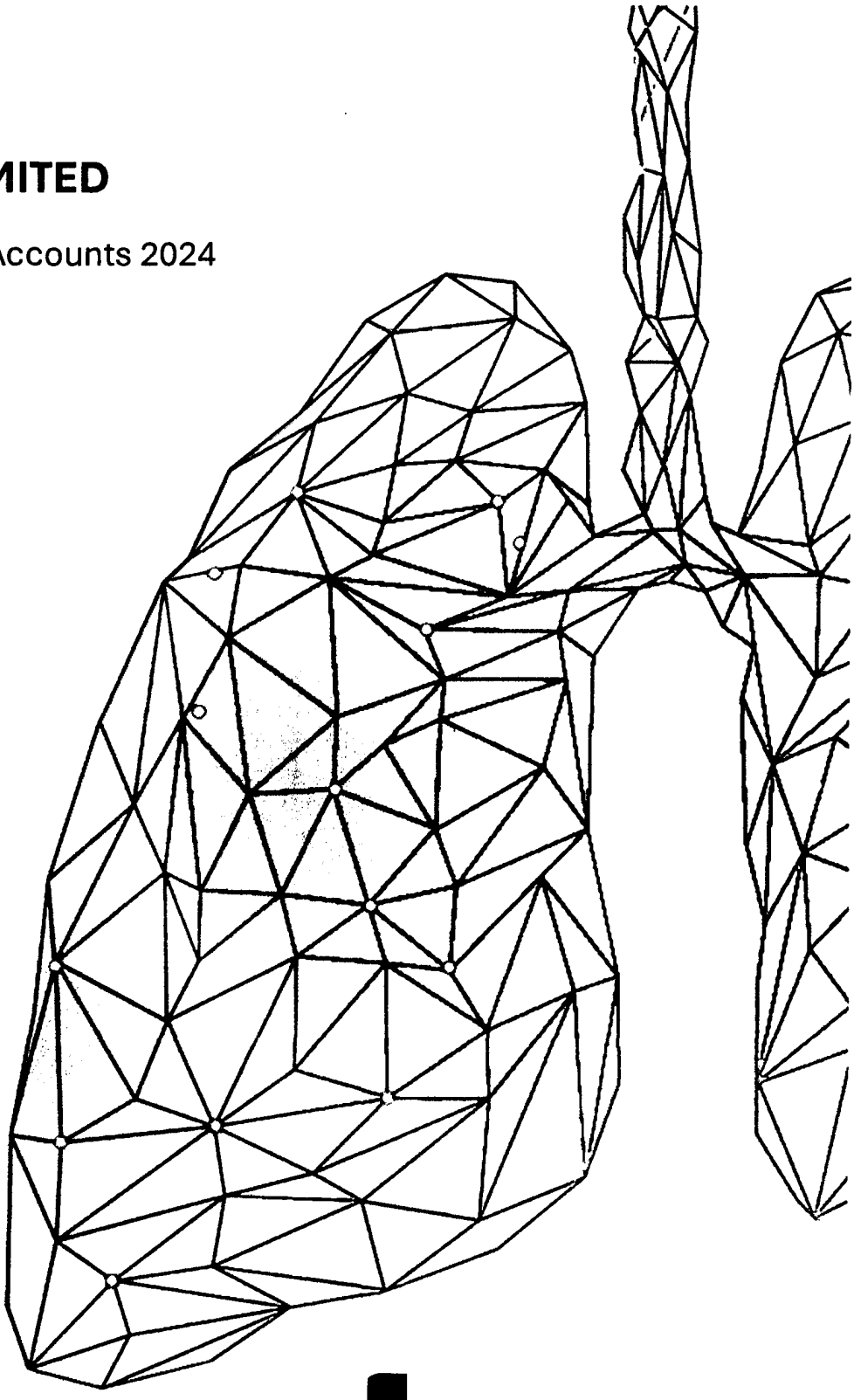
SYNAIRGEN LIMITED

Annual Report and Accounts 2024



synairgen

www.synairgen.com

Company number: 5233429

2024 Annual Report

Contents

Highlights (including post period-end)

Operational

During 2024 the Group progressed positively in three fundamental and value-generating areas:

- Finalised a comprehensive and focused strategic review of the future development of our lead asset, SNG001, a broad-spectrum lung-targeted antiviral.

- Research and development (R&D) activity successfully progressed to prepare for a large phase 2 trial of SNG001 (the INVENT trial) in patients with respiratory virus infection requiring invasive mechanical ventilation.

- At the end of the year, despite a very challenging environment in the capital markets, the Company launched a fundraise to progress the INVENT trial, which concluded successfully post period end in January 2025, raising £18 million of gross proceeds.

- The Company's admission of Ordinary Shares to trading on AIM was cancelled post period end on 9 April 2025.

Financial

- Prudent cost control continued to be applied across all operations

- Loss from operations for the year ended 31 December 2024 was £8.3 million (2023: £10.3 million loss)

- Cash and cash equivalents, and bank deposits of £4.6 million at 31 December 2024 (31 December 2023: £12.0 million)

Strategic Report

The directors present the Strategic Report for Synairgen Limited (formerly Synairgen plc) (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2024.

Mechanically ventilated patients: selecting the optimal setting for SNG001
At the start of 2024 the Company finalised its detailed review of the different clinical indications it could pursue to progress SNG001. Previous clinical trials have all produced positive signals, most notably the early Covid trials in hospitalised patients and the US Government's ACTIV-2 trial in non-hospitalised patients. The 600-patient SPRINTER phase 3 trial in hospitalised patients with Covid, although it missed its primary endpoint, also produced an encouraging signal, particularly in the sicker patients whose breathing was most compromised by the virus. The general theme across all of these trials is that the patients most adversely affected by the virus responded best to SNG001. Based on this foundational observation, and other factors, such as a significant unmet medical need, an attractive commercial potential, and a rational clinical trial size for delivering definitive efficacy data, the most logical indication to develop SNG001 was judged to be in patients with respiratory virus infection (RVI) requiring invasive mechanical ventilation (IMV). Moreover, SNG001 has proven to be well tolerated in over 750 patients, which is important given the step we are taking towards patients in intensive care.

Much of the supportive SNG001 data in severely ill patients has been generated in patients with Covid-19. Covid-19 remains a major problem and caused approximately 200,000 hospitalisations in the US in the last 12 months. However, many other viruses cause hospitalisations each year. The common cold and influenza viruses are generally more of an inconvenience and rarely cause critical illness, but they can be far from benign when they are the reason for a patient requiring mechanical ventilation. Indeed, mortality may be up to 45% in these patients. However, there is only one antiviral drug approved to treat mechanically ventilated patients; remdesivir for SARS-CoV-2 and only in the US, and which was approved without clear clinical data to support a mortality benefit. For patients on mechanical ventilation, there are no antivirals approved to treat other prevalent viruses including rhinovirus, RSV, other coronaviruses, influenza, and parainfluenza.

Approximately 2 million patients are hospitalised with a viral infection of the lung each year in the US. Unfortunately, 15% of these patients are either admitted straight to the intensive care unit (ICU) or deteriorate to the point where they are admitted to ICU from other wards. In the ICU approximately half can be managed with high low oxygen or non-invasive ventilation until they recover. For those who need a higher level of support mechanical ventilation is the main option. It is in these patients where mortality is the greatest, and where we believe SNG001 can be positioned for greatest impact.

Viruses, including all respiratory viruses being targeted by SNG001, target the immune system so that they can infect host cells and replicate. Whether by actions of the virus, or through host immune deficiencies, applying a stimulant of the immune system, such as SNG001 at the site of infection boosts or maintains the immune responses in the lungs as demonstrated in multiple trials following administration of SNG001 as an aerosol to the lungs.

INVENT: designing a definitive and complex phase 2 trial
INVENT will be conducted in over 60 sites in the UK, US, France, Spain, Netherlands and Belgium. It has three parts. The first is a placebo-controlled safety cohort of 12 patients: the design of which was optimised as a result of interactions with international regulatory agencies (which has occurred post-period end). Following the safety cohort, the main two parts of the trial constitute the placebo-controlled efficacy assessment designed to determine whether SNG001 can reduce mortality in these patients compared to standard of care. An interim analysis will be conducted when 250 patients have been treated. At this interim analysis, an independent data monitoring committee will assess the unblinded data to ensure SNG001 is reducing mortality by at least a pre-specified amount, and as is typical for such an analysis the data will not be disclosed including to the Group. If the target mortality reduction by SNG001 is not met the study will stop, whilst if it is achieved the trial will continue to recruit a further 300 patients to a total of 550 patients.

The mortality reduction target will be selected as the cut off for continuation at the interim analysis following a thorough assessment of clinical, commercial and trial feasibility factors.

The Company believes that the scale of the commercial opportunity is substantial. This is driven by the high mortality, the high expense of treating patients on a ventilator in an ICU, and the absence of antiviral drugs which have demonstrated a reduction in mortality in this setting. We therefore anticipate significant interest from global pharmaceutical companies because, assuming a positive signal at the interim analysis, SNG001 will be on track to provide a clinically meaningful reduction in mortality.

Close to year end, the Company announced the launch of a fundraise for up to £19m to progress SNG001 up to the interim analysis of the INVENT trial. In an extremely challenging environment, where many peer group companies were failing to secure funds for their programmes, we are very pleased to have secured the significant commitment from TFG Asset Management UK LLP (TFG) to commence the INVENT trial. As indicated above, the trial is very deliberately designed to definitively assess whether SNG001 can deliver on the potential we believe it has and therefore deliver value to all shareholders. We acknowledge this has been a dilutive event for minority shareholders. That said, there were no other options available to the Company that ensured definitive data would be generated in a population which is commercially viable. We thank our loyal shareholders for their patience and determination to ensure SNG001 has the best possible opportunity to demonstrate its potential to save lives.

In conjunction with the fundraising for the INVENT trial, there has been a significant change in the composition of the Board of Directors. Dr. Mark Parry-Billings was appointed Chairman, taking over from Simon Shaw who retired following the AGM. The Non-Executive Directors, Amanda Radford, Dr. Felicity Gabbay, Dr. Bruce Campbell and Prof. Stephen Holgate CBE, all stood down from the Board at the conclusion of the General Meeting held on the 16 January 2025 to approve the fundraising. Subsequently, the Company also appointed Martin Murphy and John Bradshaw as Non-Executive Directors. The Company welcomes the wealth of drug development, life sciences fundraising, and corporate governance experience that the new directors bring to the Board, and would like to take this opportunity to thank the outgoing directors for their significant contributions to the Group over many years.

Post period-end

- As noted above, a General Meeting was held on 16 January 2025 to approve the £18 million subscription by TFG, and to pass all resolutions as set out in the corresponding Circular dated 20 December 2024. The commitments from the Bookbuild, Open Offer and Director Subscriptions totalled £2.2 million, which did not exceed the Minimum Fundraising Condition of £2.9 million that was required to trigger a scaling back of the £18 million subscription from TFG.
- As a result of the fundraising detailed above, a General Meeting was held on 28 March 2025 to approve the cancellation of admission of ordinary shares to trading on AIM, and the adoption of new articles of association and re-registration as a private limited company.
- The Company subsequently reached an agreement with TFG to waive their rights to a Right of First Refusal and Permitted Transfers, as announced on 3 April 2025.
- In May 2025, the Company announced the admission of its Ordinary Shares to trading on Asset Match, an electronic off-market dealing facility, allowing existing Shareholders and new investors to trade Ordinary Shares by matching buyers and sellers through periodic auctions.
- On 1 July 2025, Richard Marsden stepped down as Chief Executive Officer, Company Director, and Board member. As part of the transition of leadership of the Group, Richard was retained as a part-time Board Advisor, and Joseph Colliver stepped up from Chief Financial Officer to the role of Chief Executive Officer.

Outlook

The Group is excited about the impact the INVENT trial, which if successful, could lead towards SNG001 becoming a potentially high impact therapeutic for critically-ill patients. The Group is working hard to operationalise a complex and global study, in an acute patient setting, and is collaborating with regulators in six jurisdictions and key delivery partners to commence the trial in the US, UK and the EU. Should the trial achieve its primary mortality endpoint, given the extent of the unmet clinical need, lack of treatment options, and the dimension of the addressable market, the commercial opportunity for SNG001 is significant.

Financial Review

The Financial Review should be read in conjunction with the consolidated financial statements of the Company and its subsidiaries (together the 'Group') and the notes thereto on pages 31 to 44. The consolidated financial statements are prepared in accordance with UK-adopted international accounting standards.

The financial statements of the Company, set out on pages 45 to 52, are prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.

Consolidated Statement of Comprehensive Income

The loss from operations for the year ended 31 December 2024 was £8.3 million (2023: £10.3 million loss) with R&D expenditure amounting to £5.6 million (2023: £6.5 million) and other administrative expenses of £2.7 million (2023: £3.8 million).

Expenditure on R&D activity decreased in 2024, continuing the trend from the prior year, as the Group focussed on refining plans for future clinical development.

Clinical trial expenditure predominantly related to INVENT feasibility and study start up.

Manufacturing activities also reduced significantly in the year, with spend focussed on the third-party laboratory testing (incorporating stability, comparison and release testing of drug product, qualification of new reference standards). All manufacturing costs were expensed to the income statement.

Expenditure on science (R&D) and quality departments have also reduced in line with diminished trial activity, whilst regulatory costs have remained flat.

Other administrative expenses totalled £2.7 million in 2024, which comprise all expenses which are not R&D expenditure and predominantly reflect staff costs and professional fees. This represents a decrease of £1.1 million on the prior year (2023: £3.8 million), due to cost saving initiatives implemented within administration, commercial, medical affairs and corporate communications.

Interest receivable decreased from £0.6 million to £0.4 million, as deposited amounts decreased during 2024.

The R&D tax credit decreased from £1.3 million to £1.1 million in line with reduced qualifying R&D expenditure. The credit equates to 20% of our 2024 R&D expenditure (2023: 20%).

The loss after tax for 2024 was £6.8 million (2023: £8.4 million loss) and the basic loss per share was 3.38p (2023: basic loss per share of 4.18p).

Consolidated Statement of Financial Position and Cash Flows

At 31 December 2024, net assets amounted to £6.3 million (2023: £12.7 million), including cash and deposit balances of £4.6 million (2023: £12.0 million cash and bank deposit balances).

The principal elements of the £7.5 million decrease during the year ended 31 December 2024 (2023: £7.7 million decrease) in cash and bank deposit balances were:

- Cash outflows from operations before changes in working capital: £7.9 million (2023: £9.4 million), with the reduction being attributable to the lower R&D administrative expenditure and as explained above;
- Changes in working capital: £50,000 outflow (2023: £1.2 million outflow), due to a reduction in trade and other payables of £20,000, and a £70,000 decrease in trade and other receivables;
- Interest received £0.4 million (2023: £0.6 million); and
- R&D tax credits received: £nil (2023: £2.4 million).

The other significant changes in the Statement of Financial Position were:

- Current tax receivable increased from £1.3 million to £2.4 million as a result of the £1.1 million R&D tax credit relating to 2024. The R&D tax credit relating to 2023 of £1.3m was received in February 2025.

Parent Company Balance Sheet
Company only impairment review of investment in subsidiary.
The Company performed an investment valuation and related impairment review of the carrying value of the Parent Company's investment in Synairgen Research Limited, performed in line with the requirements of IAS 36 'Impairment of Assets', which states that an asset should be valued at the higher of the value in use and fair value less cost to sell amount. As a result of this review, it has concluded that an impairment should be recognised, a non-cash charge of £21.7 million. It should be noted that this impairment review exercise is for accounting purposes; therefore, it does not seek to derive a market valuation for the Company or its programmes.

Determining the estimated recoverable amount of Synairgen Research Limited is judgmental in nature and requires the use of certain estimated inputs that represent key sources of estimation uncertainty, such as applying probability of success weightings when evaluating the value in use.

Further details can be found in Notes 2 and 4 of the Parent Company financial statements.

Key Performance Indicators (KPIs)
The Board considers that the most important KPIs during the year under review are non-financial and relate to the progress of non-clinical and clinical programmes, and the advancement of manufacturing activities, which are discussed elsewhere in this report.

The most important financial KPIs are the R&D expenditure on clinical trial and manufacturing activities, and the cash position of the Group. Cash and deposit balances reduced from £12.0 million to £4.6 million principally on account of the planned R&D expenditure. The financial results are discussed in the Financial Review above.

Section 172 statement
As required by section 172 of the Companies Act 2006, a director of a company must act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the:
a) Likely consequences of any decisions in the long-term;
b) Interests of the Group's employees;
c) Need to foster the Group's business relationships with suppliers, customers and others;
d) Impact of the Group's operations on the community and the environment;
e) Desirability of the Group maintaining a reputation for high standards of business conduct; and
f) Need to act fairly between members of the Company.

As a Board, its aim is always to uphold the highest standards of governance and business conduct, taking decisions in the interests of the long-term sustainable success of the Group, generating value for its shareholders and contributing to wider society. The Board recognises that the business can only grow and prosper over the long term by understanding the views and needs of its stakeholders. Engaging with stakeholders is key to ensuring the Board has informed discussions and factors stakeholder interests into decision-making.

The following table sets out the framework of its engagement with key stakeholder groups.

Our stakeholders	Material topics	How we engage
Investors The Group continues to consume cash resources and remains dependent upon securing funding through share issues. It is therefore critical that we have shareholders who will continue to invest in the Company over the longer term.	• Business strategy • Operational performance • Financial performance and cash requirements • Environmental, Social and Corporate Governance (ESG)	• Announcements • Website and social media updates • Meetings with investors • Interviews • Responses to direct investor questions
Employees Synairgen had an average of 34 employees (including executive directors) through the period, who are multi-skilled and many of them have worked for the Group for many years. They all play a key role in the business, and it is vital that they all understand and support the key decisions taken in the running of the business.	• Operational targets and progress • Opportunities to share ideas • Financial resources of the Group • Share price • Working time flexibility and working from home	• Regular company meetings (virtual and face-to-face) and a policy of open disclosure • Regular virtual and face to face team meetings • Open door policy to executive directors • Company intranet • Employee surveys • Use of share-based incentives for employees
University of Southampton Synairgen is a spin-out company from the University and still maintains many links with it, which benefits both parties. The University is Synairgen's landlord and certain intellectual property is licensed from it.	• Operating facilities • Intellectual property • Joint projects • Published papers	• Communication with Founders • Interaction on projects and clinical trials with scientists and clinicians

Our stakeholders	Material topics	How we engage
Suppliers We have a number of key long-term suppliers who play an important part in our development programs, and it is important that we understand their product/service development plans, and they understand our needs.	• Supplier product development plans • Our clinical trial, manufacturing and longer-term development needs	• Regular project meetings
Customers (licensees) Our customers are the large pharmaceutical and biotech companies who have the resources and infrastructure to take our products to market. It is therefore critical that we continue to interact with these companies at an early stage to make sure we are developing a product which they may wish to license.	• Program development plans, including clinical trial designs • Clinical trial read-outs • In-house and external competing products	• Regular meetings at key respiratory and anti-infective conferences (ATS, ERS, ECCMID and ID Week) and meetings during business development conferences
Community We aim to develop therapeutics which pharmaceutical companies can sell to the community and which governments will buy for stockpiling and it is therefore critical that there is an identified market need in the community.	• New therapeutics development • Involvement in clinical trials	• Interactions with government agencies • Interactions with clinicians and Key Opinion Leaders, including Advisory Boards • Patient data from clinical trials • Engagement with patient groups
Regulators We work in a highly regulated sector, and it is critical that we maintain full compliance with all appropriate regulations.	• Clinical trial approvals • Scientific advice for authorities on key development topics • Regulatory compliance	• Use of external consultants to ensure we comply with regulations • Interactions with Ethics Committees, MHRA, FDA, EMA and other regulatory agencies

Principal decisions in 2024
Synairgen has considered the decisions taken by the Board which will have an impact on the longer-term performance and prospects for the Group. The Board believes that three key decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders.

- The decision to pursue a Phase II clinical trial (the INVENT trial) in invasive mechanically ventilated patients.
- The decision to focus R&D resources to the INVENT trial, and to not participate in invitations to platform trials.
- The decision to conduct a fundraising to conduct the INVENT trial up to the interim analysis, on terms that: 1) should the Rule 9 Waiver Resolution be approved by Independent Shareholders; and 2) the Minimum Fundraising Condition not be met, the Ordinary Shares of the Company be cancelled from trading on AIM in early 2025.

Principal risks and uncertainties
In addition to the fact that the Group has only one drug candidate (SNG001), albeit with a number of potential indications, and is therefore dependent on there being a successful outcome to its development, the Board considers that the principal risks and uncertainties facing the Group may be summarised as follows:

Ability to design and deliver appropriate broad-spectrum clinical trials
The Group's strategy includes developing SNG001 as a broad-spectrum antiviral, in combination with the nebuliser device (a combination product), which will require a series of clinical trials, for which there is limited regulatory guidance or precedence. At the date of publication of this report, the Company is awaiting final regulatory approval for the INVENT trial from certain regulators.

Whilst there can be no guarantee at this stage that future trials will be approved by the regulatory agencies and that it will be possible to complete them, any risks are reduced by the fact that the studies are built upon the existing data on SNG001, the regulatory environment for antivirals, include input from regulatory and clinical development experts, as well as advice from key opinion leaders and potential investigators. Regulatory agency scientific advice will be sought for those studies that might be novel or form a key part of the regulatory pathway to an eventual marketing authorisation application.

Non-clinical testing and/or clinical trials fail to generate positive data
There is a high failure rate in the development of pharmaceutical products and there is a substantial risk of adverse, negative, undesirable, unintended or inconclusive results from non-clinical testing or clinical trials, which may substantially delay, halt entirely or make uneconomic any further development of SNG001 and may prevent or limit its commercial use. The INVENT trial specifically may fail due to conduct reasons (e.g. low viral infection rates in the targeted population, low mortality rates in the targeted population, placebo effects, or other factors).

The non-clinical and clinical trial data that have previously been generated, as well as other scientific evidence, supports the rationale for the proposed clinical trial. The clinical programme follows a logical development path with focussed initial studies providing data which can be used to appropriately design key regulatory studies to reduce risks of failure.

Clinical trials overrun
There are a number of factors which may lead to delays, including but not limited to: (i) delays to regulatory approvals; (ii) variations in labelling and other regulatory requirements between countries; (iii) dealing with protocol changes; and (iv) difficulty in finding suitable sites and patients, including competition for patients from competing clinical trials.

If any of the above circumstances or events occur, then delays may impact the clinical development programme timetable, which in turn may also have cost and/or ultimately commercial implications.

The Group seeks to mitigate these risks through ongoing risk assessment, close project management, thorough selection procedures of all key suppliers and clinical trial sites, and regular ongoing contact with sites and key vendors throughout trials.

The regulatory approval processes of the UK (MHRA), European (EMA), US (FDA) and other comparable regulatory agencies may be lengthy, time-consuming and unpredictable
The Group's future success is dependent upon its ability to develop successfully, obtain regulatory approval for, and then successfully commercialise SNG001, which it may do independently or in partnership with another pharmaceutical company. Even if SNG001 is successful in clinical trials, there can be no assurance it will receive regulatory approval at all or in a timely manner. A drug which has received approval in one territory may not succeed in getting approval in other territories and regulators in different jurisdictions may seek different criteria and endpoints in order for regulatory approval and marketing authorisations to be granted.

The Group takes the advice of specialist regulatory advisers and maintains an on-going dialogue with regulators.

Commercial risk
There can be no guarantee that the Group will succeed in securing and maintaining the necessary contractual relationships with commercialisation partners for its programmes under development. Even if programmes are successfully out-licensed and pharmaceutical products are brought to the market by a partner, there is no guarantee that such products will succeed in the marketplace.

There are a number of competing antiviral therapeutics at different stages of development
There are a number of competing therapeutics for antiviral applications at varying stages of development, which may be brought to market more quickly than SNG001 or prove to be more effective, desirable or cheaper. Some of the Group's competitors have substantially greater financial and other resources. There can therefore be no assurance that competitors will not succeed in developing products which would render SNG001 non-competitive.

Currently, antivirals in development are largely targeting the virus itself and are mainly specific to a single virus. Moreover, these programmes are not specifically targeting the mechanically ventilated patient population, which is the subject of the INVENT trial. The host-directed, virus agnostic mode of action of SNG001 means it has broader potential utility and fewer direct competitors. The large market for respiratory viral diseases, and potential for new viruses and variants, means there are likely to be opportunities for a number of products to be commercially available before any significant market saturation. The Group continuously monitors the competitive environment and medical need to appropriately target and refine the development and future commercial strategies.

Synairgen is dependent on a small team of key personnel and scientific and clinical collaborators
The Group's success is highly dependent on the expertise and experience of a small team of key personnel and scientific and clinical advisers/contractors. While the Group has entered into employment and other agreements with each of these key personnel, the retention of such personnel cannot be guaranteed. Should key personnel leave or no longer be party to agreements or collaborations with the Group, the Group's business prospects, financial condition and/or results of operations could be adversely affected.

To mitigate this risk, the Group contracted with certain key partners to provide services to the Group, including CRO services, regulatory affairs consultants and clinical management services.

Manufacturing complexity
SNG001 (beta Interferon-1a) is expressed as a recombinant protein using CHO cells. As a biological product the drug substance manufacturing process is well controlled to ensure product quality consistency. The purified drug substance is formulated and filled under sterile conditions to manufacture drug product.

Failure of a manufacturing batch due to process error or product quality may delay the timing for clinical resupply as well as deplete drug substance stocks.

Project risk is mitigated through the close involvement of experienced technical and scientific staff, combined with additional specialist consultants. This extends into careful selection and management of the drug product contract manufacturing organisations.

The Group is dependent on third party supply, manufacturing and clinical service relationships
In common with other drug developers of similar size, the Group engages the expertise and resources of third parties in a number of key areas including: (i) the conduct of clinical trials; (ii) the manufacture, scale-up, fill/finish, analytical testing and supply of SNG001; and (iii) the manufacture and supply of the nebuliser. Critical and complex aspects of the Group's business, including the future development and supply of the nebuliser device (integral to obtaining regulatory approval for a combination product) and ownership of the drug substance cell line, are therefore in the hands of third parties over whom the Group has limited control. The Group cannot guarantee that those third parties or their suppliers (including suppliers of raw materials and components necessary for manufacturing activities) will be able to perform their contractual and regulatory obligations satisfactorily or on time.

Default, delay, non-compliance with law and regulation or other sub-optimal performance by a third party may adversely affect the Group's business plans and prospects.

Regulatory requirements for pharmaceutical products tend to make the substitution of counterparties costly and time-consuming. Alternative suppliers may not be able to manufacture products effectively, on time or obtain the necessary manufacturing licences from applicable regulatory authorities.

The Group seeks to minimise risk by holding regular meetings with key suppliers and the use of internal staff, project managers and other consultants to manage the relationships.

Intellectual property
The commercial success of the Group depends on its ability to obtain protection in the US, Europe and elsewhere from (i) data exclusivity for biologics, (ii) registration of a combination product in partnership with our nebuliser manufacturer, (iii) patents, (iv) combined with the complexities of a biosimilar product demonstrating comparability for an inhaled product, to preserve the confidentiality of its know-how. There is no guarantee that applications for these various sources of protection will succeed or be broad enough to provide protection for the Group's know-how and intellectual property rights and exclude competitors with similar pharmaceutical products. The success of the Group is also dependent on non-infringement of patents, or other intellectual property rights, held by third parties. Competitors and third parties may hold intellectual property rights which the Group may not be able to license upon favourable terms, potentially inhibiting the Group's ability to develop and exploit its own products. Litigation may be necessary to protect the Group's intellectual property, which may result in substantial costs.

The Group seeks to reduce this risk by working with patent attorneys and other advisors to maximise in-market protection where appropriate, and by minimising disclosure to third parties.

Funding risk
The Group continues to consume cash resources. Until the Group generates positive net cash inflows from successful out-licensing transactions and commercialisation of its products, it remains dependent upon securing funding through the injection of equity capital or from collaborations with pharmaceutical companies. Funding will be required within 12 months from the date of approval of the financial statements, and additional funding will be required to complete the INVENT trial after the interim analysis. The Group may not be able to generate positive net cash flows in the future or attract such additional funding required on suitable terms, or at the time it is needed. In such circumstances, the Group's programmes may be delayed or cancelled and the business operations curtailed.

The Group seeks to reduce this risk through tight financial control, prioritising programmes which will generate the best returns, and keeping shareholders informed on progress.

Insurance risk
The Group may not be able to procure adequate insurance cover to enable it to continue its operations.

Cyber-attack or IT systems failure
The Group is at risk of cyber-attack or IT systems failure to it or its key suppliers, which may cause operational harm, including potential theft or loss of data.

The Group seeks to minimise this risk by retaining the services of external IT advisers, pursuing suitable back-up and security policies, and maintaining Cyber Essentials certification.

By order of the Board

DocuSigned by:
Mark Parry-Billings
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Mark Parry-Billings
Chairman
29 September 2025

Board of Directors

Directors of the Company at the year end

Richard Marsden
Chief Executive Officer (resigned 1 July 2025)
Richard Marsden joined Synairgen in a consulting role as General Manager in November 2003, was appointed to the Board as Managing Director in June 2004, and was appointed Chief Executive Officer in September 2009. Between 1998 and 2003 he worked as Projects Manager and Cystic Fibrosis Business Development Manager at Profile Therapeutics plc, where he managed the Cystic Fibrosis business and played a major role in the development of its proprietary pharmaceutical unit, Profile Pharma Limited. Prior to this, he worked for Zimmer Limited, Genentech (UK) Limited and Roche Products Limited.

Joseph Colliver
Chief Financial Officer (appointed Chief Executive Officer 1 July 2025)
Joseph Colliver joined Synairgen as a Chief Financial Officer in November 2023. Most recently, he has held executive and non-executive directorships of listed early-stage life sciences companies, where Joseph led financial reporting, M&A, strategy, and regulatory / corporate governance. Prior to this, Joseph spent ten years in senior leadership roles in the Kantar division of WPP PLC, including CFO at Kantar Futures, and Global Commercial Director of TNS, a multi-billion-dollar global market research agency. Joseph qualified as a chartered Accountant in the audit practice of Mazars LLP.

Dr Mark Parry-Billings
Executive Chairman (appointed Executive Chairman 1 July 2025)
Dr. Mark Parry-Billings joined Synairgen in October 2024 as Chairman of the Board of Directors. Mark is an accomplished international biotech and pharmaceutical executive with a successful track record of more than 30 years in leadership and senior R&D roles. Most recently, he served as Global Head of Drug Development at Chiesi. Prior to this, he served as CEO of Topigen Pharmaceuticals until its acquisition by Pharmaxis in 2010. Mark has deep expertise in respiratory therapeutics and drug delivery to the lungs, having led multiple novel assets from early stage through clinical development to market approval, with a primary focus on inhaled drug delivery.

Dr Bruce Campbell
Non-executive Director (resigned 16 January 2025)
Bruce Campbell joined Synairgen as a non-executive director in April 2006. He has more than 50 years of drug development experience and has developed many drugs in a wide range of indications which are now on the market. He currently acts as a consultant to various European companies. Formerly he was CSO at the IP Group, Senior VP of International Development at Neurocrine Biosciences, Inc. ('Neurocrine'). Prior to joining Neurocrine he worked for 27 years at Servier (United Kingdom), latterly as Scientific Director. In addition, he has also been a director and European Chairman of the Drug Information Association, and a member of the European ICH Safety Working.

Dr Felicity (Flic) Gabbay
Non-executive Director (resigned 16 January 2025)
Flic Gabbay joined Synairgen as a non-executive director in September 2022. She has extensive experience within the life sciences sector including holding several senior and CEO positions in big pharma, biotech and CROs in both Europe and North America. She is Founding and Senior Partner at TranScrip Ltd, a contract drug development CRO. Starting her career as a medical doctor, Flic held various medical research posts in Europe and the US before moving into the biotechnology sector. She is the current President of the Faculty of Pharmaceutical Medicine for the three Royal Colleges of Physicians, a Fellow of the Academy of Medical Sciences and an Honorary Fellow of the British Pharmacological Society.

Prof. Sir Stephen Holgate CBE
Non-executive Director (resigned 16 January 2025)
Stephen Holgate is a co-founder of Synairgen and was appointed a non-executive director in June 2003. After qualifying in Medicine at Charing Cross Hospital Medical School, London he has pursued an academic career leading to his appointment in 1987 to his current position as Medical Research Council Clinical Professor of Immunopharmacology at the University of Southampton. His research interests have been largely focused on the cellular and molecular mechanisms of asthma that has involved use of both epidemiological and genetic approaches. He has published over 1,300 papers in peer-reviewed literature. He is Trustee of the Natasha Allergy Research Foundation, Chair of The Kennedy Trust for Rheumatology Research and Member of the Natural Environment Research Council. He is Principal Investigator of the UKRI/Met Office Clean Air Strategic Priority Fund Champion grant and is Special Advisor to the RCP on air quality. He also serves on a number of Advisory Committees in industry and the Research Councils.

Amanda Radford
Non-executive Director (resigned 16 January 2025)
Amanda Radford joined Synairgen as a non-executive director in December 2022. She is currently Deputy CFO of BSI Group. She has previously held senior financial positions at companies including Convatec Group plc, Pets at Home Vet Group and TalkTalk Telecom Group. She is a Chartered Accountant.

Directors appointed post year end

Martin Murphy
Non-executive Director (appointed 16 January 2025)
Martin Murphy is a seasoned healthcare veteran with over 25 years of leadership experience in life sciences investment. Previously, Martin Murphy was co-founder of Syncona Limited, a FTSE 250 healthcare investment company, and CEO and Investment Committee Chair of Syncona Investment Management Limited. He now holds various Chair positions. Between 2005-2012, he served as a Managing Director of MVM Life Science Partners LLP. Martin holds a PhD from the University of Cambridge and an MA in Biochemistry from the University of Oxford.

John Bradshaw
Non-executive Director (appointed 1 May 2025)
John Bradshaw is a Chartered Accountant with more than 30 years post-qualification experience working at Board level in UK listed companies, venture capital backed companies and partnerships including Chair of Audit Committee for two AIM listed companies and Chief Financial Officer of Syncona Investment Management Limited, the investment manager of Syncona Limited, a FTSE250 healthcare investment company.

Directors' Report

The directors present their report and the audited financial statements for Synairgen Limited (formerly Synairgen plc) (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2024.

The review of future developments is covered in the Outlook section of the Strategic Report. Details of directors' remuneration can be found in Note 5, and share options in Note 17, to the Consolidated Financial Statements.

Re-registration

As proposed and passed at the general meeting of the Company's shareholder held on 28 March 2025, the Company re-registered as a private limited company (the 'Reregistration') with the name Synairgen Limited and adopted new articles of association with effect from the Reregistration. The Reregistration became effective on 19 May 2025.

Research and development

During the year ended 31 December 2024, the Group has invested £5,607,000 (2023: £6,531,000) in R&D activities and a review of this expenditure is included in the Strategic Report.

Going concern

The directors have adopted the going concern basis in preparing these accounts after assessing the Group and the Company's cash flow forecasts and principal risks.

Accounting standards require that the review period covers at least 12 months from the date of approval of the financial statements. In undertaking the going concern review, the directors have reviewed the Group and the Company's cash flow forecast to September 2026.

The directors have identified and assessed downside risks and mitigating actions in its review of the cash flow forecasts and have concluded that the Group and the Company require further funding to have adequate financing for the period ending 12 months from the date of approval of the financial statements.

The ability of the Group and the Company to raise further capital to extend the cash runway up to and beyond the going concern period is outside the control of the directors and therefore represents a material uncertainty regarding the Group and the Company's ability to continue as a going concern.

Furthermore, there is the possibility of a negative read-out at interim analysis. This is also a matter outside of the control of the directors and therefore represents an additional material uncertainty. These material uncertainties may cast significant doubt over the Group's and the Company's ability to continue as a going concern and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

Notwithstanding the existence of the material uncertainties, the directors believe that the adoption of the going concern basis of accounting is appropriate. The directors are assessing options to secure funding for the Group and the Company, including equity financing, and based on current plans the directors have an expectation that further funding will be obtained.

While the Group and the Company has successfully accessed equity financing in the past, there can be no assurance that it will be successful in doing so now or in the future. In the event that additional financing is not secured, the directors would need to consider the closure of the Group and the Company.

The accompanying financial statements do not include any adjustment that would be required if the Group and the Company was unable to continue as a going concern. Accordingly, the financial statements have been prepared on a basis that assumes the Group and the Company will continue as a going concern for at least 12 months from the date of approval of the financial statements.

Treasury policy and financial risk management

The Group's treasury and financial risk management policies are set out in Note 16 to the Consolidated Financial Statements on pages 39 to 41.

Dividends
The directors do not propose the payment of a dividend.

Directors

The directors of the Company during the year ended 31 December 2024 were:

Executive Directors

Name	Position	Appointment Date	Resignation Date
Richard Marsden (i)	Chief Executive Officer	16 September 2004	1 July 2025
Joseph Colliver (ii)	Chief Financial Officer	6 November 2023	
Dr Phillip Monk	Chief Scientific Officer	3 September 2009	6 September 2024

Non-executive Directors

Name		Appointment Date	Resignation Date
Dr Mark Parry-Billings (iii)	Chairman	10 October 2024	
Dr Bruce Campbell		11 April 2006	16 January 2025
Dr Felicity Gabbay		29 September 2022	16 January 2025
Prof. Stephen Holgate		16 September 2004	16 January 2025
Amanda Radford		30 November 2022	16 January 2025
Simon Shaw	Chairman	16 September 2004	11 October 2024

(i) Richard Marsden stood down from the role of Chief Executive Officer and as Company Director and Board member with effect from 1 July 2025. As part of the transition of leadership of the Company, Mr Marsden will be retained as a part-time Board Advisor to maintain continuity and to ensure his significant expertise in the field is secured for the Company.
(ii) Joseph Colliver, previously Chief Financial Officer, stepped up to the role of Chief Executive Officer from 1 July 2025.
(iii) Dr Mark Parry-Billings who joined Synairgen as Non-Executive Chairman in October 2024, transitioned on 1 July 2025 to the role of Executive Chairman, maintaining his leadership of the Board whilst leveraging his pharma and biotech R&D and business experience to further support the Company's core program.

Directors' interests in ordinary shares
The directors, who held office at 31 December 2024, had the following interests in the ordinary shares of the Company:

	At 31 December 2024 Number of shares	At 1 January 2024 Number of shares
Richard Marsden (i)	**995,771**	995,771
Joseph Colliver (ii)	**-**	-
Dr Bruce Campbell (iii), (vii)	**331,554**	331,554
Dr Felicity Gabbay (iv)	**-**	-
Prof. Sir Stephen Holgate (v), (vii)	**911,876**	911,876
Amanda Radford (vi)	**-**	-
Dr Mark Parry-Billings (viii)	**-**	-

(i) Richard Marsden's shareholding includes 184,821 shares held in his pension plan.
(ii) Joseph Colliver had no shareholding in the Company at his date of appointment (6 November 2023).
(iii) Dr Bruce Campbell's shareholding includes 41,388 shares owned by his wife, Susan Campbell.
(iv) Dr Felicity Gabbay had no shareholding in the Company at her date of appointment (29 September 2022).

(v) Prof. Sir Stephen Holgate's shareholding includes 2,950 shares owned by his wife, Elizabeth Holgate.
(vi) Amanda Radford had no shareholding in the Company at her date of appointment (1 December 2022).
(vii) Dr Bruce Campbell's and Prof. Sir Stephen Holgate's shareholdings at 1 January 2022 were re-stated to include their respective subscriptions to the 2020 Open Offer of 8,724 shares (inclusive of 1,089 shares by Mrs Campbell) and 24,945 shares (inclusive of 1,027 shares by Mrs Holgate) which were omitted in error from previous disclosures of shares held.
(viii) Dr Mark Parry-Billings had no shareholding in the Company at his date of appointment (10 October 2024).

Directors' and officers' liability insurance
Qualifying indemnity insurance cover has been arranged in respect of the personal liabilities which may be incurred by directors and officers of the Group during the course of their service with the Group. This insurance has been in place during the year and to the date of this report.

Auditors
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board

Signed by:
Simon Holden
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Simon Holden
Company Secretary
29 September 2025

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

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 financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Group and Company and of the profit or loss of the Group for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the Group financial statements have been prepared in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Signed by:
Simon Holden
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Simon Holden
Company Secretary
29 September 2025

Independent Auditor's Report to the Members of Synairgen Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Synairgen Limited (the ' Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern
We draw attention to Note 1 to the financial statements, which indicates that the Group's and the Company's ability to continue as a going concern is dependent on raising further capital to extend the cash runway beyond the going concern period, which is outside the control of the Directors. Furthermore, there is the possibility of a negative read-out at interim analysis of the INVENT trial, which is also a matter outside of the control of the Directors. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included the following:

- We obtained an understanding of the Directors' plans for future actions in relation to the going concern assessment and considered whether such plans were feasible in the circumstances.

- We considered the Group's and Company's past fundraising efforts and outcomes and reviewed the Director's assessment of funding sources included in the forecast.

- We assessed the Directors' method for evaluating going concern, including the relevance and reliability of the underlying data used. Where available, we agreed management's assumptions and estimates to third-party supporting documentation such as quotes, invoices, or contracts as well as benchmarking against publicly available data. Where discrepancies arose, we challenged management on key estimates and assumptions.

- We assessed the assumptions against the Group's and the Company's development plans and committed expenditure. We challenged the completeness of cost included, comparing them against our understanding of past clinical trials and estimated fundraising cost.

- We tested the arithmetic accuracy and logical consistency of management's forecasts.

- We reviewed the Directors' sensitivity analysis of the forecasts and performed our own stress testing assessed the reasonableness of key assumptions and estimates.

- We assessed the adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment.

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

Overview

Key audit matters		2024	2023
	Parent Company Assessment of carrying value of investments in subsidiaries	✓	✓
	Group and Parent Company Going concern	✓	✓
Materiality	*Group financial statements as a whole* £351,000 (2023: £390,000) based on 4% (2023: 4%) of loss before tax		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

In determining the components for the Group, we considered the following factors from our understanding of the Group's financial information systems in place:

- The financial reporting process
- The level of centralisation of information systems
- The commonality of internal controls
- The geographical locations of the components

As part of performing our Group audit, we have determined the components in scope as follows:

- Synairgen Limited (formerly Synairgen plc)
- Synairgen Research Limited
- Non-Trading Entities (Synairgen Inc and Synairgen Research (Ireland) Limited)

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures.

Procedures performed at the component level
We performed procedures to respond to group risks of material misstatement at the component level that included the following:

Component	Component Name	Entity	Group Audit Scope
1	Parent Entity	Synairgen Limited	Statutory audit and procedures on the entire financial information of the component.
2	Main Trading Entity	Synairgen Research Limited	Statutory audit and procedures on the entire financial information of the component.
3	Non-Trading Entities	Synairgen Inc and Synairgen Research (Ireland) Limited	Risk assessment procedures

Procedures performed centrally
The group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the assessment of the design and implementation of relevant IT general controls and IT application controls.

Locations
Synairgen Limited operates across multiple geographical locations, including the United Kingdom, Ireland, and the United States of America. However, all active operations are conducted from the United Kingdom location, with the entities in Ireland and the United States of America being non-trading or dormant.

Changes from the prior year
There are no significant changes in the Group audit scope from the prior year.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of investments in subsidiaries Refer to the accounting policies (pages 47 to 48) and Note 4 of the Company Financial Statements (pages 50 to 51) Cost of investment £122.7m (2023: £115.1m) Impairment provision £87.9m (2023: £66.2m) Net carrying value £34.9m (2023: £48.9m)	The Parent Company is a holding company. Its main investment is into a biopharmaceutical company focused on the development and commercialisation of a broad-spectrum inhaled antiviral for the treatment and prevention of severe viral lung infections in high-risk patient groups. The impairment assessment of the carrying value of investment in subsidiary requires significant judgement to determine an appropriate recoverable amount of the investment. Judgement is required, as the recoverable amount is determined by taking into consideration estimated future cash flows in relation to the development and commercialisation activities of Synairgen Research Limited. For these reasons we considered the carrying value and the related disclosures of the investment in subsidiary to be a key audit matter.	Our audit procedures included: • We assessed management's conclusion that an impairment indicator existed at the balance sheet date. • We obtained management's analysis of the recoverable amount for the subsidiary and tested whether the calculation of the recoverable amount was in line with accounting standards. • We involved our internal valuations expert to assess the appropriateness of the methodology applied as well as to support our assessment of certain inputs such as the discount rate. • We tested the arithmetic accuracy and integrity of the models used in the valuation by sample-checking the formula, assessed the reasonableness of the discount rates and reviewed the methodology applied versus our expectations. • For the 'go-it-alone' valuation model's key commercial assumptions, such as probability of successful development, projected market for therapeutic treatment, expected sales price and operating margin, we assessed the reasonableness by checking management's key assumptions against supporting evidence such as market research studies, pricing and benchmarking analysis; we challenged whether the supporting analysis is appropriate against other available market data and industry benchmarks. • For the valuation model's cashflows up to commercialisation, we assessed and challenged management's cash flow assumptions regarding future development costs necessary to be incurred for the drug candidate to reach a point of commercialisation against available third-party benchmark as well as costs previously incurred. • For the 'licencing' valuation model's key commercial assumptions such as royalty rate, we compared data used to supporting evidence such as market research and benchmarking analysis.

		• We assessed whether the disclosure in the Parent Company financial statements met with the requirements of the financial reporting framework and was consistent with management's assessment. **Key observations:** *Based on the procedures performed, we consider that the assumptions made by management in their impairment assessment and the related disclosures are not unreasonable.*

Our application of materiality
We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2024 £000	2023 £000	2024 £000	2023 £000
Materiality	351	390	333	195
Basis for determining materiality	4% of loss before taxation	4% of loss before taxation	3% of net assets capped at 95% of group materiality	3% of net assets capped at 95% of group materiality
Rationale for the benchmark applied	Loss before tax is considered to be one of the principal considerations for the users of the financial statements in assessing the financial performance of the Group.		The component materiality used is lower than the materiality we would otherwise have determined using a benchmark of 3% of net assets to ensure component materiality is below group materiality.	
Performance materiality	263	293	250	146
Basis and rationale for determining performance materiality	75% of Group materiality considering a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.		75% of materiality capped at 95% of group performance materiality.	

Component performance materiality
For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 90% and 95% of Group performance materiality dependent on a number of factors including size and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £237k to £250k.

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £14k (2023: £12k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The directors are responsible for the other information. The other information comprises the information included in the document entitled Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

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

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

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.

Extent to which the audit was 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:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and the Audit Committee; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be the applicable accounting framework, and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Assessing journal entries as part of our planned approach, with a particular focus on journal entries to key financial areas such as unusual journals to cash that could be indicative of asset misappropriation; and
- Considering significant management judgements, particularly in relation to the investment in Synairgen Research Limited as well as assumptions within the forecasts used for going concern assessment.

Based on our risk assessment, we considered the areas most susceptible to fraud to be impairment of investments in Synairgen Research Limited and management override.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criterion, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias including investment valuations (as set out in the key audit matters section of the report), R&D tax credits, valuation of share-based payments and estimates in the cashflow forecast relevant to the going concern assessment.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Alex Stansbury
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Alex Stansbury (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK
29 September 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Research and development expenditure		**(5,607)**	(6,531)
Other administrative expenses		**(2,717)**	(3,761)
Total administrative expenses and loss from operations		**(8,324)**	(10,292)
Finance income	6	**395**	635
Loss before tax		**(7,929)**	(9,657)
Tax	7	**1,118**	1,249
Loss and total comprehensive loss for the period attributable to equity holders of the parent		**(6,811)**	(8,408)
Loss per ordinary share			
Basic and diluted loss per share (pence)	8	**(3.38)p**	(4.18)p

Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

	Share capital £000 18a	Share premium £000 18b	Merger reserve £000 18c	Retained deficit £000 18d	Total £000
At 1 January 2023	2,014	125,245	483	(107,467)	20,275
Loss and total comprehensive loss for the year	-	-	-	(8,408)	(8,408)
Transactions with equity holders of the Group:					
Recognition of share-based payments	-	-	-	790	790
At 31 December 2023	2,014	125,245	483	(115,085)	12,657
Loss and total comprehensive loss for the year				(6,811)	(6,811)
Transactions with equity holders of the Group:					
Issue of ordinary shares	13	-	-	-	13
Recognition of share-based payments	-	-	-	419	419
At 31 December 2024	**2,027**	**125,245**	**483**	**(121,477)**	**6,278**

Consolidated Statement of Financial Position
as at 31 December 2024

	Note	2024 £000	2023 £000
Assets			
Non-current assets			
Intangible assets	9	**100**	102
Property, plant and equipment	10	**101**	26
		201	128
Current assets			
Current tax receivable	7	**2,367**	1,249
Trade and other receivables	12	**700**	828
Other financial assets – bank deposits	13	**-**	1,500
Cash and cash equivalents	14	**4,554**	10,516
		7,621	14,093
Total assets		**7,822**	14,221
Liabilities			
Current liabilities			
Trade and other payables	15	**(1,544)**	(1,564)
Total liabilities		**(1,544)**	(1,564)
Total net assets		**6,278**	12,657
Equity			
Capital and reserves attributable to equity holders of the parent			
Share capital	17	**2,027**	2,014
Share premium	17	**125,245**	125,245
Merger reserve	18	**483**	483
Retained deficit	18	**(121,477)**	(115,085)
Total equity		**6,278**	12,657

The financial statements on pages 27 to 44 were approved and authorised for issue by the Board of Directors on 29 September 2025 and signed on its behalf by:

DocuSigned by:
Joseph Colliver
ACCC2327F75246E...

Joseph Colliver
Chief Executive Officer

Consolidated Statement of Cash Flows
for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Loss before tax		**(7,929)**	(9,657)
Adjustments for:			
Finance income		**(395)**	(635)
Depreciation of property, plant and equipment		**19**	73
Amortisation of intangible fixed assets		**14**	11
Share-based payment charge		**419**	790
Cash flows from operations before changes in working capital		**(7,872)**	(9,418)
Decrease in trade and other receivables		**82**	473
(Decrease) in trade and other payables		**(20)**	(1,690)
Cash used in operations		**(7,810)**	(10,635)
Tax credit received		**-**	2,415
Net cash used in operating activities		**(7,810)**	(8,220)
Cash flows from investing activities			
Interest received		**441**	642
Purchase of intangible assets		**(12)**	(69)
Purchase of property, plant and equipment		**(94)**	(13)
Receipt of bank deposits		**-**	3,750
Cash paid for deposits		**1,500**	(1,500)
Net cash generated from/(used in) investing activities		**1,835**	(2,810)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**13**	-
Net cash generated from/(used in) financing activities		**13**	-
Decrease in cash and cash equivalents		**(5,962)**	(5,410)
Cash and cash equivalents at beginning of the year		**10,516**	15,926
Cash and cash equivalents at end of the year	14	**4,554**	10,516

Notes to the Consolidated Financial Statements
for the year ended 31 December 2024

1. Accounting policies

Basis of preparation
The Group financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical basis.

The accounting policies adopted are consistent with those of the previous financial year.

New standards, interpretations and amendments adopted from 1 January 2024
With effect from 1 January 2024, the Group adopted the amendments to existing standards set out below that are effective for an annual period that begins on or after 1 January 2024:

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The adoption of these amendments has not had a material impact on the disclosures or on the amounts reported in the Group's financial statements.

New standards, interpretations and amendments not yet effective
At the date of approval of these Group financial statements, the Group had not yet applied the following new and revised accounting standards, amendments and interpretations that have been issued by the IASB and have been adopted by the UK Endorsement Board (UKEB):

Effective 1 January 2025:
- Amendments to IAS 21 – Lack of Exchangeability

Effective 1 January 2026:
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The Group does not expect the adoption of these IFRS amendments to have a material impact on the Group in the current period or to have a material impact on future reporting periods and on foreseeable future transactions.

The Group financial statements are presented in Sterling.

Going concern
The directors have adopted the going concern basis in preparing these accounts after assessing the Group and the Company's cash flow forecasts and principal risks.

Accounting standards require that the review period covers at least 12 months from the date of approval of the financial statements. In undertaking the going concern review, the directors have reviewed the Group and the Company's cash flow forecast to September 2026.

The directors have identified and assessed downside risks and mitigating actions in its review of the cash flow forecasts and have concluded that the Group and the Company require further funding to have adequate financing for the period ending 12 months from the date of approval of the financial statements.

The ability of the Group and the Company to raise further capital to extend the cash runway up to and beyond the going concern period is outside the control of the directors and therefore represents a material uncertainty regarding the Group and the Company's ability to continue as a going concern.

1. Accounting policies (continued)

Furthermore, there is the possibility of a negative read-out at interim analysis. This is also a matter outside of the control of the directors and therefore represents an additional material uncertainty. These material uncertainties may cast significant doubt over the Group's and the Company's ability to continue as a going concern and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

Notwithstanding the existence of the material uncertainties, the directors believe that the adoption of the going concern basis of accounting is appropriate. The directors are assessing options to secure funding for the Group and the Company, including equity financing, and based on current plans the directors have an expectation that further funding will be obtained.

While the Group and the Company has successfully accessed equity financing in the past, there can be no assurance that it will be successful in doing so now or in the future. In the event that additional financing is not secured, the directors would need to consider the closure of the Group and the Company.

The accompanying financial statements do not include any adjustment that would be required if the Group and the Company was unable to continue as a going concern. Accordingly, the financial statements have been prepared on a basis that assumes the Group and the Company will continue as a going concern for at least 12 months from the date of approval of the financial statements.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (as detailed in Note 4 to the Parent Company Financial Statements on pages 50 to 51) made up to the reporting date. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The formation of the Group arose from merger accounting and as the business combination took place prior to 1 July 2006, the date of transition to IFRS, the transaction has not been restated as permitted by IFRS 1 "First-time Adoption of International Financial Reporting".

Research and development
All ongoing research expenditure is currently expensed in the period in which it is incurred.

Due to the regulatory and other uncertainties inherent in the development of the Group's products, the criteria for development costs to be recognised as an asset, as set out in IAS 38 "Intangible Assets", are not met until a product has been submitted for regulatory approval and it is probable that future economic benefit will flow to the Group. The Group currently has no such qualifying expenditure.

Employee benefits
All employee benefit costs, notably salaries, holiday pay, bonuses and contributions to personal defined contribution pension schemes are charged to the consolidated statement of comprehensive income on an accruals basis.

Share-based payments
Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where vested share options are exercised by the participants but settled by the Company net of shares withheld to meet the participant's tax and NIC liabilities ('net settlement'), the payment to meet such tax and NIC liabilities is treated as a deduction to equity to the extent that the payment equates to the settlement date fair value of the shares withheld, and in the consolidated statement of cash flows is included within cash flows from financing activities.

1. Accounting policies (continued)

Intangible assets
Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Patent costs are amortised over ten years on a straight-line basis and the amortisation cost is charged to R&D expenditure in the consolidated statement of comprehensive income.

Property, plant and equipment
Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write off the cost of property, plant and equipment less their estimated residual value over their expected useful lives, which are as follows:

Computer equipment:	3 years
Laboratory and clinical equipment:	5 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Inventories
Raw materials inventory purchased and associated processing/manufacturing costs, related to therapeutics produced for clinical trial purposes or commercial use ahead of regulatory approval, are expensed as incurred through R&D expenditure.

Where inventory manufacturers invoice in advance of the manufacturing activities, the invoice is recorded as a prepayment within trade and other receivables.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets
The Group classifies its financial assets as financial assets held at amortised cost.

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured at amortised cost comprise trade and other receivables, other financial assets and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities
The Group classifies its financial liabilities as financial liabilities held at amortised cost. Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

1. Accounting policies (continued)

Taxation
Income tax is recognised or provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date. R&D tax credits are included under current assets as current tax receivable. RDEC is included in other debtors.

Within the Comprehensive Statement of Income, R&D tax credits are accounted for as a tax credit; The gross RDEC value is accounted for as other income, with the applicable tax accounted as tax charge.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the reporting date except for differences arising on:

- Investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference could not reverse in the foreseeable future; and,
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Recognition of deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the temporary difference can be utilised. Deferred tax balances are not discounted.

2. Critical accounting estimates and judgements

Critical accounting estimates, assumptions and judgements are continually evaluated by management based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

The directors have prepared a detailed forecast that includes critical estimates on the timing of cash flows, as well as anticipated costs of the trial. A contingency has been included to offset any unforeseen expenditure or delays which is common in a clinical trial environment. Assuming successful financing in the next 12 months, sensitivity analysis suggests:

- Sufficient cash reserves are available to withstand delay to the IA readout for 4 months.
- The Group would retain sufficient cash reserves in 12 months if it experienced a 15% increase in variable trial costs and company overheads (excluding salaries).

Please note that the above sensitivities are calculated independently of each other and a combined scenario, although assessed, is not included above.

3. Segmental analysis

The Group operates in one area of activity, namely drug discovery and development. All assets of the Group are located within the United Kingdom.

4. Loss from operations

The loss from operations has been arrived at after (crediting)/charging:

	2024 £000	2023 £000
Other operating income - RDEC	-	(59)
Depreciation of property, plant and equipment	20	73
Amortisation of intangible assets	14	11
Short term lease rentals payable:		
Office and laboratory space	110	75
Other short term lease rentals	93	93

The fees for the Group's auditor, BDO LLP, for services provided are analysed below:

	2024 £000	2023 £000
Fees payable to the Company's auditor for the audit of the Group and Company financial statements	49	51
Fees payable to the Company's auditor for other services:		
The audit of the Company's UK subsidiary, pursuant to legislation	32	34
Audit-related assurance services	19	18
Total fees	100	103

5. Employee benefit expense

The average monthly number of employees (including executive directors) was:

	2024	2023
Research	26	23
Administration	8	10
	34	33

Their aggregate remuneration comprised:

	Note	2024 £000	2023 £000
Wages and salaries		2,857	2,974
Social security costs	(i)	336	329
Pension costs – defined contribution plans	(ii)	348	287
Total cash-settled remuneration		3,541	3,590
Accrued holiday pay		1	(3)
Share-based payment		419	790
Total remuneration	(iii)	3,961	4,377

Note

(i) Social security costs for 2023 comprise (a) a credit in respect of the Employer National Insurance accrual for LTIPs of £28,000 (2023: credit £48,000) and (b) a charge in respect of wages, salaries and other benefits of £364,000 (2023: charge £377,000).

(ii) This includes cash payments in lieu of pension plan contributions.

(iii) For the purpose of presentation in the consolidated statement of comprehensive income, remuneration costs of £2,839,000 (2023: £2,750,000) are included in R&D expenditure and £1,122,000 (2023: £1,627,000) are included in other administrative expenses.

5. Employee benefit expense (continued)

Key management compensation
The following costs were included in respect of key management personnel (i.e. the executive directors):

	Note	2024 £000	2023 £000
Salaries		**747**	768
Benefits		**6**	6
Pension costs – defined contribution plans	(i)	**65**	41
Share-based payment		**138**	156

(i) This includes payments in lieu of pension plan contributions.
(ii) The total gain on exercise of share options was £nil (2023: £nil).

Emoluments of highest paid director
Emoluments for the highest paid director were £329,000 (2023: £328,000).

6. Finance income and expense

Finance income represents bank interest receivable.

7. Taxation

Current tax

	2024 £000	2023 £000
UK corporation tax credit on loss for the year	**(1,118)**	(1,249)
Adjustment in respect of prior years	**-**	-
Total income tax credit	**(1,118)**	(1,249)

The tax assessed on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 25% (2023: 23.52%). The differences are reconciled below:

	2024 £000	2023 £000
Loss on ordinary activities before tax	**(7,929)**	(9,657)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	**(1,982)**	(2,271)
Effects of:		
Expenses not deductible for tax purposes	**154**	195
Enhanced research and development relief	**(892)**	(985)
Variable rates on tax losses surrendered for research and development tax credit	**810**	754
R&D expenditure credits	**-**	13
RDEC	**-**	(14)
Movement in unrecognised deferred tax	**793**	1,126
Remeasurement of deferred tax for changes in tax rates	**-**	(67)
Adjustment in respect of previous years	**-**	-
Foreign Tax - Other	**(1)**	-
Total tax credit for the current year	**(1,118)**	(1,249)

7. Taxation (continued)

Deferred taxation

Changes in tax rates and factors affecting the future tax charge

The Finance Act 2021 was substantively enacted in May 2021 and has increased corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Recognised deferred taxation

	2024	2023
	£000	£000
Accelerated capital allowances	**-**	6
Other temporary differences	**25**	(6)
Trading losses	**(25)**	-
Charge for the year	**-**	-

Unrecognised deferred taxation

At 31 December 2023, the Group has trading losses carried forward which are available for offset against future profits of the Group amounting to £73,568,413 (2023: £70,391,673) and non-trading losses of £3,910,264 (2023: £3,851,103). At 31 December 2024, the Group has an unrecognised deferred tax asset in respect of these losses of £19,344,860 (2023: £18,566,463). The full utilisation of these losses in the foreseeable future is uncertain and no deferred tax asset has therefore been recognised.

In addition to the deferred tax asset on losses, the Group has a potential future tax deduction on share options. The additional tax deduction will crystallise at the point the options are exercised. As the utilisation of this additional deduction against taxable profits in the Group is uncertain, no deferred tax asset has been recognised in respect of the future tax deduction on share options.

The movement on the unrecognised deferred tax asset comprises the following:

	2024	2023
	£000	£000
Unrecognised deferred tax asset at the start of the year	**(18,566)**	(17,744)
Movement in the year	**(779)**	(822)
Unrecognised deferred tax asset at the year-end	**(19,345)**	(18,566)

8. Loss per ordinary share

	2024	2023
Loss attributable to ordinary equity holders of the parent company (£000)	**(6,811)**	(8,408)
Weighted average number of ordinary shares in issue (000)	**201,596**	201,375
Basic and diluted loss per share (pence)	**(3.38)**	(4.18)

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic loss per share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore antidilutive under the terms of IAS 33.

9. Intangible assets

	Patent costs £000
Cost	
At 1 January 2024	336
Additions	12
At 31 December 2024	**348**
Amortisation	
At 1 January 2024	234
Charge for the year	14
At 31 December 2024	**248**
Net book amount	
At 31 December 2024	**100**
At 31 December 2023	102

At 31 December 2024 £100,000 (31 December 2023: £102,000) of the net book amount relates to interferon beta patent costs.

10. Property, plant and equipment

	Computer equipment £000	Laboratory and clinical equipment £000	Total £000
Cost			
At 1 January 2024	91	556	647
Additions	-	94	94
At 31 December 2024	**91**	**650**	**741**
Depreciation			
At 1 January 2024	75	546	621
Charge for the year	8	11	19
At 31 December 2024	**83**	**557**	**640**
Net book value			
At 31 December 2024	**8**	**93**	**101**
At 31 December 2023	16	10	26

11. Leases

During the year ended 31 December 2021, the Group had one lease with its landlord, the University of Southampton, which provides the Group with office space and access to laboratory equipment. A two-year lease was entered into with effect from 1 August 2019. From 1 August 2021 the Group has continued to make payments on the same basis pending renegotiation of the lease. Costs since 1 August 2021 are accounted for as a short-term lease, applying paragraph 6 of IFRS 16 (i.e. by not recognising a lease liability and corresponding right-of-use asset).

Analysis of lease expense	**2024 £000**	2023 £000
Short term lease expense	**203**	168
Charge to operating loss	**203**	168
Charge to loss before taxation	**203**	168

12. Trade and other receivables

	2024 £000	2023 £000
Amounts receivable within one year:		
Other tax and social security	**66**	154
Prepayments and accrued income	**515**	594
Other debtors	**119**	80
	700	828

13. Other financial assets – bank deposits

Amounts receivable within one year	2024 £000	2023 £000
Sterling fixed rate deposits of greater than three months maturity at inception	**-**	1,500

14. Cash and cash equivalents

	2024 £000	2023 £000
Cash at bank and in hand	**4,554**	10,516
Sterling fixed rate deposits of three months'- or less maturity at inception	**-**	-
	4,554	10,516

15. Trade and other payables

	2024 £000	2023 £000
Trade payables	**764**	592
Social security and other taxes	**118**	180
Accrued expenses and deferred income	**662**	792
	1,544	1,564

16. Financial instruments

	Note	2024 Book and fair value £000	2023 Book and fair value £000
Financial assets			
Amortised cost			
Trade and other receivables	(i)	**18**	138
Other financial assets – bank deposits (less than one year)		**-**	1,500
Cash and cash equivalents (less than one year)		**4,554**	10,516
Total		**4,572**	12,154
Financial liabilities			
Other financial liabilities			
Trade and other payables (less than one year)	(ii)	**1,426**	1,385
Total		**1,426**	1,385

(i) Trade and other receivables shown above excludes prepayments and other taxes, which are not a contractual right to receive cash, amounting to £682,000 (2023: £690,000).

(ii) Trade and other payables shown above excludes amounts due in respect of social security and other taxes, which are not a contractual obligation to pay cash, amounting to £118,000 (2023: £180,000).

16. Financial instruments (continued)

The objective of holding financial instruments is to have access to finance for the Group's operations and to manage related risks. The main risks arising from holding these instruments are interest rate risk, liquidity risk, credit risk and currency risk.

Interest rate risk
The Group's deposit balances are subject to the risk of fluctuating base rates. Interest rate risk profile of financial assets, excluding short-term debtors:

	Floating rate	**Fixed rate**	**2024 Total**	Floating rate	Fixed rate	2023 Total
	£000	**£000**	**£000**	£000	£000	£000
Euro	**5**	**-**	**5**	38	-	38
Sterling	**3,137**	**-**	**3,137**	10,460	1,500	11,960
US Dollar	**1,412**	**-**	**1,412**	18	-	18
	4,554	**-**	**4,554**	10,516	1,500	12,016

Sensitivity analysis
It is estimated that an increase of a quarter of one percentage point in interest rates would have decreased the Group's loss before taxation by approximately £21,000 (2023: £39,000).

Liquidity risk
The Group's policy is to maintain adequate cash resources to meet liabilities as they fall due. All Group payable balances as at 31 December 2024 and 31 December 2023 fall due for payment within one year. Cash balances are placed on deposit for varying periods with reputable banking institutions to ensure there is limited risk of capital loss. The Group does not maintain an overdraft facility.

Credit risk
The Group's credit risk is attributable to its banking deposits. The Group follows a risk-averse policy of treasury management. Sterling deposits are held with one or more approved UK-based financial institutions (HSBC UK Bank plc and National Westminster Bank Plc, which at 31 December 2024 had good short term credit ratings, being at least F1 for Fitch, P-1 for Moody's and A-1 for Standard and Poor's) and in the Institutional Cash Series plc Institutional Sterling Liquidity Fund managed by BlackRock Investment Management (UK) Limited (rated at 31 December 2024 as AAAmmf by Fitch, Aaa-mf by Moody's and AAAm by Standard and Poor's). The Group's primary treasury objective is to minimise exposure to potential capital losses while at the same time securing prevailing market rates. The Group seeks to lessen risk by placing its cash deposits with the three above institutions.

Currency risk
During the year under review, the Group was exposed to Euro and US Dollar currency movement as some of the manufacturing costs and clinical trial costs are denominated in these currencies. To naturally hedge against currency movement, the Group purchases these currencies in advance of payment due dates.

Capital structure and funding
The Group is funded by equity capital, reflecting the early-stage nature of its discovery and development programmes.

The Group considers its capital to be its total equity, which at 31 December 2024 amounted to £6.3 million (2023: £12.7 million). 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 to equity holders of the Company and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages this objective through tight control of its cash resources and, upon reaching significant drug development programme milestones (to decrease investment risk), by raising additional equity from shareholders to meet its forecast future cash requirements.

16. Financial instruments (continued)

Net funds held by the Group at 31 December 2024 amounted to £4.6 million (2023: £12.0 million) and comprised cash and cash equivalents as shown below:

					31 Dec
	2024	2023	2022	2021	2020
	£m	£m	£m	£m	£m
Short-term deposits	**-**	1.5	3.8	-	-
Cash and cash equivalents	**4.6**	10.5	15.9	33.8	75.0
Net funds	**4.6**	12.0	19.7	33.8	75.0

The Group did not have any bank borrowings as at 31 December 2024 (2023: £nil).

There have been ten significant issues of shares raising a total (net of costs) of £127.6 million, with the most recent two raising £97.9 million in March and October 2020. The other major sources of funding received by the Group from the formation of the business until 31 December 2024 have been revenues from licensing transactions of £9.3 million, R&D tax credits of £22.0 million, bank interest of £3.0million, and revenues from collaborative work of £0.8 million.

17. Share capital, share premium and share-based payment

	Note	Number of shares	Ordinary shares of 1p each £000	Share Premium £000	Total £000
At 1 January 2024		201,374,975	2,014	125,245	127,259
Issue of ordinary shares	(i)	1,285,722	13	-	13
At 31 December 2024		**202,660,697**	**2,027**	**125,245**	**127,272**

(i) 1,285,722 ordinary shares of 1p were issued on 30 October 2024 at par following the exercise of share options under the Company's LTIP.

At the Company's 2015 Annual General Meeting held on 22 June 2015 shareholders passed a special resolution removing the restriction on the Company's share capital and amending the articles of association of the Company so that the number of shares the Company can allot and issue became unlimited.

All issued shares are fully paid.

17. Share capital, share premium and share-based payment (continued)

Options

At 31 December 2024 there were options outstanding over 13,814,271 (2023: 18,940,446) un-issued ordinary shares, equivalent to 6.8% (2023: 9.4%) of the issued share capital, as follows:

Date of grant	Number of shares (i)	Exercise price	Earliest exercise date	Latest exercise date
5 April 2018 (LTIP)	2,137,169	1p	5 Apr 2021	4 Apr 2028
4 April 2019 (LTIP)	1,998,421	1p	4 Apr 2022	3 Apr 2029
5 July 2022 (LTIP) (ii)	3,828,841	1p	5 July 2025	4 July 2032
21 June 2023 (LTIP) (ii)	3,949,840	1p	21 June 2026	20 June 2033
14 November 2023 (LTIP) (ii)	1,900,000	1p	14 Nov 2026	13 Nov 2033
	13,814,271			

Notes:

(i) Net of lapsed options

(ii) These awards are subject to two conditions. Firstly, awards will only vest to the extent that the percentage increase in the total shareholder return ('TSR', being the return earned by a shareholder over the performance period in terms of change in the share price and assuming re-investment of any dividends in more shares at the prevailing price on the relevant ex-dividend rate) of the Company over the three year performance period is equal or greater than the percentage increase in the techMARK Mediscience™ Index over the same period. Secondly, no award will vest unless the average annual growth in the TSR of the Company over the performance period is equal to or greater than RPI plus 2% or, for more than 75% of an award to vest, annual average TSR must exceed RPI by at least 5% rather than 2%. The LTIP awards made from 2022 until the end of 2023 are currently below vesting performance conditions.

The Group has no legal or constructive obligation to repurchase or settle the options in cash. The movement in the number of share options is set out below:

	Number	**2024 Weighted average exercise price**	Number	2023 Weighted average exercise price
Outstanding at start of year	**18,940,446**	**1p**	14,450,882	1p
Granted during the year	**-**	**1p**	8,032,718	1p
Exercised during the year	**(1,285,722)**	**1p**	-	1p
Lapsed during the year	**(3,840,453)**	**1p**	(3,543,154)	1p
Number of outstanding options at year-end	**13,814,271**	**1p**	18,940,446	1p

17. Share capital, share premium and share-based payment (continued)

At 31 December 2024, 4,135,590 share options were capable of being exercised, with an exercise price of 1p (2023: 5,421,312, with an exercise price of 1p). The options outstanding at 31 December 2024 had a weighted average remaining contractual life of 6.5 years (2023: 7.6 years).

The Group uses a number of share-based incentive schemes as detailed above. Vesting conditions are also detailed above. The fair value per award granted and the assumptions are as follows:

Date of grant	Type of award	Number of shares	Exercise price (p)	Share price at date of grant (p)	Fair value per option (p)	Award life (years)	Risk free rate	Expected volatility rate	Performance conditions
5 Apr 2018	LTIP (i)	2,137,169	1p	13.0p	7.5p	3	0.90%	56%	Market
4 Apr 2019	LTIP (i)	1,998,421	1p	12.5p	6.2p	3	0.70%	59%	Market
5 Jul 2022	LTIP (i)	3,828,841	1p	29.0p	26.1p	3	1.64%	177%	Market
21 Jun 2023	LTIP (i)	3,949,840	1p	7.5p	6.2p	3	4.93%	171%	Market
14 Nov 2023	LTIP (i)	1,900,000	1p	6.5p	5.5p	3	4.20%	145%	Market
		13,814,271							

The Company has applied IFRS 2 to all the above share-based payments and the following comments apply to these options:

(i) Stochastic valuation methodology was used for these awards.

(ii) Expected dividend yield is nil, consistent with the directors' view that the Group's model is to generate value through capital growth rather than payment of dividends.

(iii) The risk-free rate is equal to the prevailing UK Gilts rate at grant date that most closely matches the expected term of the grant.

(iv) Volatility for the grants made in 2018 and 2019 was calculated by reviewing share price movement over the period of three years prior to grant, excluding any large share price movements (as these were not considered to be representative of future expectations of volatility).

(v) The charge for the year ended 31 December 2024 for share-based payment amounted to £419,000 (2023: £790,000).

18. Capital and reserves

18a Share capital
Share capital represents the nominal value of shares issued.

18b Share premium
Share premium represents amounts subscribed for share capital in excess of nominal value less the related costs of share issues.

18c Merger reserve
The merger reserve represents the reserve arising on the acquisition of Synairgen Research Limited on 11 October 2004 via a share for share exchange accounted for as a Group reconstruction using merger accounting under UK GAAP.

18d Retained deficit
The retained deficit represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income, adjusted for cumulative recognised share-based payments.

19. Related party transactions and balances

A list of the Company's subsidiaries is shown in Note 4 to the Parent Company Financial Statements.

20. Other commitments

At 31 December 2024 the Group had entered into non-cancellable purchase commitments amounting to £0.5 million (2023: £0.1 million) in respect of manufacturing-related activities.

21. Events after the reporting date

On 17 January 2025, TFG Asset Management UK LLP invested £18.0m to acquire 900m shares, this took their holding from 58m ordinary shares (28.8%) to 958m ordinary shares (86.9%), resulting in them becoming the ultimate controlling party.

The Company's admission of Ordinary Shares to trading on AIM was cancelled on 9 April 2025.

The Company's name was changed from Synairgen plc to Synairgen Limited on 19 May 2025.

The directors have received correspondence from certain shareholders, in which some raise concerns around the 17 January 2025 fundraising. No legal proceedings have been formally issued. The Company does not currently anticipate that these complaints will have a material adverse effect on its business, operations, or financial condition.

As at the time of signing there are no adjusting post balance sheet events.

Parent Company Balance Sheet
as at 31 December 2024

Company number: 5233429

	Note	2024 £000	2023 £000
Fixed assets			
Investments	4	**34,900**	48,902
Current assets			
Debtors	5	**337**	252
Other financial assets – bank deposits		**-**	1,500
Cash at bank and in hand	6	**4,349**	10,283
		4,686	12,035
Creditors: amounts falling due within one year	7	**(244)**	(114)
Net current assets		**4,442**	11,921
Total assets less current liabilities		**39,342**	60,823
Capital and reserves			
Called up share capital		**2,027**	2,014
Share premium account		**125,245**	125,245
Retained deficit		**(87,930)**	(66,436)
Shareholders' funds		**39,342**	60,823

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's loss for the year ended 31 December 2024 was £21,913,000 (2023: profit of £18,000).

The financial statements on pages 45 to 52 were approved and authorised for issue by the Board of directors on 29 September 2025 and signed on its behalf by:

DocuSigned by:
Joseph Colliver
ACCC2327F75246E...

Joseph Colliver
Chief Executive Officer

Parent Company Statement of Changes in Equity
for the year ended 31 December 2024

	Share capital	Share premium account	Retained deficit	Shareholders' funds
	£000	£000	£000	£000
At 1 January 2023	2,014	125,245	(67,244)	60,015
Loss for the year and total comprehensive loss	-	-	18	18
Transactions with equity holders of the Company				
Issue of ordinary shares	-	-	-	-
Share-based payment credit	-	-	790	790
At 31 December 2023	2,014	125,245	(66,436)	60,823
Profit for the year and total comprehensive profit	-	-	(21,913)	(21,913)
Transactions with equity holders of the Company				
Issue of ordinary shares	13	-	-	13
Share-based payment credit	-	-	419	419
At 31 December 2024	**2,027**	**125,245**	**(87,930)**	**39,342**

Notes to the Parent Company Financial Statements
for the year ended 31 December 2024

1. Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

Disclosure exemptions adopted
In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by international accounting standards in conformity with the Companies Act 2006;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and,
- disclosures of related party transactions with other wholly owned members of the Synairgen plc group of companies.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- share-based payments; or
- financial instruments.

Going Concern
The directors have adopted the going concern basis in preparing these accounts after assessing the Company's cash flow forecasts and principal risks.

Accounting standards require that the review period covers at least 12 months from the date of approval of the financial statements. In undertaking the going concern review, the directors have reviewed the Company's cash flow forecast to September 2026.

The directors have identified and assessed downside risks and mitigating actions in its review of the cash flow forecasts and have concluded that the Company requires further funding to have adequate financing for the period ending 12 months from the date of approval of the financial statements.

The ability of the Company to raise further capital to extend the cash runway up to and beyond the going concern period is outside the control of the directors and therefore represents a material uncertainty regarding the Company's ability to continue as a going concern.

Furthermore, there is the possibility of a negative read-out at interim analysis. This is also a matter outside of the control of the directors and therefore represents an additional material uncertainty. These material uncertainties may cast significant doubt over the Company's ability to continue as a going concern and therefore, the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

Notwithstanding the existence of the material uncertainties, the directors believe that the adoption of the going concern basis of accounting is appropriate. The directors are assessing options to secure funding for the Company, including equity financing, and based on current plans the directors have an expectation that further funding will be obtained.

While the Company has successfully accessed equity financing in the past, there can be no assurance that it will be successful in doing so now or in the future. In the event that additional financing is not secured, the directors would need to consider the closure of the Company.

1. Accounting policies (continued)

The accompanying financial statements do not include any adjustment that would be required if the Company was unable to continue as a going concern. Accordingly, the financial statements have been prepared on a basis that assumes the Company will continue as a going concern for at least 12 months from the date of approval of the financial statements.

Principal accounting policies
The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented.

Investments in subsidiary undertakings
Investments in subsidiary undertakings where the Company has control are stated at cost less any provision for impairment.

Financial instruments
Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets
The Company classifies its financial assets as financial assets held at amortised cost.

These assets incorporate types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company's financial assets measured at amortised cost comprise debtors and cash and cash equivalents in the balance sheet. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities
The Company classifies its financial liabilities as financial liabilities held at amortised cost. Trade creditors are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Share-based payments
When the Company grants options over equity instruments directly to the employees of a subsidiary undertaking, the effect of the share-based payment is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity.

Taxation
The charge for taxation is based on the loss for the period and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Share capital
The Company's ordinary shares are classified as equity instruments. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

2. Critical accounting estimates and judgements

Critical accounting estimates, assumptions and judgements are continually evaluated by management based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

A key area of estimation uncertainty that has the most significant effect on the amounts recognised in the financial statements are the assumptions when determining the impairment of investment carrying values. Refer to Note 4 – Investments, for details, including sensitivity analysis.

The Company holds a significant investment in its subsidiary, Synairgen Research Limited, of £34.9 million (2023: £48.9 million).

An assessment was made in respect of indicators of impairment in the carrying value of the Company's investments in subsidiaries as at 31 December 2024. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. The assessment of the recoverable amount of investments in subsidiaries involves a number of significant judgements regarding the principal risks detailed in the Strategic Report and specifically the likelihood of successful product approval, the costs of reaching approval, the estimated useful life of a therapeutic product following commercialisation and the subsequent commercial profitability of the product once approved.

The Company performed an assessment of the recoverable amount of the investment in Synairgen Research Limited at 31 December 2024. The recoverable amount was determined with reference to IAS 36 methodology by assessing the value in use of the investments based on discounted cash flows.

The Company concluded that the value in use was less than the carrying value at 31 December 2024, and therefore the investment was impaired by £21.7 million (2023: nil impairment).

3. Profit and loss account

The only employees of the Company during 2024 and 2023 were the executive directors. Their aggregate remuneration, which is borne by the Company's subsidiary undertaking Synairgen Research Limited, comprised:

	Notes	**2024 £000**	2023 £000
Wages and salaries		**747**	754
Social security costs	(i)	**79**	63
Pension costs – defined contribution plans	(ii)	**65**	57
Total cash-settled remuneration		**891**	874
Accrued holiday pay		**(1)**	(18)
Share-based payment		**138**	156
Total remuneration		**1,028**	1,012

(i) The social security charge for 2024 comprises (a) a credit in respect of the Employer National Insurance accrual for LTIPs of £19,000 (2023: credit £36,000); and (b) a charge in respect of wages, salaries and other benefits of £98,000 (2023: charge £99,000).

(ii) This includes cash payments in lieu of pension plan contributions.

In respect of directors' remuneration, the disclosures required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are included in the detailed disclosures in Note 5 to the Consolidated Financial Statements on pages 35 to 36.

Auditor's remuneration is disclosed in Note 4 to the Consolidated Financial Statements on page 35.

4. Investments

	Investment in subsidiary undertakings £000	Capital contribution £000	Total £000
At 1 January 2024	140	48,762	48,902
Capital contribution for the year	-	7,249	7,249
Subsidiary share-based payment	-	419	419
Impairment	-	(21,670)	(21,670)
At 31 December 2024	**140**	**34,760**	**34,900**

The Company performed an assessment of the recoverable amount of the investment in Synairgen Research Limited at 31 December 2024.

The recoverable amount was determined with reference to IAS 36 methodology by assessing the value in use of the investments based on discounted cash flows. The Company concluded that the value in use was less than the carrying value at 31 December 2024, and therefore the investment was impaired by £21,670,000 (2023: nil impairment).

In undertaking the impairment review, the Company has considered both external and internal sources of information, and any observable indications that may suggest that the carrying value of Synairgen Research Limited may be impaired. Future cash flows are determined using Board-approved projections, based on the current strategy being pursued by the Group and Company, over the estimated development and revenue – generating period, which is in excess of five years.

These projections and strategic plans are based on key assumptions using management estimates and, where applicable, external sources of data and benchmarking. Given the stage of development and inherent uncertainty surrounding the outcome of clinical trials, the forecasts are highly judgemental and therefore there is significant risk surrounding the assumptions applied to the future cash flows. The key assumptions included development cost required to achieve regulatory approval, probability of success of clinical trials, likely licensing terms regarding milestones and royalties, and revenue and operating margins for the projected period. The projections are probability and risk weighted to reflect the wide range of possible outcomes. The recoverable amount has been established through taking the average of two scenarios; one in which the asset is out-licensed to a large pharmaceutical company, and another in which the Group undertakes the development and commercialisation itself.

The discount rate is estimated on a post-tax basis reflecting the estimated cost of capital of the Company. The post-tax cost of capital is 15.0%. Management's valuation model applies a post-tax cost of capital to discount risk-adjusted post-tax cash flows.

Determining the estimated recoverable amount is judgemental in nature and requires the use of certain estimated inputs that represent key sources of estimation uncertainty. It is reasonably possible that the estimations and assumptions used in determining the impairment as at 31 December 2024, including discount rate assumptions, may result within the next financial year, in a material impairment to the carrying amount of the investment value. An unfavourable interim analysis may also result in further impairment. The most sensitive assumptions are considered to be the post-tax cost of capital, and the risk weightings that have been applied to reduce forecast future cashflows by 30% in the out-licencing scenario, or 50% in the self-development scenario. If the post-tax cost of capital was increased by 1% the recoverable amount would reduce to £28.0 million; if the post-tax cost of capital was decreased by 1% the recoverable amount would increase to £42.8 million. If these risk weightings were 10% higher the recoverable amount would decrease to £22.4 million; if the risk weightings were 10% lower the recoverable amount would increase to £48.3 million.

4. Investments (continued)

At 31 December 2024, the Company has an investment in the following subsidiary undertakings:

Name of company	Registered address	Proportion of voting rights and ordinary share capital held	Nature of business
Synairgen Research Limited	Mailpoint 810, Southampton General Hospital, Tremona Road, Southampton, SO16 6YD	100%	Drug discovery and development
Synairgen Research (Ireland) Limited	12 Fitzwilliam Place, Dublin 2, Ireland	100%	Pharmaceutical commercialisation
Synairgen Inc	155 Federal Street, Suite 700, Boston, MA 02210, USA	100%	Pharmaceutical commercialisation

5. Debtors

	2024	2023
	£000	£000
Other tax and social security	**18**	8
Prepayments and accrued income	**206**	244
Other debtors	**113**	-
	337	252

All amounts fall due for payment within one year.

6. Cash and cash equivalents

	2024	2023
	£000	£000
Cash at bank and in hand	**4,349**	10,283
	4,349	10,283

7. Creditors: amounts falling due within one year

	2024	2023
	£000	£000
Trade creditors	**76**	22
Accruals and deferred income	**168**	92
	244	114

8. Share capital and share premium

Details of the Company's share capital, share premium, share option schemes and LTIP can be found in Note 17 to the Consolidated Financial Statements on pages 41 to 43.

9. Events after the reporting date

On 17 January 2025, TFG Asset Management UK LLP invested £18.0m to acquire 900m shares, this took their holding from 58m ordinary shares (28.8%) to 958m ordinary shares (86.9%), resulting in them becoming the ultimate controlling party of the Company.

The Company's admission of Ordinary Shares to trading on AIM was cancelled on 9 April 2025.

The Company's name was changed from Synairgen plc to Synairgen Limited on 19 May 2025.

The directors have received correspondence from certain shareholders, in which some raise concerns around the 17 January 2025 fundraising. No legal proceedings have been formally issued. The Company does not currently anticipate that these complaints will have a material adverse effect on its business, operations, or financial condition.

As at the time of signing there are no adjusting post balance sheet events.

Corporate Directory

Company number
5233429

Directors
Executive: Dr Mark Parry-Billings (Chairman), Joseph Colliver
Non-executive: John Bradshaw, Martin Murphy

Secretary
Simon Holden

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