RNS Number : 7869X
Hemogenyx Pharmaceuticals PLC
28 April 2023

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Hemogenyx Pharmaceuticals plc
("Hemogenyx Pharmaceuticals" or the "Company")

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 2014/596/EU AS IT FORMS PART OF LAW IN THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

Final Results for the Year Ended 31 December 2022

Hemogenyx Pharmaceuticals plc (LSE: HEMO), the biopharmaceutical group developing new therapies and treatments for deadly blood diseases, announces its results for the year ended 31 December 2022.

Key Highlights

- Nearing completion of the IND application to the FDA to enter phase I clinical trials for HEMO-CAR-T for the treatment of R/R AML.
- CBR platform extended into treatment of multiple viral infections beyond COVID-19 using single CBR-based therapeutic.
- Initiated IND-enabling activities for CDX bi-specific antibody for treatment of R/R AML.
- Successfully set up and qualified GMP manufacturing and analytical testing of cell therapies and implemented Quality System in a new purpose-built R&D/manufacturing facility.

The full annual report and accounts for 2022 are published on the Company's web site at https://hemogenyx.com and will be available from Companies House and the National Storage Mechanism.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this news release contain forward-looking information. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include without limitation the completion of planned expenditures, the ability to complete exploration programs on schedule and the success of exploration programs. Readers are cautioned not to place undue reliance on the forward-looking information, which speak only as of the date of this news release.

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About Hemogenyx Pharmaceuticals plc

Hemogenyx Pharmaceuticals is a publicly traded company (LSE: HEMO) headquartered in London, with its US operating subsidiaries, Hemogenyx Pharmaceuticals LLC and Immugenyx LLC, located in New York City at its state-of-the-art research facility.

The Company is a pre-clinical stage biopharmaceutical group developing new medicines and treatments to treat blood and autoimmune disease and to bring the curative power of bone marrow transplantation to a greater number of patients suffering from otherwise incurable life-threatening diseases. Hemogenyx Pharmaceuticals is developing several distinct and complementary product candidates, as well as platform technologies that it uses as engines for novel product development.

Chairman's Statement

I am pleased to announce the Company's results for the year ended 31 December 2022. During the year we focussed heavily on bringing our major development project, the key HEMO-CAR-T product candidate, towards its Investigational New Drug

("IND") application to enable us to move into clinical trials. At the same time, we also advanced the development of our other main pipeline assets, our CD3-FLT3 CDX antibody and the Chimeric Bait Receptor ("CBR") platform.

After the year end, in January, we successfully raised £4,056,250 in new equity capital at 2.5p per share which will give us the funds to take the Company through the IND process and into the beginning of clinical trials for HEMO-CAR-T and enable us to further advance the CBR project.

HEMO-CAR-T

Our work during the period under review has primarily focussed on bringing our lead product, HEMO-CAR-T, through the preparatory process to clinical trials, a process which has been more complex and hence longer and more intensive than we had anticipated but which has now reached an advanced stage. We have continued to move other projects forward, in particular our CBR technology, but our main object has been to take HEMO-CAR-T, and with it the Company, to the next critical level of being a clinical-stage company. We have been particularly concerned to cover all aspects in preparing the IND documentation so as to minimise any possible delays and questions that may arise from its review by the US Food and Drug Administration ("FDA"). The IND submission process is very detailed, as it should be to ensure the safety of this key potential treatment for patients suffering from advanced stage relapsed or refractory ("R/R") acute myeloid leukaemia ("AML"). We received constructive early feedback and guidance from a "pre-IND submission" to the FDA which have helped to shape the final submission, along with advice from our Medical Director and a committee of "Key Opinion Leaders" who are experts in the treatment of leukaemias, as well as the design and conduct of clinical trials. We expect to submit the IND application in the very near future.

During the last quarter of 2022 and the early months of the current year we successfully carried out the final processes and underwent the internal and third-party tests necessary to complete the detailed IND submission pack. These included Process Development runs of the end-to-end process for the manufacture of HEMO-CAR-T cells and exhaustively documented engineering, or Process Qualification, runs under real-world conditions.

These cell manufacturing dry runs were followed by analytical release tests that were conducted both by the Company and a third party to ensure that the manufactured HEMO-CAR-T cells comply with a set of required quality attributes. Among these are the viability, potency and sterility of the resulting cells.

CDX

CDX, our CD3-FLT3 bispecific antibody, will provide an alternative means of treating AML and of conditioning patients for bone marrow transplants when fully developed. While concentrating our efforts on HEMO-CAR-T as the asset most ready to take the Company to the important clinical trial stage of its maturity, we have taken further steps to develop this important asset during the year. In January 2022, we entered into a service agreement to develop a "master cell line" that will be used to produce CDX antibodies for future clinical trials and patient treatments. We are utilising Selexis' SUREtechnology Platform™, a suite of cell line development tools and technologies that reduces the time, effort and cost in developing high-performance mammalian cell lines. The platform facilitates the rapid, stable, and importantly cost-effective production of recombinant proteins and vaccines, providing seamless integration of the development continuum from discovery to commercialisation. This is an important step in moving CDX towards clinical trials.

The Company's existing intellectual property protection for CDX was further strengthened by the China National Intellectual Property Administration granting a patent to it, which joins patents previously granted in the US for CDX and monoclonal antibodies used for the development of both CDX and HEMO-CAR-T.

Exploration of ways to finance and further the pre-clinical and clinical testing of CDX continued with early-stage conversations with potential development partners.

CBR

Work has also continued in an encouraging manner on the development of our CBR platform. As shareholders are aware, the essence of the CBR-based approach is programming immune cells using a novel type of modifiable synthetic receptor to destroy viral pathogens and potentially to programme immune cells to destroy certain malignant cancer cells. The Company has also developed an associated derivative technology, the Bait Macrophage Engager ("BME"), whose constructs act like antibodies, directing immune cells to neutralise them. We believe this novel approach holds great promise and the invention is the subject of a seminal provisional patent application that was filed in March 2022.

This project was initiated prior to the COVID-19 pandemic as a new way to combat emerging viral diseases and potentially as-yet unknown infections (referred to as "Disease X"). The platform has been successfully tested in the laboratory against variants of the SARS-CoV-2 virus that causes COVID-19 as they have emerged. Detailed subsequent work suggests that its use could be expanded to certain cancers, and has provided evidence that the CBR platform is applicable in principle to almost any known form of virus.

The Company has successfully demonstrated *in vitro* that immune cells programmed with a CBR-based construct against SARS-CoV-2 selectively consume a live synthetic virus. Importantly, the function of the CBR construct was not affected by known mutations of the spike protein that endows the virus with the ability to infect cells. The Company has now begun *in vivo* tests with a partner in a biosafety level 3 ("BSL3") facility to demonstrate that CBR could be used against infectious replicating SARS-CoV-2 virus. Work also continues in relation to CBR's applicability to certain cancers.

In recent months, further progress has been made. As announced in January 2023, our scientists have identified a target protein that can be incorporated into a single multipurpose CBR-based therapeutic capable of treating multiple viruses that belong to different viral families, instead of having to make a separate CBR construct for every virus. Among them are Dengue, Ebola, Marburg, Zika and Chikungunya. These viruses are among the most dangerous to humans, causing serious and often fatal diseases, and for which few effective treatment options exist.

The Company's technology utilises synthetic biology and artificial intelligence approaches to advance medicine to protect society from future pandemics that may challenge the global economy, health, and national defence. When fully developed, we would be able to create front-line treatments that may prevent the development of the next pandemic. Moreover, these new therapeutic tools can be used to protect against bio-terrorism, potentially rendering a universe of viral bio-weapons ineffective.

We continue to believe that this platform has the capacity to be extremely valuable.

New Custom R&D Facility

In July 2022, we officially opened our new custom-designed laboratory in the Mink Building in the Manhattanville area of New York City, a state-of-the-art research facility of some 10,000 square feet that includes two clean rooms for cell therapy manufacturing. We can now manufacture cells in-house, accelerating and simplifying the commercialisation of our cell therapy product candidates. The facility is near to world-class educational institutions that play a leading role in the rich local life sciences ecosystem, including Columbia University and City College.

New Appointments

We made two important appointments during the year: Dr Koen van Besien was appointed as our Medical Director, and we also welcomed a Director of Quality, Stuart Tinch.

Dr van Besien, who is Chief of the Division of Hematology and head of the Wesley Center for Immunotherapy at University Hospitals Seidman Cancer Center, has been associated with the Company since its founding as a member of our Scientific Advisory Board. Now that we are moving closer to clinical trials, he has stepped up to a position in which he is engaged in refining the protocol for those trials and their implementation.

Stuart Tinch brings over seven years of Good Manufacturing Practice ("GMP") expertise to Hemogenyx Pharmaceuticals. He will be instrumental in creating a culture and system of quality to ensure that the Company's therapies are held to the standards of current GMP regulations.

Financial Results

Financial Results

Overall, the Group made a loss of £3,986,982 (2021: £5,108,310 loss) during the period under review. The increased operating loss of £3,997,548 (31 December 2021: £2,702,754) marks the increasing volume of work and need to engage external service providers as our assets are taken towards the crucial clinical trial stage of their development.

It only remains for me to thank our CEO Dr Vladislav Sandler and his scientific team for their excellent and highly productive work under a tight budget, as well as my fellow directors, and to look forward with confidence to the achievement of important milestones during the present financial year.

Prof Sir Marc Feldmann AC, FRS
MB BS, PhD, FRCP, FRCPath, FAA, F Med Sci
Chairman
27 April 2023

Directors' Report for the year ended 31 December 2022

The Directors present their report with the audited financial statements of the Group for the year ended 31 December 2022.

The Company's Ordinary Shares were admitted to listing on the London Stock Exchange under the name Silver Falcon plc, on the Official List pursuant to Chapters 14 of the Listing Rules, which sets out the requirements for Standard Listings, on 9 November 2015.

On 4 October 2017 the Company's shareholders voted in favour of acquiring the biotechnology company Hemogenyx Pharmaceuticals Limited, with shares being readmitted to trading on 5 October 2017 under the name Hemogenyx Pharmaceuticals plc.

Principal Activity

The Group's principal activity is the discovery, development and commercialisation of a suite of products to address current problems associated with the treatment of blood disorders such as cancers and autoimmune diseases, with bone marrow, or hematopoietic stem cell, transplants, and with viral infections. The company's leading technologies aim to change the way in which bone marrow/hematopoietic stem cell ("BM"/"HSC") transplants are performed and improve their efficacy. Hemogenyx Pharmaceuticals' distinct and complementary products include immunotherapy product candidates for the treatment of AML and other blood malignancies and patient conditioning (the CDX bi-specific antibody and CAR-T therapy), and a cell therapy product for BM/HSC transplantation (the Hu-PHEC). Each of these products holds the potential to revolutionise the way BM/HSC transplants are being performed or diseases of the blood are treated, offering solutions that mitigate the dangers and limitations associated with the current standard of care. Additionally, the Group has two platform technologies: its Advanced peripheral blood Hematopoietic Chimeras, a form of humanised mouse used to model diseases including autoimmune conditions and to test multi-specific antibody treatments; and Chimeric Bait Receptors or CBR, a novel way to create constructs potentially capable of programming immune cells to attract and destroy a wide range of viruses and malignant (cancer-causing) cells.

The Group has three companies that are located outside of the UK. The principal laboratory of the Group is located in Brooklyn, New York, USA. The Group also had a subsidiary in Liège, Belgium that was dissolved on 30 March 2022.

Results and Dividends

The Consolidated Statement of Comprehensive Income set out on page 44 shows a loss for the year amounting to £3,986,982 (2021: £5,108,310). The Directors do not propose a dividend in respect of the year ended 31 December 2022 (31 December 2021: nil).

Directors and Directors' Interests

The Directors who held office during the year and up to the date of this report were as follows:

	Date Appointed	Date Resigned
Professor Sir Marc Feldmann	9 April 2018	-
Dr Vladislav Sandler	4 October 2017	-
Alexis Sandler	4 October 2017	-
Peter Redmond	29 July 2015	-

The Directors of the Company who held office at 31 December 2022 had the following beneficial interests in the Ordinary shares of the Company at 31 December 2022 according to the register of directors' interests:

Director	At 31 December 2022	At 31 December 2021
Professor Sir Marc Feldmann	-	-
Peter Redmond*	5,596,270	5,596,270
Dr Vladislav Sandler	41,544,677	41,544,677
Alexis Sandler	75,090,685	75,090,685

* Peter Redmond holds the majority of these shares through Catalyst Corporate Consultants Ltd of which he is the sole shareholder.

At the date of this report, there have been no further changes to the Directors' beneficial interest in the Ordinary shares of the Company as disclosed in the table above.

According to the Register of Directors' Interests, no rights to subscribe for shares in or debentures of Group companies were granted to any of the Directors or their immediate families, or exercised by them, during the financial year, save for the annual grant of 10,000 ownership units in Immugenyx LLC due to Dr Vladislav Sandler under the terms of his appointment as CEO and Chief Scientific Officer of that company. Grants of options are as indicated below (see Note 20 for detail on option plans):

Options

Date of grant	Number of options at start of year	Options granted or acquired during year	Options lapsed during year	Number of options at end of year
Professor Sir Marc Feldmann				
9 Apr 2018	18,002,568	-	-	18,002,568
	18,002,568	-	-	18,002,568
Dr Vladislav Sandler				

20 August 2020	5,000,000	-	-	5,000,000
	5,000,000	-	-	5,000,000

Peter Redmond

13 July 2020	2,200,000	-	-	2,200,000
	2,200,000	-	-	2,200,000

Qualifying Third Party Indemnity Provision

At the date of this report, the Company has a third-party indemnity policy in place for all Directors.

Substantial Shareholders

As at 31 December 2022, the total number of issued Ordinary Shares with voting rights in the Company was 979,749,321 (now: 1,141,999,321). The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at the date of approval of this report:

Party Name	Number of Ordinary Shares	% of Share Capital
Alexis Sandler	75,090,685	6.58
Vladislav Sandler	41,544,677	3.64

Share Capital

Details of the issued share capital, together with details of the movement in issued share capital during the year, are shown in Note 18 to the financial statements.

Financial Instruments

Details of the use of the Company's financial risk management objectives and policies as well as exposure to financial risk are contained in the Accounting policies and Note 25 of the financial statements.

Future Developments and Events Subsequent to the Year End

On 26 January 2023 the Company announced that it issued and allotted 162,250,000 new ordinary shares at 2.5 pence per share.

The net proceeds from the Placing will be used to facilitate progression of the Company's HEMO-CAR-T product candidate into clinical trials and to enable the Company to continue development of product candidates for the treatment of viral infections based on its CBR platform.

Further details of the Group's future developments and events subsequent to the year end are set out in the Chairman's Statement and Directors' Strategic Report on pages 3 and 8 respectively.

Corporate Governance

The Corporate Governance report is disclosed on page 24 of the full accounts.

Going Concern

The Company's business activities, together with facts likely to affect its future operations and financial and liquidity positions are set out in the Chairman's Statement and Directors' Strategic Report on pages 3 and 8 respectively. In addition, Note 25 to the financial statements discloses the Company's capital risk management policy and Note 2 details further considerations made by the Directors in respect of going concern.

The Directors, having made due and careful enquiry, are of the opinion that the Company has or will have access to sufficient funding in order to execute its operations over the next 12 months. The Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

Political Donations

The Group made no political donations during the year (2021: £nil).

Charitable Donations

There were no charitable donations made by the Group in thecurrent or prior year.

Greenhouse gas emissions

The Company used less than 40,000kWh of energy in the United Kingdom during 2022 and therefore does not report on energy consumption and emissions under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Auditors

The auditors, PKF Littlejohn LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the 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 Group and Company financial statements in accordance with UK-adopted international accounting standards.

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 of the profit or loss of the Company for that year.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;

- State whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time
the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible to make a statement that they consider that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for the shareholders to assess the Group and parent company's position and performance, business model and strategy.
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 the financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement Pursuant to Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 1, confirms that, to the best of their knowledge and belief:

- the group and company financial statements have been prepared in accordance with UK-adopted international accounting standards, and give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Annual Report and financial statements, including the Business review, includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that they face.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 27 April 2023
Dr Vladislav Sandler
CEO

Consolidated Statement of Comprehensive Income

Group - Continuing Operations	**Note**	**Year Ended 31 December 2022**	Year Ended 31 December 2021
		£	£
Revenue		-	-
Administrative Expenses	6	**(3,433,476)**	(2,576,414)
Depreciation Expense	12, 13	**(564,072)**	(126,340)
Operating Loss		**(3,997,548)**	(2,702,754)
		-	171,875
Other Income	7		
Finance Income		**10,599**	17,958
Finance Costs		**(33)**	(2,595,389)
Loss before Taxation		**(3,986,982)**	(5,108,310)
Income tax	10	**-**	-
Loss for the year		**(3,986,982)**	(5,108,310)
Loss attributable to:			
- Owners of Hemogenyx Pharmaceuticals plc		**(3,979,314)**	(5,099,228)
- Non-controlling interests		**(7,668)**	(9,082)
		(3,986,982)	(5,108,310)
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations		**(954,642)**	(18,025)
Other comprehensive income for the year		**(954,642)**	(18,025)
Total comprehensive loss for the year		**(4,941,624)**	(5,126,335)

Attributable to:			
Owners of Hemogenyx Pharmaceuticals plc		**(4,933,956)**	(5,117,253)
Non-controlling interests		**(7,668)**	(9,082)
Total comprehensive loss for the year		**(4,941,624)**	(5,126,335)
Basic and diluted earnings loss per share attributable to the equity owners of the Company	11	**(0.005)**	(0.007)

The Notes to the Financial Statements form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

Group

	Note	**31 December 2022**	31 December 2021
Assets		**£**	£
Non-current assets			
Property, plant and equipment	12	**1,023,252**	787,887
Right of use asset	13	**2,892,261**	9,242
Security deposit	26	**140,821**	142,599
Intangible asset	14	**441,493**	441,493
Total non-current assets		**4,497,827**	1,381,221
Current assets			
Trade and other receivables	17	**62,024**	298,220
Cash and cash equivalents		**2,532,758**	6,840,969
Total current assets		**2,594,782**	7,139,189
Total assets		**7,092,609**	8,520,410
Equity and Liabilities			
Equity attributable to shareholders			
Paid-in Capital			
Called up share capital	18	**9,797,493**	9,797,493
Share premium	19	**16,808,647**	16,808,647
Other reserves	20	**921,801**	904,226
Reverse asset acquisition reserve	4	**(6,157,894)**	(6,157,894)
Foreign currency translation reserve		**(980,563)**	(25,921)
Retained Earnings		**(17,114,056)**	(13,134,742)
Equity attributable to owners of the Company		**3,275,428**	8,191,809
Non-controlling interests		**(31,908)**	(24,240)
Total equity		**3,243,520**	8,167,569
Liabilities			
Non-current liabilities			
Lease liabilities	13	**3,100,678**	-
Total non-current liabilities		**3,100,678**	-
Current liabilities			
Trade and other payables	22	**426,254**	342,689
Borrowings	23	**-**	-
Lease liabilities	13	**322,157**	10,152
Total current liabilities		**748,411**	352,841
Total liabilities		**3,849,089**	352,841
Total equity and liabilities		**7,092,609**	8,520,410

This report was approved by the Board and authorised for issue on 27 April 2023 and signed on its behalf by Dr Vladislav Sandler, CEO

The Notes to the Financial Statements form an integral part of these Financial Statements.

Company Statement of Financial Position

Company

	Note	**31 December 2022**	31 December 2021
		£	£

		£	£
Assets			
Non-current assets			
Loan to subsidiaries	15	**14,451,733**	13,214,507
Investment in subsidiary	16	**8,000,000**	8,000,000
Total non-current assets		**22,451,733**	21,214,507
Current assets			
Trade and other receivables	17	**20,405**	15,478
Cash and cash equivalents		**88,909**	111,245
Total current assets		**109,314**	126,723
Total assets		**22,561,047**	21,341,230
Equity and Liabilities			
Equity attributable to shareholders			
Foreign currency translation reserve			
Paid-in Capital			
Called up share capital	18	**9,797,493**	9,797,493
Share premium	19	**16,808,647**	16,808,647
Other reserves	20	**920,697**	903,122
Retained Earnings		**(5,100,447)**	(6,302,461)
Total Equity		**22,246,390**	21,206,801
Liabilities			
Current liabilities			
Trade and other payables	22	**134,657**	134,429
Total current liabilities		**134,657**	134,429
Total liabilities		**134,657**	134,429
Total equity and liabilities		**22,561,047**	21,341,230

Hemogenyx Pharmaceuticals plc has used the exemption granted under s408 of the Companies Act 2006 that allows for the non-disclosure of the Income Statement of the parent company. The after-tax gain/(loss) attributable to Hemogenyx Pharmaceuticals plc for the year ended 31 December 2022 was £1,202,014 (2021: (£3,166,171)).

This report was approved by the Board and authorised for issue on 27 April 2023 and signed on its behalf by Dr Vladislav Sandler, CEO

The Notes to the Financial Statements form an integral part of these Financial Statements.

Consolidated Statement of Changes in Equity

Group

	Called up Share Capital £	Share Premium £	Other reserves £	Reverse acquisition reserve £	Foreign currency translation reserve £	Retained earnings £	Non-Controlling interests £	Total Equity £
As at 1 January 2021	4,336,363	9,990,965	764,815	(6,157,894)	(7,896)	(8,035,514)	(15,158)	875,681
Loss in year	-	-	-	-	-	(5,099,228)	(9,082)	(5,108,310)
Other Comprehensive Income	-	-	-	-	(18,025)	-	-	(18,025)
Total comprehensive income for the year	-	-	-	-	(18,025)	(5,099,228)	(9,082)	(5,126,335)
Conversion of debt to equity	5,373,710	5,026,290	-	-	-	-	-	10,400,000
Shares issued to arrangers of debt facility	77,420	522,580	-	-	-	-	-	600,000
Shares issued to consultant	10,000	56,337	-	-	-	-	-	66,337
Charge recognised upon conversion of debt	-	1,212,475	-	-	-	-	-	1,212,475
Issue of options	-	-	153,355	-	-	-	-	153,355
Adjustment to Embedded derivative on convertible note	-	-	(13,944)	-	-	-	-	(13,944)
As at 31 December								

2021	**9,797,493**	**16,808,647**	**904,226**	**(6,157,894)**	**(25,921)**	**(13,134,742)**	**(24,240)**	**8,167,569**
Loss in year	**-**	**-**	**-**	**-**	**-**	**(3,979,314)**	**(7,668)**	**(3,986,982)**
Other Comprehensive Income	**-**	**-**	**-**	**-**	**(954,642)**	**-**	**-**	**(954,642)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(954,642)**	**(3,979,314)**	**(7,668)**	**(4,941,625)**
Extension of options	**-**	**-**	**17,575**	**-**	**-**	**-**	**-**	**17,575**
As at 31 December 2022	**9,797,493**	**16,808,647**	**921,801**	**(6,157,894)**	**(980,563)**	**(17,114,056)**	**(31,908)**	**3,243,520**

The notes to the financial statements form an integral part of these financial statements.

Company Statement of Changes in Equity

Company

	Called up Share Capital	Share Premium	Foreign currency translation reserve	Other reserves	Retained earnings	Total Equity
	£	£	£	£	£	£
As at 31 December 2020	4,336,363	9,990,965	-	749,767	(3,136,290)	11,940,805
Loss in year	-	-	-	-	(3,166,171)	(3,166,171)
Other Comprehensive Income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(3,166,171)	(3,166,171)
Conversion of debt to equity	5,373,710	5,026,290	-			10,400,000
Shares issued to arrangers of debt facility	77,420	522,580	-	-		600,000
Shares issued to consultant	10,000	56,337	-	-	-	66,337
Charge recognised upon conversion of debt	-	1,212,475	-	-	-	1,212,475
Issue of options	-	-	-	153,355	-	153,355
As at 31 December 2021	**9,797,493**	**16,808,647**	**-**	**903,122**	**(6,302,461)**	**21,206,801**
Income in year	**-**	**-**	**-**	**-**	**1,202,014**	**1,202,014**
Other Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1,202,014**	**1,202,014**
Extension of stock options	**-**	**-**	**-**	**17,575**	**-**	**17,575**
As at 31 December 2022	**9,797,493**	**16,808,647**	**-**	**920,697**	**(5,100,447)**	**22,426,390**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Group	**Note**	**Year Ended 31 December 2022**	Year Ended 31 December 2021
		£	£
Cash flows generated from operating activities			
Loss before income tax		**(3,986,982)**	(5,108,310)
Depreciation	12	**195,246**	126,340

Depreciation	12	**193,240**	126,940
Other non-cash items		**81**	77
Interest income		**(10,599)**	(17,958)
Interest expense		**33**	923,361
Beneficial conversion charge related to convertible debt	23	**-**	1,212,475
Share based payments	20	**17,575**	153,355
Changes in right of use asset and lease liability, net		**627,515**	-
Foreign exchange gain		**12,937**	(18,025)
(Decrease)/Increase in trade and other payables		**(27,120)**	298,070
Increase in trade and other receivables		**(2,109)**	(196,683)
Decrease in prepaid and deposits		**271,819**	-
Net cash outflow used in operating activities		**(2,910,604)**	(2,627,298)
Cash flows generated from financing activities			
Proceeds from issuance of debt and equity securities		**-**	12,000,000
Repayment of loans and borrowings	23	**-**	(3,183,281)
Payment of lease liabilities		**(110,144)**	(39,079)
Net cash flow (used in)/generated from financing activities		**(110,144)**	8,777,640
Cash flows generated from investing activities			
Interest income		**10,599**	17,958
Payment of security deposit for lease		**(1,908)**	(138,913)
Payment for intangible assets		**-**	(181,743)
Purchase of property & equipment		**(428,945)**	(636,255)
Net cash flow generated from/(used in) investing activities		**(420,254)**	(938,953)
Net (decrease)/increase in cash and cash equivalents		**(3,432,002)**	5,211,389
Effect of exchange rates on cash		**(876,209)**	(182,719)
Cash and cash equivalents at the beginning of the year		**6,840,969**	1,812,299
Cash and cash equivalents at the end of the year		**2,532,758**	6,840,969

The notes to the financial statements form an integral part of these financial statements.

Company Statement of Cash Flows

Company	**Note**	**Year Ended 31 December 2022**	Year Ended 31 December 2021
		£	£
Cash flows generated from operating activities			
Gain/(loss) before income tax		**1,202,014**	(3,166,171)
Foreign exchange gain		**(1,539,778)**	(184,759)
Interest expense		**-**	883,692
Beneficial conversion charge related to convertible debt		**-**	1,212,475
Share based payments	20	**17,575**	153,356
(Increase)/decrease in trade and other receivables		**(4,927)**	45,970
Increase in trade and other payables		**228**	-
Adjustments to net loss for cash items		**-**	(5,822)
Net cash outflow used in operating activities		**(324,888)**	(1,061,259)
Cash flows generated from financing activities			
Proceeds from issuance of debt and equity securities		-	12,000,000
Repayment of loans and borrowings		-	(1,600,000)
Net cash flow generated from financing activities		**-**	10,400,000
Cash flows generated from/(used in) investing activities			
Loan from/(to) related parties		**301,421**	(10,263,778)
Net cash flow generated from/(used in) investing activities		**301,421**	(10,263,778)

Net decrease in cash and cash equivalents	**(23,467)**	(925,037)
Effect of exchange rates on cash	**1,131**	68
Cash and cash equivalents at the beginning of the year	**111,245**	1,036,214
Cash and cash equivalents at the end of the year	**88,909**	111,245

The Notes to the Financial Statements form an integral part of these Financial Statements.

Notes to the Financial Statements

1. General information

The Group's business is preclinical-stage biotechnology focused on the discovery, development and commercialisation of innovative treatments relating to bone marrow/hematopoietic (blood-forming) stem cell (BM/HSC) transplants for blood diseases, including leukaemia, lymphoma and bone marrow failure, autoimmune disease, and viral infections. The products under development are designed to address a range of problems that occur with current standard of care treatments.

The Company's registered office is located at 6th floor, 60 Gracechurch Street, London, EC3V 0HR, and the Company's shares are listed on the main market of the London Stock Exchange.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Hemogenyx Pharmaceuticals plc and its subsidiaries as at 31 December 2022. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Hemogenyx Pharmaceuticals plc owns the majority of the shareholdings and has operational control over all its subsidiaries. Please refer to Note 4 for information on the consolidation of Hemogenyx Pharmaceuticals LLC.

Hemogenyx Pharmaceuticals plc has used the exemption granted under s408 of the Companies Act 2006 that allows for the non-disclosure of the Income Statement of the parent company. The after-tax loss attributable to Hemogenyx Pharmaceuticals plc for the year ended 31 December 2022 was £1,202,024 (2021: £3,166,171).

On 30 March 2022, the Company formally dissolved its Belgian subsidiary Hemogenyx-Cell SPRL.

Research and development expenditure

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. No development costs have been capitalised to date.

(ii) Clinical trial expenses

Clinical trial-related expenses are a component of the Company's research and development costs. These expenses include fees paid to contract research organisations, clinical sites, and other organisations who conduct development activities on the Company's behalf. The amount of clinical trial expenses recognised in the period related to clinical agreements is based on estimates of the work performed using an accrual basis of accounting. These estimates incorporate factors such as patient enrolment, services provided, contractual terms, and prior experience with similar contracts.

(iii) Government grants

Government grants relate to financial grants from governments, public authorities, and similar local, national or international bodies. These are recognised when there is a reasonable assurance that the Company will comply with the conditions attaching to them, and that the grant will be received. Government grants relating to research and development are off-set against the relevant costs.

Intangibles

Research and development

Research expenditure is written off as incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the Group intends to and has sufficient resources to complete development and to use or sell the asset, and it is able to measure reliably the expenditure attributable to the intangible asset during its development.

The Group's view is that capitalised assets have a finite useful life and to that extent they should be amortised over their respective unexpired periods with provision made for impairment when required. Assets capitalised are not amortised until the associated product is available for use or sale. Amortisation is calculated using the straight-line method to allocate the costs of development over the estimated useful economic lives. Estimated useful economic life is assessed by reference to the remaining patent life and may be adjusted after taking into consideration product and market characteristics such as fundamental building blocks and product life cycle specific to the category of expenditure.

Intellectual property (IP)

IP assets (comprising patents, know-how, copyright and licences) acquired by the Group as a result of a business

IP assets (comprising patents, know-how, copyright and licences) acquired by the Group as a result of a business combination are initially recognised at fair value or as a purchase at cost and are capitalised.

Internally generated IP costs are written off as incurred except where IAS 38 criteria, as described in research and development above, would require such costs to be capitalised.

The Group's view is that capitalised IP assets have a finite useful life and to that extent they should be amortised over their respective unexpired periods with provision made for impairment when required. Capitalised IP assets are not amortised until the Group is generating an economic return from the underlying asset and as such no amortisation has been incurred to date as the products to which they relate are not ready to be sold on the open market. When the trials are completed and the products attain the necessary accreditation and clearance from the regulators, the Group will assess the estimated useful economic like and the IP will be amortised using the straight-line method over their estimated useful economic lives.

Fixed assets

All property and equipment are stated at historical cost less accumulated depreciation or impairment value. Cost includes the original purchase price and expenditure that is directly attributable to the acquisition of the items to bring the asset to its working condition. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life. Right of Use assets are depreciated over their expected useful economic life on the same basis as owned assets, or where shorter, the lease term. Assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The following rates are used:

Computer equipment	33%	Straight-line
Leasehold improvements	12.5%	Straight-line
Property & equipment	20% - 50%	Straight-line

Impairment of non-financial assets

The Group is required to review, at least annually, whether there are indications (events or changes in circumstances) that non-financial assets have suffered impairment and that the carrying amount may exceed the recoverable amount. If there are indications of impairment then an impairment review is undertaken. An impairment charge is recognised within operating costs for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value-in-use. In the event that an intangible asset will no longer be used, for example, when a patent is abandoned, the balance of unamortised expenditure is written off.

Impairment reviews require the estimation of the recoverable amount based on value-in-use calculations. Non-financial assets relate typically to investments in related parties and in-process development and patents, and require broader assumptions than for developed technology. Key assumptions taken into consideration relate to technological, market and financial risks and include the chance of product launch taking into account the stage of development of the asset, the scale of milestone and royalty payments, overall market opportunities, market size and competitor activity, revenue projections, estimated useful lives of assets (such as patents), contractual relationships and discount rates to determine present values of cash flows.

Investments

Equity investments in subsidiaries are held at cost, less any provision for impairment. As there is no quoted price in an active market, fair value cannot be reliably measured.

Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption.

The Company did not raise any outside funding during the year ended 31 December 2022. The Company had cash and cash equivalents totalling £2,532,758 as at 31 December 2022. On 26 January 2023 the Company raised gross placing proceeds of £4,056,250, which will be used to facilitate progression of the Company's HEMO-CAR-T product candidate into clinical trials and to enable the Company to continue development of product candidates for the treatment of viral infections based on its CBR platform.

The Directors, having made due and careful enquiry, are of the opinion that the Group and Company have or will have access to sufficient funding in order to execute its operations over the next 12 months. The Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

Notwithstanding the Group's cash balance, should the Group elect to raise additional capital within the next year, it cannot be certain that such additional funding will be available on acceptable terms, or at all. To the extent that the Company raises additional funds by issuing equity securities, the Company's stockholders may experience dilution. Any debt financing, if available, may involve restrictive covenants. If the Company is unable to raise additional capital when required or on acceptable terms, it may have to (i) significantly delay, scale back or discontinue the development and/or commercialisation of one or more product candidates; (ii) seek collaborators for product candidates at an earlier stage than otherwise would be desirable and on terms that are less favourable than might otherwise be available; or (iii) relinquish or otherwise dispose of rights to technologies, product candidates or products that it would otherwise seek to develop or commercialise on unfavourable terms.

Trade and other receivables and payables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Other liabilities measured at amortised cost are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The liabilities are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Foreign currencies

Functional and presentation currency

The Company's presentation currency is the British Pound Sterling ("£"). The functional currency for the Company, being

the currency of the primary economic environment in which the Company operates, is the British Pound Sterling. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency).

The financial statements of Hemogenyx Pharmaceuticals LLC, Immugenyx LLC and Hemogenyx-Cell SPRL have been translated in to Pound Sterling in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). The foreign exchange differences on translation of Hemogenyx Pharmaceuticals LLC, Immugenyx LLC and Hemogenyx-Cell SPRL are recognised in other comprehensive income (loss).

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Share capital

Ordinary Shares are classified as equity. Equity instruments issued by the Hemogenyx Pharmaceuticals Group are recorded at the proceeds received, net of direct issue costs.

Cash

Cash consists of cash bank deposit balances.

Deferred Financing Costs

Deferred financing costs represent direct expenditures made by the Company for the financing transaction completed in January 2021. These costs were offset against the proceeds received in 2021 from the financing transactions.

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment* for all grants of equity instruments.

The Group issues equity-settled share-based payments to the directors, senior management and employees ("Employee Share Options"), to corporate finance advisers for assistance in raising private equity, and to its Scientific Advisory Board members ("Non-employee Share Options"). In 2021, the Group adopted the "Hemogenyx Pharmaceuticals plc 2021 Equity Incentive Plan with Non-Employee Sub-Plan" (the "EIP") for the grant of options, restricted shares, and restricted share units to employees, directors and consultants of the Company and its subsidiaries over ordinary shares in the capital of the Company, which was approved by the Company's shareholders at the 2022 AGM. Equity-settled share-based payments are measured at fair value at the date of grant for Employee Share Options and the date of service for Non-employee Share Options. The fair value determined at the grant date or service date, as applicable, of the equity-settled share-based payments is expensed, with a corresponding credit to equity, on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each subsequent reporting date, the Group calculates the estimated cumulative charge for each award having regard to any change in the number of options that are expected to vest and the expired portion of the vesting period. The change in this cumulative charge since the last reporting date is expensed with a corresponding credit being made to equity. Once an option vests, no further adjustment is made to the aggregate amount expensed.

The fair value is calculated using the Black Scholes method for both Employee and Non-employee Share Options as management views the Black Scholes method as providing the most reliable measure of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability exercise restrictions and behavioural considerations. The market price used in the model is the issue price of Company shares at the last placement of shares immediately preceding the calculation date. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitation of the calculations used.

Taxation

Current tax

Current taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been enacted, or substantially enacted, by the balance sheet date. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investment in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes related to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise

income tax is recognised in the statement of comprehensive income.

Financial Assets and Liabilities

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company currently does not use derivative financial instruments to manage or hedge financial exposures or liabilities.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise Trade and Other Receivables and Cash and Cash Equivalents in the Statement of Financial Position.

Impairment of Financial Assets

The Company and Group assess at each reporting date whether a financial asset is impaired and will recognise the impairment loss immediately through the consolidated statement of comprehensive loss.

Interest Bearing Loans and Borrowings

Borrowings are initially recognised at the fair value of consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Where borrowings are provided by shareholders at an interest rate discounted to market rates, the difference on initial fair value is taken to equity as a capital contribution.

Where the Group has entered into a hybrid instrument whereby there is a debt instrument and an embedded derivative financial liability, the fair value of the debt instrument less the fair value of the derivative financial liability is equal to loan recognised on initial measurement.

IFRS 15, *Revenue from Contracts with Customers*

The Company follows IFRS 15, which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard establishes a five-step principle-based approach for revenue recognition and is based on the concept of recognising an amount that reflects the consideration for performance obligations only when they are satisfied, and the control of goods or services is transferred.

Historically, the majority of the Group's revenue has been derived from fees related to collaboration agreements.

Management reviewed contracts where the Group received consideration in order to determine whether or not they should be accounted for in accordance with IFRS 15. To date, Hemogenyx Pharmaceuticals has entered into few transactions that meet the scope of IFRS 15. Instead, most income has been generated through collaboration agreements and grants with counterparties that do not meet the definition of a customer, and therefore the contracts fall outside the scope of IFRS 15 and have been accounted for in accordance with IAS 20.

Income is recognised at either a point-in-time or over time, depending on the nature of the services and existence of acceptance clauses.

IFRS 16, *Leases*

IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. IFRS 16 includes an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting remains substantially unchanged. IFRS 16 provides updated guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts); under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 *Property, Plant and Equipment* and the liability increased for the accretion of interest and reduced by lease payments.

Segmental reporting

The Group's operations are located in New York, USA with the head office located in the United Kingdom. The main assets of the Group, cash and cash equivalents, are held primarily in the United Kingdom and the United States, while the fixed assets and right of use assets are held in the United States. The Board ensures that adequate amounts are transferred internally to allow all companies to carry out their operations on a timely basis.

The Group currently has one reportable segment - a biotechnology company focused on the discovery, development and commercialisation of innovative treatments relating to blood and immune system disorders and viral infections.

New Accounting Standards and Interpretations issued and applied in the Financial Statements

(a) New and amended standards mandatory for the first time for the financial periods beginning on or after 1 January 2022

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the year ended 31 December 2022 but did not result in any material changes to the financial statements of the Group or Company.

b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	**Impact on initial application**	**Effective date**
IFRS 16 (Amendments)	Property, plant, and equipment	*1 January 2024
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current.	1 January 2023
IAS 8 (Amendments)	Accounting estimates	1 January 2023
IAS 17 (Amendments)	Insurance	1 January 2023

* *Subject to endorsement*

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on future Group financial statements.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The principal areas in which judgement is applied are as follows:

Valuation of stock options

Management uses the Black Scholes model to value the share options. The model requires use of assumptions regarding volatility, risk free interest rate and a calculation of the value of the option at the time of the grant. Please see Note 20 for details.

Intangible assets impairment

When there is an indicator of a significant and permanent reduction in the value of intangible assets, an impairment review is carried out. The impairment analysis is principally based on estimated discounted future cash flows. The determination of the assumptions is subjective and requires the exercise of considerable judgement about the outcome of research and development activity, probability of technical and regulatory success, amount and timing of projected future cash flow or changes in market conditions. Any changes in key assumptions could materially affect whether an impairment exists. See Note 14 for further details.

4. Reverse acquisition and LSE listing

On 4 October 2017, the Company acquired the entire issued share capital of Hemogenyx Pharmaceuticals LLC, a private company incorporated in the United States, by way of a share for share exchange. In substance, the shareholders of Hemogenyx Pharmaceuticals LLC acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. Following the completion of the transaction the Company changed its name to Hemogenyx Pharmaceuticals plc.

The reverse acquisition reserve that arose from the reverse takeover is $6,157,894 at December 31, 2022 and 2021 and is made up of the following:

	Components
	£
Pre-acquisition losses of Hemogenyx Pharmaceuticals plc[1]	(799,763)
Hemogenyx Pharmaceuticals LLC issued capital at acquisition2	1,010,849
Investment in Hemogenyx Pharmaceuticals LLC3	(8,000,000)
Reverse acquisition expense4	1,631,020
As at December 31, 2022 and 2021	**(6,157,894)**

The movements on the Reverse acquisition reserve are as follows:

1. These consolidated financial statements present the legal capital structure of the Company. However, under reverse acquisition accounting rules, the Company was not acquired until 4 October 2017 and therefore the entry above is required to eliminate the initial retained losses of the Company.
2. Hemogenyx Pharmaceuticals LLC had issued share capital of equivalent to £1,010,849 as at 4 October 2017. As these financial statements present the capital structure of the parent entity, the issue of equity by Hemogenyx Pharmaceuticals LLC has been recorded in this reserve.
3. The Company issued 228,571,428 shares at £0.035 each, totalling £8,000,000 for the entire issued capital of Hemogenyx Pharmaceuticals LLC. The above entry is required to eliminate the balance sheet impact of this transaction.
4. The entry above represents the difference between the value of the equity issued by the Company, and the deemed consideration given by Hemogenyx Pharmaceuticals LLC to acquire the Company.

5. Segment Information

The Group has one reportable segment, the discovery, development and commercialisation of innovative treatments relating to blood and immune system disorders and viral infections, and administrative functions in the United Kingdom, and therefore the segmental information is the same as that presented in the primary statements.

The following tables present expenditure and certain asset information regarding the Group's geographical segments for the year ended 31 December 2022 and 2021:

	Year Ended 31 December 2022	Year Ended 31 December 2021
	£	£
SEGMENT ASSETS		
United Kingdom		

- Non-current	-	-
- Current	**109,314**	126,723
United States		
- Non-current	**4,497,827**	1,381,221
- Current	**2,464,581**	6,992,630
Belgium (Discontinued operation)		
- Non-current	-	-
- Current	**20,887**	19,836
Total		
- Non-current	**4,497,827**	1,381,221
- Current	**2,594,782**	7,139,189
CAPITAL EXPENDITURE		
United Kingdom	-	-
United States	**430,611**	636,255
Belgium (Discontinued operation)	-	-
	430,611	636,255

Capital expenditure consists of the purchase of property, plant and equipment.

The Group also had a subsidiary in Liège, Belgium that was dissolved on 30 March 2022.

The loss arising from this discontinued operation was: £5,706.

6. Expenses by nature

	Group Year Ended 31 December 2022	Group Year Ended 31 December 2021
	£	£
Laboratory expenses	**402,940**	37,583
Consumable equipment and supplies	**2,196,822**	283,647
Contractors & consultants	**290,688**	468,505
Travel	**44,057**	10,603
Staff Costs	**1,424,301**	1,023,783
Insurance	**77,652**	56,363
Other	**167,621**	285,844
Legal and professional fees	**362,334**	537,954
Foreign exchange loss / (gain)	**(1,532,939)**	(127,868)
Total Administrative Expenses	**3,433,476**	2,576,414

7. Other income

Other income during the period ended 31 December 2022 consists of £0 (2021: £171,875, comprising £71,932 arising from the forgiveness of a US governmental loan programme (the Payroll Protection Program) and £99,943 received from a third party under a research collaboration programme relating to humanised mice).

8. Employees

	Group Year Ended 31 December 2022	Group Year Ended 31 December 2021	Company Year Ended 31 December 2022	Company Year Ended 31 December 2021
	£	£	£	£
Wages and salaries	1,288,215	810,851	115,000	115,000
Social security	90,220	41,377	1,542	1,408
Share based payments	17,575	153,356	17,575	137,390
Pension contributions	28,291	18,199	-	-
	1,424,301	1,023,783	134,117	253,798

Average number of people (including Executive Directors) employed:

	Group Year Ended 31 December 2022	Group Year Ended 31 December 2021	Company Year Ended 31 December 2022	Company Year Ended 31 December 2021
Research & development	9	7	-	-
Administration	5	3	2	2
	14	10	2	2

9. Auditor's remuneration

	Group Year Ended 31 December 2022	Group Year Ended 31 December 2021
	£	£
Fees payable to the Company auditor:		
Audit of the financial statements of the Group and Company	50,000	46,700
	50,000	46,700

10. Income tax

	Group Year Ended 31 December 2022	Group Year Ended 31 December 2021
	£	£
Current Tax:	-	-
Tax on loss on ordinary activities	-	-
Loss on ordinary activities before tax	**(3,986,982)**	**(5,108,310)**
Analysis of charge in the year:		
Loss on ordinary activities multiplied by weighted average tax rate for the group of 27.36% (2020: 22.40%)	(1,090,838)	(1,145,371)
Disallowed items	330,370	405,711
US R&D credit and timing differences	(323,215)	(136,371)
Tax losses carried forward	1,083,683	1,200,007
Current tax credit	-	-

Weighted average tax rate is calculated by reference to the tax rates effective in each of the jurisdictions. The tax rates effective at 31 December 2022 are 19% and 28% in the UK and the USA respectively.

The Group has accumulated tax losses arising in the UK of approximately £3,225,000 (Dec 2021: £4,450,000) that should be available, under current legislation, to be carried forward against future profits. No deferred tax asset has been recognised against these losses.

The Group has tax losses carried forward in the US of approximately $11,377,000 (Dec 2021: $6,700,000) available under current rules until 2037. Of the total Federal net operating losses, the amounts incurred after 2017 of approximately $9,000,000 will carry forward indefinitely. No deferred tax asset has been recognised against these losses. Sections 382 and 383 of the US Internal Revenue Code, and similar state regulations, contain provisions that may limit the tax loss carried forward available to be used to offset income in any given year upon the occurrence of certain events, including changes in the ownership interests of significant stockholders. In the event of a cumulative change in ownership in excess of 50% over a three-year period, the amount of the NOL carry forwards that the Company may utilise in any one year may be limited.

11. Earnings per share

The calculation of the basic and fully diluted earnings per share is calculated by dividing the loss for the year from continuing operations attributable to equity owners of the Group of £3,979,314 (2021: £5,099,228) by the weighted average number of ordinary shares in issue during the year of 979,749,321 (2021: 773,952,166).

Dilutive loss per Ordinary Share equals basic loss per Ordinary Share as, due to the losses incurred in 2022 and 2021, there is no dilutive effect from the subsisting share options. See Note 20 for details of stock options and warrants outstanding.

12. Property and equipment

Group	Property, plant & equipment	Computer equipment	Leasehold Improve-ments	Total
	£	£	£	£
Cost				
31 December 2020	**425,108**	**10,957**	**-**	**436,065**
Additions	-	8,508	627,747	636,255
Foreign exchange movement	5,063	263	16,408	21,734
31 December 2021	**430,171**	**19,728**	**644,155**	**1,094,054**
Additions	417,897	11,161	1,553	430,611
Foreign exchange movement	26,011	2,065	76,463	104,539
Disposals	(1,666)	-	-	(1,666)
31 December 2022	**872,413**	**32,954**	**722,171**	**1,627,538**
Accumulated depreciation and impairment losses				
31 December 2020	**209,783**	**3,424**	**-**	**213,207**
Depreciation	84,645	5,322	-	89,967
Foreign exchange movement	2,881	112	-	2,993
31 December 2021	**297,309**	**8,858**	**-**	**306,167**
Depreciation	116,493	8,129	75,226	199,848
Foreign exchange movement	54,693	677	42,900	98,270
31 December 2022	**468,495**	**17,664**	**118,127**	**604,285**

Carrying amounts				
31 December 2020	**215,325**	**7,533**	**-**	**222,858**
31 December 2021	**132,862**	**10,870**	**644,155**	**787,887**
31 December 2022	**403,918**	**15,290**	**604,044**	**1,023,252**

13. Leases

The Group follows IFRS 16 with respect to its leases, whereby the Group recognises right-of-use assets and lease liabilities for all leases on its balance sheet. Each of the two US subsidiaries has an agreement for the lease of laboratory facilities to which IFRS 16 has been applied.

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position are as follows:

Group & Company

	Right of use asset £	Lease liability £	Income statement £
Carrying value at 31 December 2020	**45,885**	**(48,754)**	**(40,531)**
Depreciation	(36,373)	-	(36,373)
Interest	-	(1,560)	(1,560)
Lease payments	-	39,167	-
Foreign exchange movements	(270)	995	-
Carrying value at 31 December 2021	**9,242**	**(10,152)**	**(37,932)**
Additions	3,249,244	(3,249,244)	-
Depreciation	(366,302)	-	(366,302)
Interest	-	(274,802)	(274,802)
Lease payments	-	106,321	-
Foreign exchange Movements	77	5,042	(4,965)
Carrying value at 31 December 2022	**2,892,261**	**(3,422,835)**	**(539,748)**

14. Intangible assets

On 15 January 2015, the Company entered into an Exclusive License Agreement with Cornell University to grant to the Company patent rights to patent PCT/US14/65469 entitled *Post-Natal Hematopoietic Endothelial Cells and Their Isolation and Use* and rights to any product or method deriving therefrom. The Company paid Cornell University USD $347,500 for such licence rights.

In October 2021, the Company entered into a licence with Eli Lilly & Company to use a patented product derived from jointly-developed intellectual property in the CDX antibody for a term ending on the latest of (a) the twelfth (12th) anniversary of the date of First Commercial Sale of a particular Licensed Product in a particular country; (b) the first day on which there is not at least one Licensed Patent having a Valid Claim Covering the manufacture, use, or sale of such Licensed Product in such country; or (c) the expiration of the last-to-expire Data Exclusivity Period for such Licensed Product in such country. The Company paid £181,743 GBP or $250,000 USD as an up-front payment and will make milestone payments of up to $1 million through to Phase II clinical trials. Lilly is also eligible to receive substantial additional milestone payments based on the achievement of prespecified milestones, as well as tiered single-digit royalties on sales and a percentage of any cash payments received in respect of any sublicence of the licensed intellectual property. Through December 31, 2022, the Company has not incurred any development or sales-based payment obligations to the licensor.

Cost	**Intellectual Property £**
31 December 2020	**254,955**
Additions	181,743
Exchange movements	4,795
31 December 2021	**441,493**
Additions	-
Exchange movements	-
31 December 2022	**441,493**

The carrying value of intangible assets is reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying value may exceed the recoverable amount. The products to which they relate are not ready to be sold on the open market. When the trials are completed and the products attain the necessary accreditation and clearance from the regulators, the Group will assess the estimated useful economic life and the IP will be amortised using the straight-line method over their estimated useful economic lives. The directors are of the view that no impairment is required as the test results to date have been very positive and these products are now being moved on towards the clinical trial phase. Accordingly, the directors continue to believe that the products will eventually attain the necessary accreditation and clearance from the regulators and so no impairment has been considered necessary.

Amortisation will be charged to operating costs in the Statement of Comprehensive Income when the Group achieves product sales.

15. Loan to subsidiary

	Company	**Company**

	Year Ended 31 December 2022	Year Ended 31 December 2021
	£	£
Hemogenyx Pharmaceuticals LLC	14,451,112	13,213,951
Immugenyx LLC	621	556
	14,451,733	13,214,507

Hemogenyx Pharmaceuticals plc has made cumulative loans to Hemogenyx Pharmaceuticals LLC of US$17,883,274 (£14,4551,112) as at 31 December 2022 (Dec 2021: US$17,883,274 (£13,213,951)) and Immugenyx LLC of US$752 (£621) as at 31 December 2022 (Dec 2021: US$752 (£556)). The loans are interest free and will be repaid when Hemogenyx LLC's operational cash flow allows. Management has undertaken an impairment assessment of the loan as at 31 December 2022 and has determined that that there was no impairment required due to continued progress of the product candidates. The interest rate and impairment assessment are reviewed on an annual basis.

16. Investment in subsidiary

Name	Address of the registered office	Nature of business	Proportion of ordinary shares held directly by parent (%)	Proportion of ordinary shares held ultimately by parent (%)
Hemogenyx UK Limited	6th Floor, 60 Gracechurch Street, London, EC3V 0HR	Holding Company	100	-
Hemogenyx Pharmaceuticals LLC	9 East Lookerman Street, Suite 3A, Dover, Kent, Delaware, USA, 19901	Biomedical sciences	-	100
Immugenyx LLC	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, USA, 19808	Biomedical sciences	-	92.2
Hemogenyx-Cell SPRL (dissolved in 2022)	Avenue du Parc Industriel 89, 4041 Milmort, Belgique	Biomedical sciences	-	100

The remaining shares in Immugenyx LLC are held by Dr Vladislav Sandler and by a prior employee, Carina Sirochinsky, as part of their compensation under their respective roles as CEO and Director of Operations. Ms Sirochinsky's role as Director of Operations ended on the termination of her employment on 1 July 2021. Dr Sandler and Ms Sirochinsky receive(d) 10,000 and 1,000 shares respectively for each year of employment from January 2019. At 31 December 2022, Hemogenyx Pharmaceuticals LLC, Dr Sandler, and Ms Sirochinsky each own 500,000, 40,000, and 2,500 shares in Immugenyx LLC, respectively.

17. Trade and other receivables

	Group	Group	Company	Company
	Year Ended 31 December 2022	Year Ended 31 December 2021	Year Ended 31 December 2022	Year Ended 31 December 2021
	£	£	£	£
VAT receivable	9,664	6,127	9,664	6,127
Trade and other receivables	146	1,386	-	-
Prepayments	52,214	290,707	10,741	9,351
Total trade and other receivables	62,024	298,220	20,405	15,478

There are no material differences between the fair value of trade and other receivables and their carrying value at the year-end. No receivables were past due or impaired at the year end.

18. Called up share capital

Group & Company	Number of shares	£
As at 31 December 2020	**433,636,255**	**4,336,363**
Conversion of debt to issue of shares - placement 25 Feb 2021	13,131,313	131,313
Conversion of debt to issue of shares - placement 26 Mar 2021	14,285,714	142,857
Conversion of debt to issue of shares - placement 16 Apr 2021	24,547,803	245,478
Conversion of debt to issue of shares - placement 26 Apr 2021	29,850,746	298,508
Conversion of debt to issue of shares - placement 5 May 2021	22,222,222	222,222
Conversion of debt to issue of shares - placement 18 May 2021	433,333,333	4,333,333
Shares issued as arrangement fees for debt issuance	8,741,935	87,419
As at 31 December 2021	**979,749,321**	**9,797,493**
No shares issued during 2022	-	-

No shares issued during 2022		
As at 31 December 2022	**979,749,321**	**9,797,493**

During 2021, the Company issued 546,113,066 ordinary shares upon conversion of debt - See Note 23. During 2022, the Company did not issue any ordinary shares.

19. Share premium

Group & Company	**£**
As at 31 December 2020	**9,990,965**
Issue of shares - placement	5,548,969
Issues of shares - consultant	66,337
Charge recognised upon conversion of debt	1,212,475
As at 31 December 2021	**16,808,647**
As at 31 December 2022	**16,808,647**

20. Other reserves

Group:	**Year Ended 31 December 2022**	**Year Ended 31 December 2021**
	£	**£**
As at start of year	**904,226**	**764,815**
Charge for the year - employees	**17,575**	**153,355**
Convertible Note embedded derivative	**-**	**(13,944)**
As at end of year	**921,801**	**904,226**

Company:	**Year Ended 31 December 2022**	**Year Ended 31 December 2021**
	£	**£**
As at start of year	**903,122**	**749,767**
Charge for the year - employees	**17,575**	**153,355**
As at end of year	**920,697**	**903,122**

The expense recognised for employee and non-employee services during the year is shown in the following table:

Group and Company:	**Year Ended 31 December 2022**	Year Ended 31 December 2021
	£	£
Expense arising from equity-settled share-based payment transactions	**17,575**	153,355
Total expense arising from share-based payment transactions	**17,575**	153,355

Employee Plan

Under the Employee Plan ("EMP") share options are granted to directors and employees at the complete discretion of the Company. The fair value of the options is determined by the Company at the date of the grant. Options granted vest in tranches on each of the following events/dates:

(i) Admission to the LSE ("Admission");

(ii) On the date falling six (6) months after Admission;

(iii) On the date falling twelve (12) months after Admission; and

(iv) On the date falling twenty-four (24) months after Admission

On the provision that the option holder remains an employee of the Group.

Options granted to most other option holders from 4 January 2018 onwards vest in equal tranches of 12.5% every three months from the date of grant, until fully vested.

The fair value of the options is determined using the Black Scholes method as stated in Note 2. The contractual life of each option granted is between two and five years. There are no cash settlement alternatives.

Options are settled when the Company receives a notice of exercise and cash proceeds from the option holder equal to the aggregate exercise price of the options being exercised.

Non-Employee Plan

Under the Non-Employee Plan ("NEMP") share options are granted to non-employees at the complete discretion of the Company. The exercise price of the options is determined by the Company at the date of the grant. The options vest at the date of the grant.

The fair value of the options is determined using the Black Scholes method as stated in Note 2 and not the value of services provided as this is deemed the most appropriate method of valuation. In all cases non-employee option holders received cash remuneration in consideration for services rendered in accordance with agreed letters of engagement. The contractual life of each option granted ranges from two to five years. There are no cash settlement alternatives. Volatility was determined by calculating the volatility for three similar listed companies and applying the average of the four volatilities calculated.

Options are settled when the Company receives a notice of exercise and cash proceeds from the option holder equal to the aggregate exercise price of the options being exercised.

2021 Equity Incentive Plan with Non-Employee Sub-Plan

Under the 2021 Equity Incentive Plan with Non-Employee Sub-Plan" (the "EIP") share options, restricted shares, and restricted share units may be granted to employees, directors and consultants of the Company and its subsidiaries at the discretion of the Company in an aggregate amount up to 30,000,000 shares. The fair value of awards made under this plan is determined in the same way as for the EMP and NEMP described above.

A schedule of options granted since inception for all plans is below:

	Number options
Employees, including directors*	47,227,020
Members of the Scientific Advisory Board	12,481,912
Total	59,708,931

* Details of options held by individual directors are disclosed in the Directors' Report.

In October 2022, the expiration date of options to acquire 4,806,577 ordinary shares (which were scheduled to expire in October 2022) was extended by two years by the Board of Directors of the Company. The Company recognised this transaction as a modification of a share based instrument for financial reporting purposes. The change in the fair value of the stock option before and after the modification amounted to approximately $5,400, which was recorded as part of expense related to share-based payment transactions. The fair value was determined using the Black Scholes model using the assumptions noted below.

Group & Company:	**2022 Number**	**2022 Weighted Average Exercise Price pence**	2021 Number	2021 Weighted Average Exercise Price pence
Outstanding at the beginning of the year	**45,081,506**	**4.4**	42,465,787	4.6
Granted during the year	**-**	**-**	3,090,441	2.1
Lapsed during the year	**(14,588,497)**	**3.5**	(474,722)	9.0
Extended during the year	**4,806,577**	**3.5**	-	-
Outstanding at end of year	**35,299,586**	**4.6**	45,081,506	4.4
Exercisable at end of year	**35,299,586**	**4.6**	43,278,749	3.5

The weighted average remaining contractual life for the share options outstanding as at 31 December 2021 is 2.93 years (2021: 2.08 years). The weighted average fair value of options granted during the year was nil (2021: 0.7 pence).

The following table lists the inputs to the models used for the two plans for the years ended 31 December 2021 and 31 December 2022:

	July 2021 (EMP)	October 2022 modification (EMP)
Expected volatility %	**65**	68-424
Risk-free interest rate %	**0.17**	0.64-1.87
Expected life of options (years)	**3**	2
WAEP - pence	**2.1**	3.5
Expected dividend yield	**-**	-
Model used	**Black Scholes**	Black Scholes

21. Capital and reserves

The nature and purpose of equity and reserves are as follows:

Share capital comprises the nominal value of the ordinary issued share capital of the Company.

Share premium represents consideration less nominal value of issued shares and costs directly attributable to the issue of new shares.

Other reserves represents the value of options in connection with share-based payments, warrants connected with share placements issued by the Company, and the value of the deemed embedded derivative connected with the Convertible Note liability.

Reverse asset acquisition reserve is the reserve created in accordance with the acquisition of Hemogenyx Pharmaceuticals LLC on 5 October 2017.

Foreign currency translation reserve is used to recognise the exchange differences arising on translation of the assets and liabilities of foreign branches and subsidiaries with functional currencies other than Pounds Sterling, as well as the revaluation of intercompany loans.

Retained earnings represent the cumulative retained losses of the Company at the reporting date.

22. Trade and other payables

	Group Year Ended 31 December 2022	Group Year Ended 31 December 2021	Company Year Ended 31 December 2022	Company Year Ended 31 December 2021
	£	£	£	£
Trade and other payables	374,342	295,829	82,745	87,569
Accruals and deferred income	51,912	46,860	51,912	46,860
Total	**426,254**	**342,689**	**134,657**	**134,429**
Current liabilities	426,254	342,689	134,657	134,429

23. Borrowings

Borrowings may be comprised of borrowings and convertible notes. The Group follows IFRS 9, and as a result, where instruments contain liability classified embedded derivatives, an election is taken to fair value the entire financial instrument through profit or loss rather than split out the embedded derivative. At 31 December 2022 and 2021, there were no borrowings outstanding. The notes payable consisted of the following:

Group & Company	Year Ended 31 December 2022	Year Ended 31 December 2021
	£	£
Borrowings		
Balance at 1 January	-	753,717
Drawdowns	-	-
Paydowns	-	(791,641)
Interest expense	-	14,354
Value of embedded derivative transferred to Other Reserves	-	6,972
Foreign exchange movement	-	16,598
Balance at 31 December	**-**	-
Convertible Notes		
Balance at 1 January	-	753,065
Drawdowns	-	-
Paydowns	-	(791,641)
Interest expense	-	14,300
Value of embedded derivative transferred to Other Reserves	-	6,972
Foreign exchange movement	-	17,304
Balance at 31 December	**-**	-
Balance at 1 January	-	72,596
Payroll Protection Loan borrowing	-	-
Payroll Protection Loan forgiveness	-	(71,932)
Foreign exchange movement	-	(664)
Balance at 31 December	**-**	-
Total Borrowings at 31 December	**-**	-

A summary of the prior debt facilities is as follows:

Mint Transactions

In November 2020, Mint Capital Limited ("Mint") and the Company entered into a Financing Facility agreement ("Financing Facility") whereby Mint conditionally agreed to subscribe for up to £60 million in aggregate principal amount of Convertible Loan Notes pursuant to an agreement entered into with the Company (the "Subscription Agreement"). The shareholders of the Company approved the facility in January 2021 and a prospectus was published on 29 January 2021.

The key terms of the Convertible Loan Notes included:

- A principal amount of up to £60,000,000, split into denominations of £50,000 per Convertible Loan Note. The Convertible Loan Notes were to be subscribed for at par.
- The Convertible Loan Notes were to be issued in up to nine tranches. A tranche of £12,000,000 in principal

- The Convertible Loan Notes were to be issued in up to nine tranches. A tranche of £12,000,000 in principal amount was issued on 3 February 2021. The subsequent eight tranches were to be issuable at the sole discretion of, and in the amounts determined by, the Company at respective intervals of 90 days after the Initial Issue Date. The aggregate maximum principal amount of the Convertible Loan Notes was limited to £60,000,000.
- No interest was payable on the Convertible Loan Notes.
- The Convertible Loan Notes were unsecured.
- Each tranche of Convertible Loan Notes issued was to be redeemable at par on the date falling 36 months after the relevant Issue Date (the "Maturity Date").
- Each of the Convertible Loan Notes was convertible into ordinary shares of £0.01 (1 pence) each in the capital of the Company ("Ordinary Shares") at any time during the period commencing on the fifth business day following the relevant Issue Date and ending at 5.00 p.m. London time on the business day immediately prior to the relevant Maturity Date (the "Conversion Period").
- The price used for the conversion (the "Conversion Price") was equal to a 10 per cent discount to the lesser of (i) 125 per cent. of the closing-bid price as reported by Bloomberg for one Ordinary Share one trading day before the relevant Issue Date (subject to adjustment to reflect any sub-division or consolidation of the Ordinary Shares) and (ii) the lowest closing bid-price as reported by Bloomberg for an Ordinary Share from the three consecutive trading days ending on the day prior to the date of service of the relevant conversion notice (or if such conversion notice was served after 4.35pm on any such date, then the three consecutive trading days ending on the day such conversion notice was served. In no event was the Conversion Price to be less than the nominal value of an Ordinary Share.
- A holder was not permitted to submit a conversion notice in respect of the Convertible Loan Notes if the total Ordinary Shares held by the holder following the execution of such conversion notice would exceed 29.9% of the Company's total Ordinary Shares.
- If the Company were to commit an "event of default" then the notes could be redeemed at 114-120% of the principal amount of the convertible loan at the option of the holder.
- The Company had the ability to redeem the convertible loan under certain circumstances at 114% of the principal amount of the convertible loan.
- Subject to limited exceptions, the Convertible Loan Notes were not transferable.
- Prior to conversion, the Convertible Loan Notes did not entitle the holder to any voting rights in the Company.

Arrangement fee

The Company agreed to pay a fee of 5% of the aggregate principal value of the Convertible Loan Notes issued to the arranger for the Facility (the "Arranger"). The company issued 7,741,935 shares in February 2021 as an arrangement fee to the arranger of the Financing Facility.

Draw Down

The Company received £12,000,000 from the first drawn down of the Financing Facility agreement in February 2021. The price of the conversion of the convertible loan notes issued under the Financing Facility agreement into common shares of the Company, as defined by the Financing Facility agreement, was the lesser of (i) 8.4375p and (ii) 90% of the lowest closing bid price as reported on Bloomberg from the three closing bid prices immediately preceding a conversion.

The Company received a conversion notice from Mint in respect of £650,000 in principal amount of Convertible Loan Notes and issued 13,131,313 shares to Mint in March 2021. Further conversion notices were received from Mint in respect of £900,000 and £950,000 in principal amount of Convertible Loan Notes. The Company issued a further 14,285,714 shares to Mint in March 2021, and 24,547,803 shares in April 2021; both of these allotments of shares were admitted to trading on the London Stock Exchange's main market in April 2021. Further conversion notices were received from Mint in respect of £900,000 and £500,000 in principal amount of Convertible Loan Notes. The Company issued a further 29,850,746 shares to Mint in April 2021, and 22,222,222 shares in May 2021; both of these allotments of shares were admitted to trading on the London Stock Exchange's main market in May 2021.

The Company located a new investor to purchase the remaining position of Mint and received a conversion notice from the new investor in respect of £6,500,000 in principal amount of Convertible Loan Notes and issued 433,333,333 shares to such investor in May 2021. The Company repaid the remaining £1,600,000 under the facility and the facility was terminated.

During the year ended 31 December, 2021, the Company recognized £3,883 of financing related costs related to the stated interest rate on the convertible debt through the date of conversion or repayment. During the year ended 31 December, 2021, the Company recognized £1,409,582 of financing related costs related to the costs incurred, including fair value of the shares issued to arrangers to obtain the credit facility from Mint. During the year ended 31 December, 2021, the Company recognized £1,208,592 of financing related costs representing the fair value of shares issued in excess of the outstanding principle and accrued interest at the date of the conversion.

Convertible Loan Facilities

During 2018 Orgenesis entered in to two debt facility agreements with the Group, one each with Hemogenyx Pharmaceuticals LLC and Immugenyx LLC:

1) On 7 November 2018 the Group entered into a loan agreement with Orgenesis Inc., an organisation with which the Group has an existing collaboration agreement. The loan amount was for not less than US$1,000,000 with the proceeds of the loan to be used solely for the development of the cell therapy technology in accordance with the plan of the collaboration agreement. Drawdowns totalling US$1,000,000 had been made with Hemogenyx Pharmaceuticals LLC receiving the funds. The loan carried an interest rate of 2% and had a term of three years. Orgenesis had the option to convert both principal and accrued interest into equity in Hemogenyx-Cell at any time prior to maturity.

Hemogenyx-Cell SPRL ("Hemo-Cell") is a wholly owned Belgian entity and was incorporated in April 2019 at which point this loan facility was treated as a borrowing in accordance with the provisions of IAS39. The loan was repaid in full in November 2021.

2) On 7 November 2018 the Group entered into a loan agreement, through its wholly owned subsidiary Immugenyx LLC, with Orgenesis Inc., an organisation with which the Group has an existing collaboration agreement. The loan amount was for not less than US$1,000,000 with the proceeds of the loan to be used solely for the development of the cell therapy technology in accordance with the plan of the collaboration agreement. Drawdowns totalling US$1,000,000 had been made. The loan carried an interest rate of 2% and had a term of three years. Orgenesis had the option to convert both principal and accrued interest into equity in Immugenyx LLC at any time prior to maturity. This loan has been treated in accordance with the provisions of IAS39. The loan was repaid in full in November 2021.

Paycheck Protection Program Loan

On 1 May 2020, the Company received loan proceeds in the amount of $98,947 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, as amended ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of such qualifying business. The loans and accrued interest are forgivable after certain time periods further defined in the CARES Act (the "Covered Period") as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the Covered Period.

The loan was forgiven in April 2021 by being converted into a grant at the election of the Company. The Company qualified for this conversion as at least 60% of the amount of the loan was applied to payroll expenditure and there was no reduction in employee headcount, and it was therefore included in other income.

24. Related party disclosures

There were no related party disclosures other than Directors' remuneration as disclosed in the Remuneration Report section of the Directors' Report. There are no key management personnel other than the Directors and the Company Secretary.

25. Financial instruments

The Group's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities.

Fair value of financial assets and liabilities

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amount for cash, accounts receivable, and accounts payable and accrued liabilities on the statement of financial position approximate their fair value because of the limited term of these instruments. The fair value of deferred payment approximates its fair value. The investment is carried at cost as it is not traded on an active market.

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group did not have any financial instruments in Level 1, 2 and 3.

Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and funding risk
- Market risk

The following table sets out the amortised costs categories of financial instruments held by the Company as at the year ended 31 December 2022 and year ended 31 December 2021:

	Group **Year Ended 31 December 2022**	Group Year Ended 31 December 2021	**Company** **Year Ended 31 December 2022**	Company Year Ended 31 December 2021
	£	£	**£**	£
Assets				
Trade and other receivables, except prepayments	9,810	1,696	-	310
Cash and cash equivalents	2,532,758	6,840,969	88,909	111,245
	2,542,568	6,842,665	88,909	111,555
Liabilities				
Trade and other payables	(374,343)	(295,829)	(82,746)	(87,569)
Lease liabilities	(3,422,835)	(10,152)	-	-

(3,797,178)	(305,981)	(82,746)	(87,569)

Group	1 January 2021	Cash flows	Non-cash changes				31 December 2021
			Adjustment to reserve	PPP Loan Forgiveness	Foreign exchange movements	Interest charge	
Short-term borrowings (1)	1,579,378	(1,583,281)	13,944	(71,932)	33,237	28,654	-
Long-term borrowings	-	-	-	-	-	-	-
Total	1,579,378	(1,583,281)	13,944	(71,932)	33,237	28,654	-

(1) At December 31, 2021 the principal and interest on borrowings was paid in full.

a) Credit risk

The Group had receivables of £0 owing from customers (31 December 2021: £0). All bank deposits are held with Financial Institutions with a minimum credit rating of B.

b) Liquidity and funding risk

The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group takes liquidity risk into consideration when deciding its sources of funds. The principle liquidity risk facing the business is the risk of going concern which has been discussed in Note 2.

c) Market risk

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

The Company has floating rate financial assets in the form of deposit accounts with major banking institutions; however, it is not currently subjected to any other interest rate risk.

Based on cash balances as above as at the statement of financial position date, a rise in interest rates of 1% would not have a material impact on the profit and loss of the Company and such is not disclosed.

In relation to sensitivity analysis, there was no material difference to disclosures made on financial assets and liabilities.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	Group Year Ended 31 December 2022 £	Group Year Ended 31 December 2021 £	Company Year Ended 31 December 2022 £	Company Year Ended 31 December 2021 £
Financial Assets				
Cash and cash equivalents	2,532,758	6,840,969	88,909	111,245

Foreign currency risk

The Group operates internationally and has monetary assets and liabilities in currencies other than the functional currency of the operating company involved.

The Group seeks to manage its exposure to this risk by ensuring that where possible, the majority of expenditure and cash of individual subsidiaries within the Group are denominated in the same currency as the functional currency of that subsidiary.

The Group has not entered into any derivative instruments to manage foreign exchange fluctuations.

The following table shows a currency of net monetary assets and liabilities by functional currency of the underlying companies for the years ended 31 December 2022 and 31 December 2021:

	31 December 2022 Functional Currency			
Currency of net monetary assets/(liabilities)	**Pound Sterling £**	**US Dollars £**	**Euro £**	**Total £**
Pounds Sterling	**75,358**	**-**	**-**	**75,358**
US Dollars	**13,551**	**2,422,962**	**-**	**2,436,513**
Euros	**-**	**-**	**20,887**	**20,887**
Total	**88,909**	**2,422,962**	**20,887**	**2,532,758**

	31 December 2021 Functional Currency			
Currency of net monetary assets/(liabilities)	Pound Sterling £	US Dollars £	Euro £	Total £

Pounds Sterling	99,050	-	-	99,050
US Dollars	12,197	6,709,888	-	6,722,085
Euros	-	-	19,834	19,834
Total	111,245	6,709,888	19,834	6,840,969

Capital risk management

The Group defines capital as the total equity of the Company. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value of financial assets and liabilities

There are no material differences between the fair value of the Group's financial assets and liabilities and their carrying values in the financial statements.

26. Commitments

Licences

Milestone and royalty payments that may become due under licence agreements are dependent on, among other factors, clinical trials, regulatory approvals and ultimately the successful development of new drugs, the outcomes and timings of which are uncertain.

For the licence from Cornell University to the patent of the Hu-PHEC technology, the Group's minimum future payments contingent upon meeting certain development, regulatory and commercialisation milestones total £855,301 ($1,035,000) plus £413,189 ($500,000) on receipt of marketing approval from each additional market excluding the United States of America and the European Union. Upon commencement of commercial production, the Group will pay a royalty between 2 to 5% on all net sales. Through 31 December 2022, none of the requirements to make such payments have been met. In addition, the Group pays an annual licence maintenance fee of up to £61,978 ($75,000) until commercial sales are achieved.

For the licence to Eli Lilly and Company's ("Lilly") contributions to the intellectual property in the CDX bispecific antibody, future payments will be contingent upon meeting certain similar development, regulatory and commercialisation milestones and so do not meet the definition of commitments pending further developments. This licence is subject to an up-front payment to Lilly of $250,000 and milestone payments of up to $1 million through to Phase II clinical trials. Lilly is also eligible to receive substantial additional milestone payments based on the achievement of prespecified milestones, as well as tiered single-digit royalties on sales. In addition, the Company will pay Lilly a percentage of any cash payments received in respect of any sublicence of the licensed intellectual property.

Leases

In August 2021, Hemogenyx LLC entered into a lease for a 9,357 square foot purpose-built laboratory for eight years beginning on 1 April 2022. The lease contains escalating monthly payments ranging from approximately $64,300 to $76,500 per month over the lease term. The Group paid a security deposit of £156,114 ($188,005) during the year ended 31 December 2021 for such facility lease.

Service agreements

In December 2021, Hemogenyx Pharmaceuticals LLC entered into a service agreement to establish Research Cell Banks (RCBs) for production of the Company's proprietary recombinant protein(s) encoded by cDNAs. From 31 December 2021 through 31 December 2022, Hemogenyx Pharmaceuticals LLC has paid £199.956 (CHF 214,063) under this agreement. Under the terms of the agreement, Hemogenyx Pharmaceuticals LLC may pay up to CHF 590,000 at its discretion in aggregate, inclusive of the amounts already paid.

In December 2021, Hemogenyx Pharmaceuticals LLC entered into service agreements with another party to produce components of the Company's CAR-T product candidate. Under the terms of the agreement, Hemogenyx Pharmaceuticals LLC must pay an aggregate of £1,970,911 ($2,109,957) in milestone payments during the term of production. From 31 December 2021 through 31 December 2022, Hemogenyx Pharmaceuticals LLC has paid £862,670 ($1,134,059) under these agreements.

27. Ultimate controlling party

The Directors have determined that there is no controlling party as no individual shareholder holds a controlling interest in the Company.

28. Subsequent events

In January 2023, the Company successfully completed its second and third Process Qualification ("PQ") runs of the end-to-end process for the manufacture of HEMO-CAR-T cells. At least three identical manufacturing runs are required for the submission of an Investigational New Drug ("IND") application to the US Food and Drug Administration ("FDA"). The IND is needed to obtain authorisation from the FDA to commence Phase I clinical trials of HEMO-CAR-T. The process was carried out in the Company's current Good Manufacturing Practice ("cGMP") compliant clean rooms. This was followed by analytical release tests conducted by the Company required to verify the quality of the manufactured HEMO-CAR-T cells and by tests by a third party to ensure they comply with a set of required quality attributes. These tests were completed in March 2023. Following completion of all tests, data are being compiled for inclusion in the IND submission pack.

On 23 January 2023 the Company successfully raised £4,056,250 (before expenses) through the allotment and issue of 162,250,000 new ordinary shares at 2.5 pence per share (the "Placing"). The Placing was conducted by Peterhouse Capital Limited and SP Angel Corporate Finance LLP as joint placing agents for the Company.

The Company has entered into a preliminary agreement with a service provider that it is anticipated will project manage and supervise the running of Phase I clinical trials for its HEMO-CAR-T cell therapy, subject to negotiation of a Master Services Agreement.

29. Copies of the annual report

Copies of the annual report will be available on the Company's web site at https://hemogenyx.com and from the Company's registered office, 6th floor, 60 Gracechurch Street, London, EC3V 0HR.

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