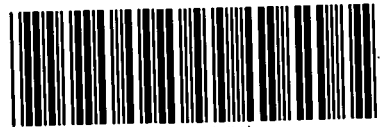


CN Bio Innovations Limited
Annual report and financial statements
for the year ended 31 December 2024

Registered number: 06517359

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CN Bio Innovations Limited

Annual report and financial statements 2024

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CN Bio Innovations Limited

Annual report and financial statements 2024

Company information

Directors

H H C Chong
M S H Coleman
M D C Scales
A Tse Po Shing
P R Brooks
T C Fung
W Yin
K L K Chow

Registered Office

332 Cambridge Science Park
Cambridge
CB4 0WN
United Kingdom

Bankers

HSBC
65 Cornmarket Street
Oxford,
OX1 3HY
United Kingdom

Solicitors

Covington
22 Bishopsgate
London
EC2N 4BQ
United Kingdom

Independent Auditor

Deloitte LLP
One Station Square
Cambridge
CB1 2GA
United Kingdom

CN Bio Innovations Limited

Directors' Report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2024.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Company has also taken advantage of the small companies' exemption from preparing a strategic report, with reference to the Part 15 of the Companies Act 2006/section 415A.

Principal Activities

The Company specialises in single and multi-organ micro physiological systems and innovative laboratory technologies to enhance the drug development journey. The Company manufactures and sells its PhysioMimix Platform alongside the provision of studies as a service and continues investing in research and development of new products and services.

Future Developments

The Company continues to expand its organ on a chip technology to further support adaption of the technology to improve the drug development lifecycle.

Going Concern

The directors have considered the going concern of the Company.

As the Company is in the early commercialisation stage it has recorded a loss for the year. During this stage of its lifecycle, and in common with companies of a similar nature, the Company forecasts significant revenue growth in the short term, whilst continuing to incur significant costs in the performance of research and development to progress additional products and services to market. To date the Company has met its funding requirements primarily through equity.

The Company has continued to successfully raise further equity funding with additional external capital investment of £12.2M in June 2024 and £4.3M in July 2024. The Directors have reviewed the latest cash flow forecasts for the 12-month period following the date of signing the financial statements. The Company undertakes regular reviews of forecasts and projections to ensure it has adequate resources for its continuing operations.

Based on the current business plan, the Company's cash and cash equivalents will be sufficient for the business until the first quarter of 2027, without the need for the implementation of any mitigating cost saving measures. To continue with the current business plan after this date, the Company expects additional funding is required. Formal agreements to this effect have not been finalised, but the Company has a track record of raising additional capital investment. The company can also amend its business plan accordingly if required, for example by raising external debt finance, or reducing expenditure.

Based on the above, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these financial statements, recognising that additional finance (debt or equity) or mitigating actions will need to be taken significantly outside the forecast period if the business is to continue its current business plan.

CN Bio Innovations Limited

Directors' Report

Directors

The directors, who served during the year, and up to the date of signing of the financial statements, were as follows:

H H C Chong
M S H Coleman
M D C Scales
A Tse Po Shing
A Xiong (Resigned 25 June 2024)
P R Brooks
T C Fung
Y Su (Appointed 4 June 2024, Resigned 31 March 2025)
W Yin (Appointed 24 June 2024)
K L K Chow (Appointed 31 March 2025)

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of approval of the financial statements.

CN Bio Innovations Limited

Directors' Report

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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 period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed; 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:


- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

Deloitte LLP have expressed their willingness to continue in office as auditor. Appropriate arrangements have been put in place for the appointment of auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



A Tse
Director
13 August 2025

Independent auditor's report to the members of CN Bio Innovations Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CN Bio Innovations Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of CN Bio Innovations Limited

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of CN Bio Innovations Limited

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- **Product revenue recognition cut-off:** The risk was identified due to the potential for manipulation, given the monetary value of each product sale, and the point-in-time nature of revenue recognition. To address this risk, we tested a sample focused on revenue recognised for products sold in close proximity to the year end, obtaining supporting evidence to ascertain whether the correct point of revenue recognition had been applied.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of CN Bio Innovations Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Adkins FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

Date 13 August 2025

CN Bio Innovations Limited

Profit and loss account

For the year ended 31 December 2024

	Note	2024 £	2023 £
Turnover	3	3,467,383	3,425,098
Cost of sales		(1,410,779)	(1,949,429)
Gross profit		<u>2,056,604</u>	<u>1,475,669</u>
Distribution costs		(2,425,134)	(2,251,986)
Administrative expenses		(3,480,622)	(2,647,837)
Research and Development costs		(2,753,114)	(1,913,760)
Other operating income	4	459,514	242,945
Operating loss	5	<u>(6,142,752)</u>	<u>(5,094,969)</u>
Net finance costs	6	(100,065)	(426,203)
Loss before taxation		<u>(6,242,817)</u>	<u>(5,521,172)</u>
Taxation	7	(89,805)	-
Loss for the financial year		<u><u>(6,332,622)</u></u>	<u><u>(5,521,172)</u></u>

There were no recognised gains or losses other than those shown above and accordingly no statement of comprehensive income is presented. All operations are from continuing activities.

CN Bio Innovations Limited

Balance sheet

As at 31 December 2024

	Note	2024 £	2023 £
Fixed assets			
Intangible assets	10	399,868	386,892
Tangible assets	11	732,046	724,431
Investments	12	-	100
		<u>1,131,914</u>	<u>1,111,423</u>
Current assets			
Stocks	13	806,360	560,144
Debtors	14	1,928,369	1,971,384
Cash at bank and in hand		9,961,406	650,669
		<u>12,696,135</u>	<u>3,182,197</u>
Creditors: Amounts falling due within one year	15	<u>(1,249,357)</u>	<u>(10,848,764)</u>
Net current assets/(liabilities)		<u>11,446,778</u>	<u>(7,666,567)</u>
Total assets less current liabilities		<u>12,578,692</u>	<u>(6,555,144)</u>
Provisions	16	(25,767)	(29,354)
Net assets/(liabilities)		<u>12,552,925</u>	<u>(6,584,498)</u>
Capital and reserves			
Called-up share capital	19	6,430	3,874
Share premium account	19	49,749,977	22,042,894
Convertible option reserve	18	-	2,239,594
Profit and loss account		<u>(37,203,482)</u>	<u>(30,870,860)</u>
Total Shareholders' funds/(deficit)		<u>12,552,925</u>	<u>(6,584,498)</u>

The financial statements on pages 9 to 27 (registered number 06517359) were approved by the board of directors and authorised for issue on 13 August 2025.

They were signed on its behalf by:



A Tse
Director

CN Bio Innovations Limited

Statement of changes in equity For the year ended 31 December 2024

	Note	Called-up share capital £	Share premium account £	Convertible option reserve £	Profit and loss account £	Total £
At 1 January 2023		3,874	22,042,894	1,808,970	(25,349,688)	(1,493,950)
Loss and total comprehensive expense for the financial year		-	-	-	(5,521,172)	(5,521,172)
Share issue	18	-	-	-	-	-
Convertible loan note	15	-	-	430,624	-	430,624
At 31 December 2023		3,874	22,042,894	2,239,594	(30,870,860)	(6,584,498)
Loss and total comprehensive expense for the financial year		-	-	-	(6,332,622)	(6,332,622)
Share issue	18	2,556	27,707,083	-	-	27,709,639
Convertible loan note	15	-	-	(2,239,594)	-	(2,239,594)
At 31 December 2024		6,430	49,749,977	-	(37,203,482)	12,552,925

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a. General information

CN Bio Innovations Limited (the "Company") is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on Page 1.

The Company specialises in single and multi-organ microphysiological systems and innovate lab technologies to enhance the drug development journey. The Company sells its PhysioMimix Platform alongside the provision of studies as a service and continues research & development.

b. Statement of Compliance

The financial statements have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and the Company Act 2006.

c. Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The functional currency of the Company is considered to be pounds sterling as this is the currency of the primary economic environment in which the Company operates.

d. Going concern

The financial statements have been prepared using the going concern basis of accounting.

As the Company is in the early commercialisation stage it has recorded a loss for the year. During this stage of its lifecycle, and in common with companies of a similar nature, the Company forecasts significant revenue growth in the short term, whilst continuing to incur significant costs in the performance of research and development to progress additional products and services to market. To date the Company has met its funding requirements primarily through equity.

The Company has continued to successfully raise further equity funding with additional external capital investment of £12.2M in June 2024 and £4.3M in July 2024. The Directors have reviewed the latest cash flow forecasts for the 12-month period following the date of signing the financial statements. The Company undertakes regular reviews of forecasts and projections to ensure it has adequate resources for its continuing operations.

Based on the current business plan, the Company's cash and cash equivalents will be sufficient for the business until the first quarter of 2027, without the need for the implementation of any mitigating cost saving measures. To continue with the current business plan after this date, the Company expects additional funding is required. Formal agreements to this effect have not been finalised, but the Company has a track record of raising additional capital investment. The company can also amend its business plan accordingly if required, for example by raising external debt finance, or reducing expenditure.

Based on the above, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these financial statements, recognising that additional finance (debt or equity) or mitigating actions will need to be taken significantly outside the forecast period if the business is to continue its current business plan.

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

1. Accounting policies (continued)

e. Intangible assets - patents and trademarks

Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

f. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line* basis over its expected useful life, as follows:

Leasehold Improvements	10 years useful life
Laboratory equipment	5 years useful life
Office equipment	5 years useful life
Computer equipment	3 years useful life
Leased assets	3 years useful life

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

g. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments in subsidiaries are measured at cost less impairment.

(ii) Equity instruments

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

1. Accounting policies (continued)

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iii) Convertible loan notes

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recognition the financial liability component is recorded at its fair value. At the date of issue, in the case of a convertible bond denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured.

Transaction costs are apportioned between the liability and equity components of the convertible instrument based on their relative fair values at the date of issue. The portion relating to the equity component is charged directly against equity. Where the financial liability component meets the criteria in (i) above, the finance costs of the financial liability are recognised over the term of the debt using the effective interest method. If those criteria are not met, the financial liability component is measured at fair value through profit or loss.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

h. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the average cost method. Provision is made for obsolete, slow-moving or defective items where appropriate.

i. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

1. Accounting policies (continued)

j. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax includes research and development tax credits which are calculated in accordance with the UK Research and Development Credit ("RDEC") scheme. Receipts under the RDEC scheme are presented within other operating income as they are similar in nature to grant income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

k. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

l. Interest receivable

Interest income is recognised in the income statement using the effective interest method.

m. Pensions

The Company operates a defined contribution scheme the contributions to which are recognised in the profit and loss account in the year in which they become payable.

n. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

o. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

p. Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised over the period in which the related costs are recognised.

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

1. Accounting policies (continued)

q. Provisions and warranties

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

r. Share-based payment

The Company issues equity-settled share options and cash-settled share appreciation rights to certain employees. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Employee option vesting is contingent upon exit events; therefore, share-based payment expense is recognised only when these events are considered probable at the balance sheet date. No expense has been recognised to date, as the exit event is considered remote by the directors. See note 17 for further details.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Recognition of Intangible Assets

Intangible assets include licences, intellectual property, patents and trademarks held by the Company. They are initially recognized at cost and subsequently measured at cost less accumulated amortization and impairment losses. There is a delay between the costs incurred in the submission of patent applications, and final patent being granted by the appropriate country. Intangible assets are recognised at the point of submission, on the basis that there is an expectation that the patent will be granted. In the remote event that a patent application was unsuccessful and not subsequently granted by the authority, the associated intangible asset would be de-recognised with an immediate impairment to nil value.

The Company reviews the useful lives of intangible assets at each reporting date. The estimation of useful lives involves significant judgment and is influenced by various factors, including technological obsolescence, market conditions, and changes in the industry. Any changes in the useful lives of intangible assets are accounted for prospectively.

Management believes that the assumptions used in estimating the useful lives and conducting impairment testing are reasonable based on the information available at the time of assessment. However, actual results may differ from these estimates due to changes in economic conditions and technological advancements.

(b) Impairment of Intangible assets

The Company tests intangible assets annually for impairment or more frequently if there are indications that asset values might be impaired. Having performed appropriate testing, no impairment has been identified and therefore no impairment loss has been recognised in 2024 (2023: £nil). Management has performed analysis based upon reasonable estimates in relation to key assumptions on continued external investment to deliver sustained revenue growth, and on-going investment in research and development to achieve positive cashflow over the forecast period.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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:

(a) Revenue Recognition on Contract Research

Revenue is recognised based upon the stage of completion of contract research and individual progress on scientific experiments associated with the customers contract, to the extent that it is probable that a significant reversal of cumulative revenue recognised will not occur. Standard practice is to receive a non-refundable payment in advance, representing 50% of the contract value, with the second 50% becoming payable upon delivery of the results of the contract research experiments and associated reports.

Revenue recognition for contract research involves the use of significant judgments and estimates. Key areas of estimation uncertainty include the stage of completion of the project and associated timing of performance obligations.

- The Company recognises accrued revenue when revenue recognised exceeds the amount billed in advance to the customer, and it is conditional on satisfying future performance obligations. The carrying amount of contract assets is reviewed regularly for impairment.
- Deferred revenue represent consideration received from customers before satisfying performance obligations. The Company recognises revenue in accordance with the stage of project completion and actual hours of work compared to budgeted hours in completion of the project.

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Management believes that the assumptions used in estimating revenue recognition are reasonable based on the information available at the time of assessment. However, actual results may differ due to changes in project performance, economic conditions, customer behaviour, and other factors.

3. Turnover

Sales by category

	2024 £	2023 £
Products	2,703,251	2,835,610
System Rentals	-	19,460
Support & Service	473,292	156,141
Contract Research Service	290,840	413,887
	<u>3,467,383</u>	<u>3,425,098</u>

Sales by geography

	2024 £	2023 £
USA	2,016,727	1,969,108
Rest of World	1,450,656	1,455,990
	<u>3,467,383</u>	<u>3,425,098</u>

4. Other Operating Income

	2024 £	2023 £
Government grants	139,646	49,735
R&D Tax Credit	319,868	193,210
	<u>459,514</u>	<u>242,945</u>

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

5. Operating loss

Operating loss is stated after charging/(crediting):

	2024	2023
	£	£
Depreciation of tangible fixed assets (see note 11)	190,650	177,372
Loss on disposal of fixed assets	42,299	-
Amortisation of intangible fixed assets (see note 10)	60,157	46,992
Research and development expenses	2,753,114	1,913,760
Operating lease rentals (note 20)	241,229	242,751
Foreign exchange (gain)/loss	(57,833)	24,191
Cost of stock recognised as an expense	991,731	948,857
	<u> </u>	<u> </u>

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

	2024	2023
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	90,625	45,073
	<u> </u>	<u> </u>

£nil was paid to the Company's auditors for non-audit services related to tax (2023 – £nil).

6. Net finance costs

	2024	2023
	£	£
Bank interest receivable	244,238	47,723
Convertible loan note interest payable	(260,167)	(473,926)
Short term loan interest payable	(84,136)	-
	<u> </u>	<u> </u>
	(100,065)	(426,203)
	<u> </u>	<u> </u>

7. Taxation

The tax credit comprises:

	2024	2023
	£	£
Current tax		
UK corporation tax charge	89,805	-
	<u> </u>	<u> </u>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax 25% (2023: 23.52%) to the loss before tax are explained as follows:

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

7. Taxation (continued)

	2024 £	2023 £
Loss before tax	<u>(6,242,817)</u>	<u>(5,521,172)</u>
Tax on loss at standard UK corporation tax rate of 25% (2023: 23.52%)	(1,560,704)	(1,298,609)
Effects of:		
Expenses not deductible for tax purposes	257,092	650
Remeasurement of deferred tax for changes in tax rates	-	(80,126)
R&D expenditure credits	(79,967)	10,660
Prior period adjustment to R&D	9,838	
Qualifying donations utilised	52	-
Deferred tax not recognised	1,267,578	1,353,988
Fixed assets differences	16,306	13,439
Total tax credit for year	<u>(89,805)</u>	<u>-</u>

Unrecognised Deferred Tax

There is an unrecognised deferred tax asset in relation to the trading losses carried forward of £8,462,933 (2023: £7,195,355). The unrecognised deferred tax asset would be recovered against future company taxable profit. In the opinion of the directors, there is insufficient evidence that the assets will be recovered as such the deferred tax asset has not been recognised in the financial statements. There is no expiry for these carried forward losses.

8. Staff Costs

Particulars of employees (including executive directors) are shown below:

	2024 £	2023 £
Employee costs during the year amount to:		
Wages and salaries	3,273,289	3,047,161
Social security costs	322,326	280,231
Cost of defined pension contributions	166,260	121,619
	<u>3,761,875</u>	<u>3,449,010</u>

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

8. Staff Costs (continued)

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2024 No.	2023 No.
Production	7	7
Sales & Marketing	8	8
Research & Development	24	19
Corporate and Administrative	10	9
	<u>49</u>	<u>43</u>

9. Directors Emoluments

The amounts set out in staff costs includes remuneration in respect of the executive directors as follows:

	2024 £	2023 £
Aggregate emoluments	220,000	190,806
Other pension costs	13,200	11,400
	<u>233,200</u>	<u>202,206</u>
	No.	No.
Number of directors accruing benefits under defined contribution pension schemes	<u>1</u>	<u>1</u>

1 Director (2023: 1) received emoluments directly from the Company for the amount of £233,200 (2023: £202,206) via payroll.

1 Director (2023: 1) directly received aggregate payments of £22,200 (2023: £19,112) – see note 23.

Fees for the services of 1 Director (2023:1) of £39,996 (2023: £40,906) were paid to a company of which that Director was also a Director - See note 23.

3 Directors (2023: 2) are also directors of fellow group companies and receive their remuneration directly from those companies, with no recharge being made. The directors do not believe that it is practicable to apportion their remuneration for services as directors of the Company and their services as directors of the other group companies.

3 Directors (2023:1) received no remuneration for services to the Company (2023: £nil).

In the year ended 31 December 2024 no director (2023: nil) made gains on the exercise of share options.

During the year, 1 Director (2023: 1) received pension benefits.

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

9. Directors Emoluments (continued)

The highest paid director's remuneration was as follows:	2024	2023
Director's emoluments	£ 220,000	£ 190,806
Other pension costs	13,200	11,400
	<u>233,200</u>	<u>202,206</u>

10. Intangible Assets

	Patents & Trademarks £
Cost	
At 1 January 2024	528,861
Additions	105,756
Disposal	<u>(36,168)</u>
At 31 December 2024	<u>598,449</u>
Accumulated amortisation	
At 1 January 2024	141,969
Charge for the year	60,157
Eliminated on disposal	<u>(3,545)</u>
At 31 December 2024	<u>198,581</u>
Net book value	
At 31 December 2024	<u>399,868</u>
At 31 December 2023	<u>386,892</u>

As of 31 December 2024, the Company had entered contractual obligations of £nil for the acquisition of intangible assets (2023: £19,662).

Amortisation of intangibles is charged to Administrative expenses within the income statement.

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

11. Tangible assets

	Leasehold improvements £	Laboratory equipment £	Office equipment £	Computer equipment £	Leased Assets £	Total £
Cost						
At 1 January 2024	701,616	609,764	78,395	69,639	48,470	1,507,884
Additions	-	160,031	38,178	9,733	-	207,942
Disposals	-	-	-	-	(48,470)	(48,470)
At 31 December 2024	<u>701,616</u>	<u>769,795</u>	<u>116,573</u>	<u>79,372</u>	<u>-</u>	<u>1,667,356</u>
Accumulated depreciation						
At 1 January 2024	224,613	414,010	58,259	56,786	29,785	783,453
Charge for the year	78,109	79,407	14,573	9,553	9,009	190,651
Disposals	-	-	-	-	(38,794)	(38,794)
At 31 December 2024	<u>302,722</u>	<u>493,417</u>	<u>72,832</u>	<u>66,339</u>	<u>-</u>	<u>935,310</u>
Net book value						
At 31 December 2024	<u>398,894</u>	<u>276,378</u>	<u>43,741</u>	<u>13,033</u>	<u>-</u>	<u>732,046</u>
At 31 December 2023	<u>477,003</u>	<u>195,754</u>	<u>20,136</u>	<u>12,853</u>	<u>18,685</u>	<u>724,431</u>

As of 31 December 2024, the Company had obligations of £17,740 for the acquisition of tangible assets (2023: £42,346).

Depreciation of tangible fixed assets is charged to Corporate and Administrative expenses within the income statement.

12. Investments

Subsidiary undertakings

	£
Cost and carrying value at 31 December 2023	100
Impairment in the year	(100)
Carrying value at 31 December 2024	<u>-</u>

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

12. Investments (continued)

The Company has investments in the following subsidiary undertaking.

	Registered office address	Holding	%
28 North Discovery Limited	332 Cambridge Science Park, Cambridge, CB4 0WN	Ordinary Shares	100

28 North Discovery Limited is incorporated in the United Kingdom. The principal activity of the company is research and development into drug discovery. During the year the business did not perform any active research. During the year the investment value relating to 28 North Discovery Limited was fully impaired due to the lack of activity and the intention to dissolve the company after the year end.

At the balance sheet date, a loan of £972,600 (2023: £926,286) was owed to the Company by its wholly owned subsidiary, 28 North Discovery Limited. In assessing the recoverability of the loan balance, the directors have reviewed the financial situation of 28 North Discovery Limited and have made estimations concerning the current value and future anticipated performance of that company. Based on these assessments, the directors have concluded that it is prudent to provide for the value of the loan, giving rise to a charge to the Profit and Loss Account of £46,314 (2023: £44,109) offsetting the interest receivable on the loan of the same amount.

13. Stocks

	2024	2023
	£	£
Raw materials and consumables	465,955	475,240
Finished goods	340,405	84,904
	<u>806,360</u>	<u>560,144</u>

A provision of £6,704 (2023: £22,800) has been made against stock for potential reworking.

14. Debtors

	2024	2023
	£	£
Trade debtors	1,051,142	1,317,534
Other debtors	198,942	89,625
R&D tax credit	422,328	290,365
Prepayments and accrued income	255,957	273,860
	<u>1,928,369</u>	<u>1,971,384</u>

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

15. Creditors: Amounts falling due within one year

	2024 £	2023 £
Trade creditors	349,572	780,505
Other taxation and social security	109,918	100,227
Other creditors	-	103
Accruals	420,327	849,174
Deferred Income	369,540	491,454
Convertible loan notes	-	8,627,301
	<u>1,249,357</u>	<u>10,848,764</u>

The Company has issued convertible loan notes during the year. In June 2024 with an effective date of 30 April 2024 all the Convertible loan notes were redeemed, with £11.05m converted into equity and the balance of £78k repaid to the loan note holder.

In accordance with the accounting policies described in note 1, these convertible loan notes have been recognised as a financial instrument with an element split between financial liabilities and equity within these financial statements.

16. Provisions

	£
At 1 January 2024	29,354
Additional provision in the year	25,767
Utilisation of provision	-
Release of provision	(29,354)
At 31 December 2024	<u>25,767</u>
Amounts falling due in one year	<u>25,767</u>
Amounts falling due after more than one year	<u>-</u>

The company provides warranties for certain products sold, under which the customer is entitled to repairs or replacement during the first 12 months after purchase. The provision for warranties is recognised at the time the product is sold, based on past experience of the level of repairs and returns and is adjusted for changes in estimates.

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

17. Share-Based Payments – Share Option Scheme

The company operates a share option scheme for its employees, under which options to purchase ordinary shares are granted. The scheme allows employees to acquire shares in the company at a predetermined price, subject to certain vesting conditions. These include sale or Asset Sale, interposition of a holding company and listing on stock exchange.

	2024 Options	2024 WAEP (£)	2023 Options	2023 WAEP (£)
Outstanding at the beginning of the year	31,964	72.99	19,964	59.88
Granted during the year	-	-	12,000	94.8
Exercised during the year	-	-	-	-
Expired during the year	188	65.00	-	-
Outstanding at year-end	<u>31,776</u>	<u>73.04</u>	<u>31,964</u>	<u>72.99</u>

18. Share Issue

On 21 July 2024 the company successfully raised £27,709,639 through the issuance of 255,663 new ordinary shares of £0.01 each (2023: nil). The raise included investment from both existing and new shareholders and included the conversion of 114,842 loan notes at an average cost of £96.21 per loan note and 140,821 shares purchased at £118.31 per share. Transaction fees totalling £219,758 were posted to profit and loss account.

19. Called up share capital

	2024 Shares	2023 Shares
Authorised, allotted, called-up and fully paid	<u>643,043</u>	<u>387,380</u>
	<u>643,043</u>	<u>387,380</u>

	2024 £	2023 £
Authorised, allotted, called-up and fully paid	<u>6,430</u>	<u>3,874</u>
	<u>6,430</u>	<u>3,874</u>

CN Bio Innovations Limited

Notes to the financial statements

For the year ended 31 December 2024

20. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2024 £	2023 £
- within one year	259,184	259,184
- between 2 and 5 years	945,457	1,036,734
- greater than 5 years	-	229,182
	<u>1,204,671</u>	<u>1,525,100</u>
Total Commitment	<u>1,204,671</u>	<u>1,525,100</u>

21. Employee benefits

Defined contribution schemes

The Company operates a defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2024 was £166,260 (2023: £121,619). The amount outstanding at the year-end was £nil (2023: £nil).

22. Related party transactions

During the year the Company paid £39,996 (2023 - £40,906) to MedInnovate Ltd, a company of which M S H Coleman is a director. At the year end, a balance of £3,333 was outstanding (2023 - £11,999). These payments were made in relation to services provided by M S H Coleman as a Director of CN Bio Innovations Ltd

During the year the Company paid £22,961 (2023 - £19,112) to David Scales. At the year end, a balance of £4,336 was outstanding (2023 - £5,885).

During the year the Company paid £6,364 (2023 - £nil) to T. C. Fung for sales and marketing related services to the business. This balance was outstanding at year end.

During the year the Company paid £nil (2023 - £6,468) to Zoltrix Material(Guangzhou) Ltd, a subsidiary of CN Innovations Holdings Limited. There was no outstanding balance at the year-end.

23. Ultimate controlling party

CN Innovations Holdings Limited (incorporated in Cayman Islands) having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, is regarded by the directors as being the ultimate controlling party of CN Bio Innovations Limited. The results of CN Bio Innovations Limited are not consolidated into any financial statements. The immediate parent company is CN Innovations Investments Limited, having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, VG1110, British Virgin Islands.