

Registered number: 11001290

THEOLYTICS LTD

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2024

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THEOLYTICS LTD
REGISTERED NUMBER: 11001290

BALANCE SHEET
AS AT 31 DECEMBER 2024

		Year ended 31 December 2024 £	Period ended 31 December 2023 £
	Note		
Fixed assets			
Intangible assets	5	176,075	116,977
Tangible assets	6	301,521	390,508
Investments	7	1	-
		<u>477,597</u>	<u>507,485</u>
Current assets			
Debtors: amounts falling due within one year	8	1,891,805	2,373,134
Cash at bank and in hand	9	17,134,516	7,678,945
		<u>19,026,321</u>	<u>10,052,079</u>
Current liabilities			
Creditors: amounts falling due within one year	10	(1,579,917)	(1,885,451)
Net current assets		<u>17,446,404</u>	<u>8,166,628</u>
Total assets less current liabilities		<u>17,924,001</u>	<u>8,674,113</u>
Provisions for liabilities			
Other provisions	11	(8,758)	(8,017)
		<u>(8,758)</u>	<u>(8,017)</u>
Net assets		<u><u>17,915,243</u></u>	<u><u>8,666,096</u></u>
Capital and reserves			
Called up share capital	12	147	92
Share premium account	13	5,544,719	24,814,812
Capital redemption reserve	13	90	90
Share option reserve	13	3,305,276	2,070,090
Profit and loss account	13	9,065,011	(18,218,988)
		<u><u>17,915,243</u></u>	<u><u>8,666,096</u></u>

THEOLYTICS LTD
REGISTERED NUMBER: 11001290

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2024

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

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

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

D Apelian

David Apelian 30 May 2025 15:48:00 BST (UTC +1)

D Apelian

Director

Date: 30 May 2025

The notes on pages 4 to 15 form part of these financial statements.

THEOLYTICS LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up share capital £	Share premium account £	Capital redemption reserve £	Share option reserve £	Profit and loss account £	Total equity £
At 1 November 2022	44	11,494,197	90	1,284,319	(9,580,145)	3,198,505
Comprehensive income for the period						
Loss for the period	-	-	-	-	(8,638,843)	(8,638,843)
Shares issued during the period	48	13,479,615	-	-	-	13,479,663
Capitalised cost of the share issue	-	(159,000)	-	-	-	(159,000)
Employee share based payments	-	-	-	785,771	-	785,771
At 1 January 2024	92	24,814,812	90	2,070,090	(18,218,988)	8,666,096
Comprehensive income for the year						
Loss for the year	-	-	-	-	(8,727,309)	(8,727,309)
Settlement of employee share schemes	2	254	-	(806,676)	806,676	256
Shares issued during the year	53	16,107,558	-	-	-	16,107,611
Shares redeemed during the year	-	(173,273)	-	-	-	(173,273)
Cancellation of share premium	-	(35,204,632)	-	-	35,204,632	-
Employee share based payments	-	-	-	2,041,862	-	2,041,862
At 31 December 2024	147	5,544,719	90	3,305,276	9,065,011	17,915,243

The notes on pages 4 to 15 form part of these financial statements.

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. General information

Theolytics Ltd is a private company limited by shares, registered in England and Wales. The Company's registered office is The Sherard Building, Edmund Halley Road, Oxford Science Park, Oxford, England, OX4 4DQ.

The financial statements cover the year from 1 January 2024 to 31 December 2024 (2023: 1 November 2023 to 31 December 2023).

Comparative information presented in the financial statements is therefore not entirely comparable.

2. Accounting Policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Going concern

Despite recording a loss of £8,727,309 during the year, the Company maintained a robust financial position with net assets amounting to £17,915,243 as of 31 December 2024. Subsequent to the period, the Company successfully concluded its latest fundraising round, with both new and existing investors committing funds exceeding the Company's anticipated expenditures for the next twelve months.

Following a comprehensive review of forecasts, the Directors are confident in the Company's ability to operate as a going concern.

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting Policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.6 Operating leases: the Company as lessee

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

2.7 Research and development

Expenditure on research and development is written off in the year which it is incurred.

Research and development tax credit

The research and development tax credit is recognised when it is certain that a tax credit in relation to the research and development carried out will be received.

2.8 Government grants

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

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting Policies (continued)

2.9 Pensions

Defined contribution pension plan

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

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

2.10 Share-based payments

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

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

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

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

2.11 Taxation

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

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

The Company receives research and development tax credits relating to ongoing expenditure on research and development. Tax credits are recognised to the extent that reliable estimates have been calculated by management and are pending HMRC approval.

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting Policies (continued)

2.12 Intangible assets

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

The estimated useful lives range as follows:

Patents - 10 years

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Lease improvements	- 5 years
Lab equipment	- 3-10 years
Office equipment	- 4 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Debtors

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

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting Policies (continued)

2.16 Cash and cash equivalents

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

2.17 Creditors

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

2.18 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the presentation and carrying amounts of assets and liabilities that are not readily apparent from other sources. The following are the critical judgements that the directors have made in the process of applying the company's accounting policies.

Fair value of share options granted

The assessment of the fair value of share options at their grant date is independently determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of underlying shares, the expected dividend yield, the risk free interest rate for the year of the option and the correlations and volatilities of the peer group companies.

There is significant judgement in determining the inputs such as expected volatility and share prices as the Company's shares are not publicly traded.

4. Employees

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

	2024 No.	2023 No.
Staff	<u>24</u>	<u>30</u>

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

5. Intangible assets

	Patents £
Cost	
At 1 January 2024	146,784
Additions - internal	77,575
At 31 December 2024	224,359
Amortisation	
At 1 January 2024	29,807
Charge for the year	18,477
At 31 December 2024	48,284
Net book value	
At 31 December 2024	176,075
At 31 December 2023	116,977

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

6. Tangible fixed assets

	Lease improvements £	Lab Equipment £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2024	30,115	729,103	21,464	80,087	860,769
Additions	408	61,301	1,498	9,335	72,542
Disposals	-	-	-	(2,745)	(2,745)
At 31 December 2024	30,523	790,404	22,962	86,677	930,566
Depreciation					
At 1 January 2024	13,306	397,012	10,872	49,071	470,261
Charge for the year	6,806	130,484	5,328	18,911	161,529
Disposals	-	-	-	(2,745)	(2,745)
At 31 December 2024	20,112	527,496	16,200	65,237	629,045
Net book value					
At 31 December 2024	10,411	262,908	6,762	21,440	301,521
At 31 December 2023	16,809	332,091	10,592	31,016	390,508

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	1
At 31 December 2024	1

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

8. Debtors

	Year ended 31 December 2024 £	Period ended 31 December 2023 £
Amounts owed by group undertakings	1,209	-
Other debtors	125,153	40,583
Prepayments and accrued income	635,801	669,465
Tax recoverable	1,129,642	1,663,086
	<u>1,891,805</u>	<u>2,373,134</u>

9. Cash and cash equivalents

	Year ended 31 December 2024 £	Period ended 31 December 2023 £
Cash at bank and in hand	17,134,516	7,678,945

10. Creditors: Amounts falling due within one year

	Year ended 31 December 2024 £	Period ended 31 December 2023 £
Trade creditors	627,011	764,717
Other taxation and social security	34,582	56,706
Other creditors	12,694	16,371
Accruals and deferred income	905,630	1,047,657
	<u>1,579,917</u>	<u>1,885,451</u>

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

11. Provisions

	Dilapidations £
At 1 January 2024	8,017
Charged to profit or loss	741
At 31 December 2024	8,758

The dilapidations provision is expected to be utilised in 2026.

12. Share capital

	Yeare ended 31 December 2024 £	Period ended 31 December 2023 £
Allotted, called up and fully paid		
24,300 (2023 - 24,300) Series A shares of £0.001 each	24	24
22,291 (2023 - 20,000) Ordinary shares of £0.001 each	22	20
84,942 (2023 - 31,199) Series A-1 shares of £0.001 each	85	32
16,064 (2023 - 16,064) Series A-2 shares of £0.001 each	16	16
	147	92

During the year 41,568 Series A-1 shares with a nominal value of £0.001 each were issued for a total consideration of £16,107,600.

During the year 2,291 Ordinary shares with a nominal value of £0.001 each were issued for a total consideration of £254.

During the year 11,265 warrants with a nominal value of £0.001 Series A-1 Shares were issued, which were exercised in the same year. A total consideration of £11 was paid in respect of the exercise of these warrants.

Series A Shares

Fixed cumulative cash preferential dividends, calculated at an annual rate of 6%, accrue on the Series A shares, but are only to become payable in the event of the Company carrying out an Exit (being a Share Sale, An Asset Sale or Initial Public Offering ("IPO")) or a Conversion of Series A shares in relation to an IPO. As a result, the shares are classed as a compound instrument. At 31 December 2024, the fair value of the dividend liability was assumed to be £nil (2023: £nil), due to the early stage of the Company and the consequent uncertainties at this stage as to whether the Company will enter into an Exit and the timing of this.

THEOLYTICS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

13. Reserves

Share premium account

During the year, the members approved the reduction of the Company's share capital by cancelling and extinguishing the entire share premium account of the Company as at 12 September 2024. Share premium cancelled totalled £35,204,632.

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

14. Share-based payments

The Company operates an EMI approved scheme and an unapproved option scheme for certain directors, consultants and employees. The share options are equity settled and are exercisable for Ordinary shares at prices determined at the date of grant.

The movements in the option arrangements during the year were as follows:

	Weighted average exercise price (pence) 2024	Number 2024	Weighted average exercise price (pence) Period ended 2023	Number Period ended 2023
Outstanding at the beginning of the year	0.1	7,479	1	7,155
Granted during the year	31.61	15,411	0.01	1,092
Forfeited during the year	1311.03	(1,904)	1	(768)
Exercised during the year	0.11	(2,291)	-	-
Outstanding at the end of the year	2,470.8	18,695	1	7,479

Options were priced using the Black Scholes option pricing model. Expected volatility was determined based on historic volatility of comparable companies.

The expected life of the expected period from grant to exercise is based upon management's best estimate.

The risk free return is the rate offered for UK gilt deposits at the time of the grant.

The Company recognised total expenses of £2,041,863 in the period (2023: £785,771), related to equity share based payment transactions.

	Year ended 31 December 2024	Period ended 31 December 2023
Option pricing model used	Black Scholes	Black Scholes
Weighted average share price (pence)	37,829	34,933
Exercise price (pence)	2471.80	0.1
Weighted average contractual life (days)	3,650	3,650
Expected volatility	92.9%	89.7%
Risk-free interest rate	3.8%	2.8%

THEOLYTICS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

15. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £100,150 (2023 - £88,746). Contributions totalling £12,694 (2023 - £16,371) were payable to the fund at the balance sheet date and are included in creditors.

16. Other financial commitments

There is a fixed charge over the deposit account of Theolytics Limited in respect of any current or future obligations associated with the business charge card.

17. Related party transactions

During the year, £5,000 (2023: £5,000) was paid to a company with significant influence over the Company for key management personnel services.

Also during the period, £474,470 (2023: £518,889) was paid to the same company for other services. The other services were conducted on an arm's length basis on normal trading terms.

There were no trading balances due at the year end (2023: Nil).

18. Post balance sheet events

On 3 January 2025, the Company issued 110 Series A-1 shares at £0.001 per share.

On 22 January 2025, the Company issued 34 ordinary shares at £19.375 per share.

On 28 April 2025, the Company issued 1,680 ordinary shares at £0.001 per share.

19. Controlling party

The directors of Theolytics Limited do not consider there to be any one ultimate controlling party.

20. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2024 was unqualified.

The audit report was signed on 30 May 2025 by Sue Staunton MA FCA CF (Senior statutory auditor) on behalf of James Cowper Kreston Audit.