the research and development expenditure during the year as set out in the table below:

	2022	2021
	£	£
EBITDA	(10,003,884)	(9,886,137)
Research and Development Expenditure	5,108,784	4,996,670

This report was approved by the board on 5 April 2023 and signed on its behalf.

J A Foster
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

DIRECTORS

The directors who served during the year were:

Dr D M Disley
Prof J Gough
Dr J Osbourn
Dr K Schmitt (resigned 17 January 2022)
Parkwalk Advisors Ltd
Dr J C A Green
L Mayr
T Graney
Dr L K Modis (appointed 18 January 2022, resigned 13 December 2022)
J A Foster (appointed 13 December 2022)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £8,808,052 (2021 - loss £8,917,397).

No dividends have been proposed for the year (2021: £Nil).

FUTURE DEVELOPMENTS

Uniquely positioned to address a regenerative medicine market estimated to be worth $150 billion USD by 2028, the Company is commercializing its technology through the development of a novel class of in vivo reprogramming therapies across ophthalmology, otology, metabolic and other areas of degenerative disease; in addition to co-development and the exploitation of the platform in other therapeutic and non-therapeutic applications.

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware, and

- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

AUDITORS

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 April 2023 and signed on its behalf.

J A Foster
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOGRIFY LIMITED

OPINION

We have audited the financial statements of Mogrify Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.3 in the financial statements, which indicates that there is a need for the Group to secure some additional funding via existing or new investors. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that there may be a material uncertainty that exists which may cast doubt on the Group's or the parent Company's ability to continue as a going concern however our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included a review of the forecasts and plans going forward, which highlighted the need to secure some additional funding to continue trading for a period of at least 12 months.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOGRIFY LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOGRIFY LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements, including financial reporting, tax legislation and distributable profits and industry regulations including GDPR, employment law and health and safety.

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified.

These included the following:

- agreeing the financial statement disclosures to underlying supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- enquiries of management including those responsible for key regulations;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

In addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOGRIFY LIMITED (CONTINUED)

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 Auditors' 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.

Paul Cullen FCCA (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

6 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	305,656	349,123
Cost of sales		(5,486,107)	(5,012,986)
Gross loss		(5,180,451)	(4,663,863)
Administrative expenses		(5,263,590)	(5,898,645)
Other operating income	5	75,667	361,752
Operating loss	6	(10,368,374)	(10,200,756)
Interest receivable and similar income	10	13,003	3,983
Loss before tax		(10,355,371)	(10,196,773)
Tax on loss	11	1,547,319	1,279,376
Loss for the financial year		(8,808,052)	(8,917,397)
Loss for the year attributable to:			
Owners of the parent company		(8,808,052)	(8,917,397)

The notes on pages 17 to 36 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	12		405,581		361,353
Tangible assets	13		973,154		1,168,436
			1,378,735		1,529,789
Current assets					
Debtors: amounts falling due within one year	15	2,183,185		2,050,382	
Cash at bank and in hand	16	4,804,107		12,928,300	
		6,987,292		14,978,682	
Creditors: amounts falling due within one year	17	(930,369)		(1,065,804)	
Net current assets			6,056,923		13,912,878
Total assets less current liabilities			7,435,658		15,442,667
Creditors: amounts falling due after more than one year	18		(172,323)		-
Provisions for liabilities					
Other provisions	20		(31,919)		-
Net assets			7,231,416		15,442,667
Capital and reserves					
Called up share capital	21		12		12
Share premium account	22		29,496,511		29,476,026
Foreign exchange reserve	22		(20,511)		(2,485)
Other reserves	22		2,772,451		2,962,545
Profit and loss account	22		(25,017,047)		(16,993,431)
			7,231,416		15,442,667

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 April 2023.

J A Foster
Director

The notes on pages 17 to 36 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	12		405,581		239,216
Tangible assets	13		973,154		1,168,436
Investments	14		12		12
			1,378,747		1,407,664
Current assets					
Debtors: amounts falling due within one year	15	2,741,473		2,796,472	
Cash at bank and in hand	16	4,766,206		12,673,811	
		7,507,679		15,470,283	
Creditors: amounts falling due within one year	17	(1,042,660)		(1,065,804)	
Net current assets			6,465,019		14,404,479
Total assets less current liabilities			7,843,766		15,812,143
Creditors: amounts falling due after more than one year	18		(172,323)		-
Provisions for liabilities					
Other provisions	20		(31,919)		-
Net assets			7,639,524		15,812,143
Capital and reserves					
Called up share capital	21		12		12
Share premium account	22		29,496,511		29,476,026
Other reserves	22		2,772,451		2,962,545
Profit and loss account brought forward		(16,626,440)		(7,574,224)	
Loss for the year		(8,787,446)		(9,056,995)	
Other changes in the profit and loss account		784,436		4,779	
Profit and loss account carried forward			(24,629,450)		(16,626,440)
			7,639,524		15,812,143

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 April 2023.

J A Foster
Director

The notes on pages 17 to 36 form part of these financial statements.

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

	Called up share capital	Share premium account	Foreign exchange reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	8	15,022,570	-	1,433,528	(8,080,813)	8,375,293
Comprehensive income for the year						
Loss for the year	-	-	-	-	(8,917,397)	(8,917,397)
Currency translation differences	-	-	(2,485)	-	-	(2,485)
Total comprehensive income for the year	-	-	(2,485)	-	(8,917,397)	(8,919,882)
Contributions by and distributions to owners						
Shares issued during the year	4	14,453,456	-	-	-	14,453,460
Transfer to/from profit and loss account	-	-	-	(4,779)	4,779	-
Share based payments	-	-	-	1,533,796	-	1,533,796
Total transactions with owners	4	14,453,456	-	1,529,017	4,779	15,987,256
At 1 January 2022	12	29,476,026	(2,485)	2,962,545	(16,993,431)	15,442,667
Comprehensive income for the year						
Loss for the year	-	-	-	-	(8,808,052)	(8,808,052)
Currency translation differences	-	-	(18,026)	-	-	(18,026)
Total comprehensive income for the year	-	-	(18,026)	-	(8,808,052)	(8,826,078)
Contributions by and distributions to owners						
Share based payments	-	20,485	-	-	-	20,485
Reserve transfer from the share based payments reserve	-	-	-	(784,436)	784,436	-
Share based payments	-	-	-	594,342	-	594,342
Total transactions with owners	-	20,485	-	(190,094)	784,436	614,827
At 31 December 2022	12	29,496,511	(20,511)	2,772,451	(25,017,047)	7,231,416

The notes on pages 17 to 36 form part of these financial statements.

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

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	8	15,022,570	1,433,528	(7,574,224)	8,881,882
Comprehensive income for the year					
Loss for the year	-	-	-	(9,056,995)	(9,056,995)
Total comprehensive income for the year	-	-	-	(9,056,995)	(9,056,995)
Contributions by and distributions to owners					
Shares issued during the year	4	14,453,456	-	-	14,453,460
Reserve transfer from the share based payments reserve	-	-	(4,779)	4,779	-
Share based payments	-	-	1,533,796	-	1,533,796
At 1 January 2022	12	29,476,026	2,962,545	(16,626,440)	15,812,143
Comprehensive income for the year					
Loss for the year	-	-	-	(8,787,446)	(8,787,446)
Total comprehensive income for the year	-	-	-	(8,787,446)	(8,787,446)
Contributions by and distributions to owners					
Shares issued during the year	-	20,485	-	-	20,485
Reserve transfer from the share based payments reserve	-	-	(784,436)	784,436	-
Share based payments	-	-	594,342	-	594,342
Total transactions with owners	-	20,485	(190,094)	784,436	614,827
At 31 December 2022	12	29,496,511	2,772,451	(24,629,450)	7,639,524

The notes on pages 17 to 36 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(8,808,052)	(8,917,397)
Adjustments for:		
Amortisation of intangible assets	22,686	16,698
Depreciation of tangible assets	406,276	302,421
Loss on disposal of tangible assets	166,096	71,245
Interest received	(13,003)	(3,983)
Taxation charge	(1,547,319)	(1,279,376)
Decrease in stocks	-	17,100
(Increase) in debtors	(132,803)	(751,476)
Increase in creditors	36,888	90,957
Increase in provisions	31,919	-
Corporation tax received	1,547,319	1,279,376
Foreign exchange	(18,026)	28,770
Net cash generated from operating activities	(8,308,019)	(9,145,665)
Cash flows from investing activities		
Purchase of intangible fixed assets	(232,125)	(110,327)
Purchase of tangible fixed assets	(211,879)	(563,755)
Interest received	13,003	3,983
Net cash from investing activities	(431,001)	(670,099)
Cash flows from financing activities		
Issue of ordinary shares	20,485	14,453,460
Share Based Payment	594,342	1,533,796
Net cash used in financing activities	614,827	15,987,256
Net (decrease)/increase in cash and cash equivalents	(8,124,193)	6,171,492
Cash and cash equivalents at beginning of year	12,928,300	6,756,808
Cash and cash equivalents at the end of year	4,804,107	12,928,300
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,804,107	12,928,300

The notes on pages 17 to 36 form part of these financial statements.

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

1. GENERAL INFORMATION

Mogrify Limited is a private company, limited by shares, registered in England and Wales, United Kingdom. The address of the registered office is 25 Cambridge Science Park, Milton Road, Cambridge, CB4 0FW.

The nature of the company's operations is that of development of cellular conversion technology.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

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

The Company's level of rounding is to the nearest GBP.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

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

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

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2018.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

The directors have considered the going concern basis of preparation of the financial statements noting the result for the year, forecasts and plans going forward. The current plans and forecasts indicate that losses will continue in the short term as the Group continues to incur expenditure on research and development.

Since the balance sheet date the Group has a term sheet in place with existing internal investors to inject further funds of £7.6m in Q2 2023. Conversations are also ongoing with additional investors and the directors expect to raise a total of up to circa £15m before closing the investment round. The directors are confident from the discussions held with investors that they have the intention and ability to provide the additional funding and support needed in order for the Group to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements.

Scenario forecasts have been prepared by the directors factoring in various levels of investment. The most recent cash flow forecasts indicate that, in the event that the funding round closes with an only an investment of £7.6m, depending on the timing of cash flows, and with certain cost saving measures, this will provide the Group with sufficient resources into Q2 2024.

In the absence of a formal agreement being in place at the date of approval of these financial statements and in the unlikely event that the agreed funding is not forthcoming there may be a material uncertainty attached to going concern.

In conclusion the financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the Group was not able to continue as a going concern

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 TURNOVER

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

Rendering of services

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

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

2.6 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 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. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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.

2.8 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.9 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2. ACCOUNTING POLICIES (CONTINUED)

2.10 PENSIONS

Defined contribution pension plan

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

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

2.11 SHARE-BASED PAYMENTS

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet 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 Group 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 TAXATION

Tax is recognised in profit or loss 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 corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

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

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

2.13 INTANGIBLE ASSETS

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

Patent costs relate to the costs associated with obtaining and acquiring patents. These are not amortised until the patents have been granted.

Licence fees relate to the costs associated with obtaining and acquiring licence's. These are amortised over the licence period, where there is no licence period these are amortised over 10 years.

2.14 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.14 TANGIBLE FIXED ASSETS (continued)

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:

Long-term leasehold property	-	Over the life of the agreement (10 years)
Fixtures and fittings	-	20%
Computer equipment	-	33%
Lab equipment	-	20%

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 profit or loss.

2.15 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 STOCKS

The stock balance held in the accounts is made up of consumables used in the research and development.

Stock is stated at cost and based on the cost of purchase on a first in, first out basis.

2.17 DEBTORS

Short-term debtors are measured at transaction price, less any impairment.

2.18 CASH AND CASH EQUIVALENTS

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

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

2.19 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.20 PROVISIONS FOR LIABILITIES

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

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.21 FINANCIAL INSTRUMENTS

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

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

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are rquired to make significant judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

Estimates and judgements are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

Details of the companies significant accounting judgements and critical accounting estimates include:

Tangible fixed assets

Each year the Group reviews the estimated useful lives and residual values of tangible fixed assets and these are adjusted if appropriate. The depreciation rates are calculated according to the useful economic life that management believe to be appropriate based on the nature of the asset in operation.

Share Options

The value of share options outstanding is based on a number of assumptions which have been covered in note 23.

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

4. TURNOVER

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

	2022	2021
	£	£
Client agreement income	305,656	349,123

Analysis of turnover by country of destination:

	2022	2021
	£	£
United Kingdom	305,656	349,123

5. OTHER OPERATING INCOME

	2022	2021
	£	£
Government grants receivable	11,195	89,988
RDEC income	64,472	140,010
Sundry income	-	131,754
	75,667	361,752

6. OPERATING LOSS

The operating loss is stated after charging:

	2022	2021
	£	£
Exchange differences	(21,809)	43,164

7. AUDITORS' REMUNERATION

During the year, the Group obtained the following services from the Company's auditors:

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	7,750	7,150
Accountancy fees	11,828	(12,768)
Tax consultancy fees	8,469	3,902

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	5,194,033	4,427,810	5,194,033	4,427,810
Social security costs	607,158	473,357	607,158	473,357
Cost of defined contribution scheme	516,881	412,388	516,881	412,388
	6,318,072	5,313,555	6,318,072	5,313,555

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

	2022 No.	2021 No.
Directors	7	6
Employees	64	62
	71	68

The Company has no employees other than the directors, who did not receive any remuneration *(2021 - £NIL)*

9. DIRECTORS' REMUNERATION

	2022 £	2021 £
Directors' emoluments	621,693	430,919
Group contributions to defined contribution pension schemes	82,221	73,783
	703,914	504,702

During the year retirement benefits were accruing to no directors (2021 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £244,469 (2021 - £203,990).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,308 (2021 - £24,970).

10. INTEREST RECEIVABLE

	2022 £	2021 £
Other interest receivable	13,003	3,983

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

11. TAXATION

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(1,547,319)	(1,279,376)
Total current tax	(1,547,319)	(1,279,376)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2022 £	2021 £
Loss on ordinary activities before tax	(10,355,371)	(10,196,773)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,967,520)	(1,937,387)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	113,042	301,134
Capital allowances for year in excess of depreciation	25,026	(36,117)
Enhanced research and development expenditure	(1,155,063)	(967,246)
Losses surrendered for research and development tax credit	2,043,573	1,711,281
Research and development tax credit	(1,559,569)	(1,305,978)
Unrelieved tax losses carried forward	953,192	982,167
Other differences leading to an increase (decrease) in the tax charge	-	(27,230)
Total tax charge for the year	(1,547,319)	(1,279,376)

11. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company has trading losses of £16,191,342 (2021 - £11,257,722) available for carry forward against future profits.

The company has a potential deferred tax asset of £4,047,836 (2021 - £2,138,967) on the above losses. This has not been recognised in the financial statements due to the uncertainty when such losses will be utilised.

12. INTANGIBLE ASSETS

Group

	Patents	Trademarks	Computer software	Total
	£	£	£	£
Cost				
At 1 January 2022	263,884	110,230	4,500	378,614
Additions	228,520	3,605	-	232,125
Disposals	(165,211)	(3,530)	-	(168,741)
At 31 December 2022	327,193	110,305	4,500	441,998
Amortisation				
At 1 January 2022	-	12,761	4,500	17,261
Charge for the year on owned assets	8,461	14,225	-	22,686
On disposals	-	(3,530)	-	(3,530)
At 31 December 2022	8,461	23,456	4,500	36,417
Net book value				
At 31 December 2022	318,732	86,849	-	405,581
At 31 December 2021	263,884	97,469	-	361,353

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

12. INTANGIBLE ASSETS (CONTINUED)

Company

	Patents	Trademarks	Computer software	Total
	£	£	£	£
Cost				
At 1 January 2022	141,747	110,230	4,500	256,477
Additions	228,520	3,605	-	232,125
Disposals	(43,074)	(3,530)	-	(46,604)
At 31 December 2022	327,193	110,305	4,500	441,998
Amortisation				
At 1 January 2022	-	12,761	4,500	17,261
Charge for the year	8,461	14,225	-	22,686
On disposals	-	(3,530)	-	(3,530)
At 31 December 2022	8,461	23,456	4,500	36,417
Net book value				
At 31 December 2022	318,732	86,849	-	405,581
At 31 December 2021	141,747	97,469	-	239,216

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

13. TANGIBLE FIXED ASSETS

Group

	Long-term leasehold property	Fixtures and fittings	Computer equipment	Lab equipment	Total
	£	£	£	£	£
COST					
At 1 January 2022	39,591	128,729	273,505	1,239,030	1,680,855
Additions	-	2,059	150,345	59,475	211,879
Disposals	-	-	(6,205)	-	(6,205)
At 31 December 2022	39,591	130,788	417,645	1,298,505	1,886,529
Depreciation					
At 1 January 2022	10,558	35,959	143,459	322,443	512,419
Charge for the year on owned assets	3,959	28,234	119,076	255,007	406,276
Disposals	-	-	(5,320)	-	(5,320)
At 31 December 2022	14,517	64,193	257,215	577,450	913,375
Net book value					
At 31 December 2022	25,074	66,595	160,430	721,055	973,154
At 31 December 2021	29,033	92,770	130,046	916,587	1,168,436

The net book value of land and buildings may be further analysed as follows:

	2022	2021
	£	£
Long leasehold	25,074	29,033

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

13. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Long-term leasehold property	Fixtures and fittings	Computer equipment	Lab equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2022	39,591	128,729	273,505	1,239,030	1,680,855
Additions	-	2,059	150,345	59,475	211,879
Disposals	-	-	(6,205)	-	(6,205)
At 31 December 2022	39,591	130,788	417,645	1,298,505	1,886,529
Depreciation					
At 1 January 2022	10,558	35,959	143,459	322,443	512,419
Charge for the year on owned assets	3,959	28,234	119,076	255,007	406,276
Disposals	-	-	(5,320)	-	(5,320)
At 31 December 2022	14,517	64,193	257,215	577,450	913,375
Net book value					
At 31 December 2022	25,074	66,595	160,430	721,055	973,154
At 31 December 2021	29,033	92,770	130,046	916,587	1,168,436

The net book value of land and buildings may be further analysed as follows:

	2022	2021
	£	£
Long leasehold	25,074	29,033

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

14. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 January 2022	12
At 31 December 2022	12

SUBSIDIARY UNDERTAKING

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Cell Mogrify AUS Pty Limited	Suite 2 Level 1, 38 Margaret Street, Moonee Ponds, Victoria, 3039	Ordinary	100 %

The carrying value of the investments and the aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)	Carrying value of investment
Cell Mogrify AUS Pty Limited	(410,348)	(20,606)	12

Chondrogenix Ltd was dissolved on 22 March 2022.

15. DEBTORS

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Amounts owed by group undertakings	-	-	558,288	746,503
Other debtors	1,754,467	1,612,055	1,754,467	1,611,642
Prepayments and accrued income	428,718	438,327	428,718	438,327
	2,183,185	2,050,382	2,741,473	2,796,472

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

16. CASH AND CASH EQUIVALENTS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	4,804,107	12,928,300	4,766,206	12,673,811

17. CREDITORS: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	72,576	291,603	72,576	291,603
Amounts owed to group undertakings	-	-	114,164	-
Other taxation and social security	138,468	180,655	138,468	180,655
Other creditors	3,455	1,833	1,582	1,833
Accruals and deferred income	715,870	591,713	715,870	591,713
	930,369	1,065,804	1,042,660	1,065,804

18. CREDITORS: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accruals and deferred income	172,323	-	172,323	-

19. FINANCIAL INSTRUMENTS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Financial assets measured at fair value through profit or loss	4,804,107	12,928,300	4,766,206	12,673,811

Financial assets measured at fair value through profit or loss comprise cash at bank.

20. PROVISIONS

Group

	Dilapidations provision
	£
Charged to profit or loss	31,919
At 31 December 2022	31,919

Company

	Dilapidations provision	Total
	£	£
Charged to profit or loss	31,919	31,919
At 31 December 2022	31,919	31,919

A dilapidations provision has been included within the financial statements in respect of remedial work required to reinstate the leasehold property to its original state when vacated. At 31 December 2022, the provision amounted to £31,919.

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

21. SHARE CAPITAL

	2022	2021
	£	£
Allotted, called up and fully paid		
195,000 (2021 - 195,000) A Ordinary shares of £0.00001 (2021 - £0.00001) each	1.950	1.950
177,387 (2021 - 150,762) B Ordinary shares of £0.00001 (2021 - £0.00001) each	1.774	1.508
864,618 (2021 - 864,618) C Ordinary shares of £0.00001 (2020 - £0.00001) each	8.646	8.646
	12.370	12.104

During the year the company issued 26,625 B Ordinary shares of £0.00001 each for consideration of £20,485.

22. RESERVES

Share premium account

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

Other reserve

Represents the share based payments reserve as disclosed in note 23.

Profit and loss account

Includes all current and prior period retained profits and losses less any dividends paid.

Foreign exchange reserve

Includes differences between the foreign exchange rates used in the Statement of Comprehensive Income and Balance Sheet.

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

23. SHARE-BASED PAYMENTS

The company has a share option scheme in place for employees. This is a equity-settled share option scheme.

Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. The vesting period is as follows, 1/4 or 1/3 of the shares to vest on the first anniversary of the Vesting Start Date with the remaining shares to vest over either 1/48 or 1/36 each calendar month following the first anniversary of the Vesting Start Date. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

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

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	73.17	197,551	100	1,451
Adjustment of dilution of shares		-	0.10	143,649
Granted during the year	0.10	74,251	0.10	53,051
Forfeited during the year	0.10	(46,905)	100	(438)
Exercised during the year	0.10	(26,625)	0.10	(162)
Outstanding at the end of the year	49.98	198,272	73.17	197,551

In the year 26,625 (2021 - 162) options were exercised.

The fair value of the share options at the grant date was calculated using the Black Scholes Merton model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

As at 31 December 2022 the share options were valued at £4,388,993 (2021 - £4,342,555). A charge of £594,342 (2021: £1,533,796) has been made to the Statement of Comprehensive Income in the period.

The assumptions used in the calculation were as follows:

- Estimated average till unitll exercise - 10 years

- Risk-free interest rate - 1.25%

- Volatility 29.79%

24. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £516,881 (2021 - £412,388). Contributions totaling £1,582 (2021 - £1,613) were payable to the fund at the balance sheet date and are included in creditors.

25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Group	2022 £	2021 £
Not later than 1 year	713,413	713,413
Later than 1 year and not later than 5 years	258,002	971,415
	971,415	1,684,828

26. RELATED PARTY TRANSACTIONS

During the period the company was charged fees of £Nil (2021: £13,380) by Snowflake Biotech Ltd, a company in which Prof J Gough is a director.

The amount due to them at the period end was £Nil (2021: £Nil).

During the period the company was charged fees of £10,000 (2021: £10,000) by Mayr BioMedTech Consulting, a company in which L Mayr is a director.

The amount due to them at the period end was £Nil (2021: £Nil).