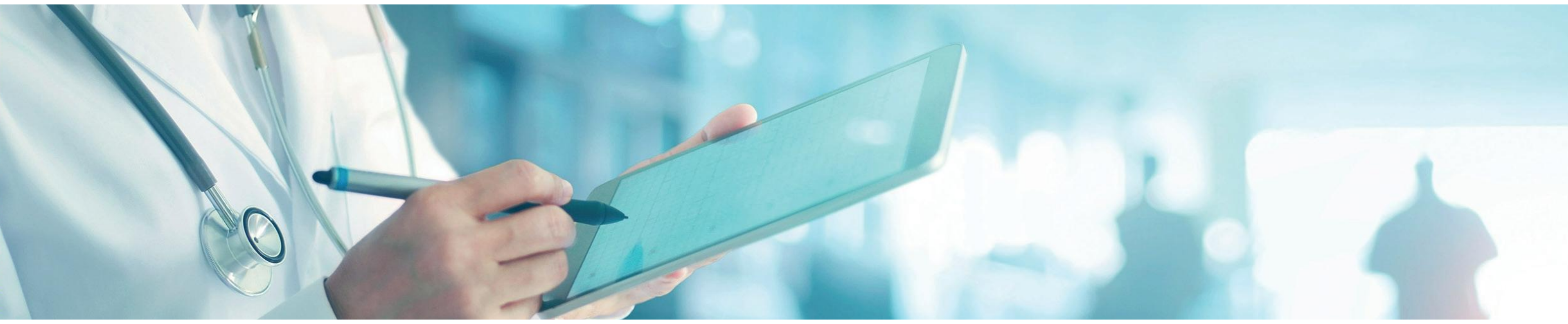
Open Orphan plc

Annual Report

for the year ended 31 December 2019



A rapidly growing specialist CRO pharmaceutical services company which is the world leader in the testing of vaccines and antivirals using human challenge study models

Group subsidiaries and associates:

Open Orphan Plc

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Open Orphan Plc

Company Information

Directors:	Cathal Friel (Executive Chairman) Leo Toole (Chief Financial Officer) Prof. Brendan Buckley (Non-Executive Director) Michael Meade (Non-Executive Director) Mark Warne (Non-Executive Director)
Company Secretary:	Beach Secretaries Limited
Registered office:	Queen Mary BioEnterprises Innovation Centre 42 New Road London, E1 2AX, UK
Head office:	4th Floor 150 Minories London EC3 N1LS, UK
Place of incorporation:	England and Wales (Company number – 07514939)
Auditors:	Jeffreys Henry LLP Finsgate 5 – 7 Cranwood Street London EC1V 9EE
Nominated Advisor and Joint broker:	Arden Partners plc, 125, Old Broad Street London, EC2N 1AR
Joint Broker:	finnCap Ltd 60, New Broad Street London, EC2M 1JJ
Euronext Growth advisor and Joint Broker:	Davy Davy House 49 Dawson Street Dublin 2
Solicitors to the Company:	BPE Solicitors LLP St James' House St James' Square Cheltenham GL50 3PR
Registrars:	SLC Registrars Limited Elder House St Georges Business Park Weybridge Surrey, KT13 OTS
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Executive Chairman's Statement
For the year ended 31 December 2019

Dear Shareholder,

I am very happy to report to you as Executive Chairman of Open Orphan plc (formerly Venn Life Sciences Holdings plc), having completed a reverse acquisition with Open Orphan DAC in June 2019 and the acquisition of hVIVO Ltd (formerly hVIVO plc) in January 2020. I have previously served as Chief Executive Officer of the Group from May 2019 until January 2020.
While the attached Financial Statements report on the results of the Group in 2019 prior to the acquisition of hVIVO Ltd (and in particular reflecting reverse merger accounting treatment of the merger of Venn Life Sciences Holdings plc and Open Orphan DAC), this statement addresses the performance of both Open Orphan plc and hVIVO Ltd in 2019 and the outlook for the combined entity in 2020.

Governance
The Board continues to recognise the importance of the high standards of corporate governance and considers that the Group's success is enhanced by the imposition of a strong corporate governance framework. Accordingly, in recognition of the need to maintain continued best practice the Board will monitor its composition and skills balance.
I very much welcome the significant experience of Trevor Philips, Mark Warne and Michael Meade who have joined the Board as part of the recent merger and am grateful to Christian Milla, Michael Ryan, Maurice Treacy, David Kelly for their service in 2019. In addition, we have appointed Leo Toole as Chief Financial Officer and Board member.

Strategy
Our enlarged offering of early clinical development services, clinical trial delivery expertise and virology related challenge studies, with a particular focus on rare and emerging diseases, is a strong platform to deliver substantial and sustainable returns to shareholders. Our 24-bed quarantine facilities in the UK are best in class for vaccine and virus-related development and put us at the forefront of emerging virus risk management stemming from the Covid-19 pandemic event which is ongoing at the time of writing, in particular with a focus on developing the world's first Covid-19 challenge model. The Group is also focussed on expanding service revenues by actively selling laboratory services to third party pharma companies and by developing antibody testing services to accurately identify an individual's antibody status, having previously used its virology laboratory principally to service its internal clinical activities. In addition, the Group continues to develop a ground-breaking Genomic Health Data platform which can now also be populated with hVIVO's global leading collection of infectious disease progression data.

The last year has seen significant change first through the reverse merger of Open Orphan DAC and Venn Life Sciences Holdings plc (subsequently renamed Open Orphan plc) in June 2019 and secondly through the merger of Open Orphan plc and hVIVO plc in January 2020.

- The existing Open Orphan business has focused to complete and replenish some long-standing full-service clinical research projects and to build longer term relationships through multi-year contracts in our early development business. Combined with the continued deferral of certain full-service projects, this has resulted in reduced revenues in the period. Despite this, the Group has started the work to plan and implement a major restructuring of our operations to drive efficiency and competitiveness while investing in the Genomic Health Data platform.
- In 2019, hVIVO continued making great strides to transition its business from a focus on viral asset development to a focus on testing the efficacy of vaccines, antivirals and respiratory disease agents through the provision of its own proprietary inhouse developed and grown versions of disease specific viruses, known as challenge studies. It has developed and is exploiting a strong pipeline of major pharmaceutical players with a focus on vaccine and anti-viral drug development. In addition, hVIVO holds a 49% share of a Joint Venture called Imutex Limited to develop vaccines against influenza (FLU v) and universal mosquito borne diseases (AGS v).

Results
Reported results for Open Orphan plc are summarized on page 3 and are covered by the schedules and notes from pages 18 to 54 of these Financial Statements (and in particular reflect reverse merger accounting treatment under IFRS 3 and IFRS 10 of the combination of Venn Life Sciences Holdings plc and Open Orphan DAC as of 28 June 2019). Results for hVIVO plc (on a stand-alone basis) are presented for reference. In addition, pro-forma results for Open Orphan plc (formerly Venn Life Sciences Holdings plc on a stand-alone basis and excluding any impact of the 28 June 2019 combination), Open Orphan DAC (on a stand-alone basis and excluding any impact of the 28 June 2019 combination) and Open Orphan plc (on a combined basis including the impact of the June 2019 and January 2020 combinations) are outlined for reference.

Open Orphan Plc

Executive Chairman's Statement
For the year ended 31 December 2019

	Open Orphan plc (As reported)		hVIVO plc (As reported)		Open Orphan plc (formerly Venn Life Sciences Holdings plc - proforma results on a stand-alone basis and excluding any impact of the 28 June 2019 combination)		Open Orphan DAC (proforma results on a stand-alone basis and excluding any impact of the 28 June 2019 combination)		Open Orphan plc (proforma results on a combined basis and including the impact of the 28 June 2019 and 17 January 2020 combinations)	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	€'000	**€'000**	**£'000**	**£'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Revenue (incl. Other income)	**4,039**	**-**	**15,092**	**13,626**	**9,854**	**14,291**	**-**	**-**	**27,061**	**29,712**
Operating (Loss)	(5,837)	(1,611)	(5,893)	(13,427)	(6,469)	(2,367)	(763)	(1,611)	(14,249)	(19,174)
EBITDA before exceptional items	**(4,311)**	**(1,611)**	**(3,785)**	**(8,862)**	**(5,053)**	**(1,432)**	**(763)**	**(1,611)**	**(10,130)**	**(13,072)**
Loss for the period	**(6,543)**	**(1,656)**	**(6,973)**	**(16,833)**	**(6,442)**	**(4,775)**	**(1,025)**	**(1,656)**	**(16,524)**	**(25,481)**

	2019	**2018**	**2019**	**2018**
	€'000	**€'000**	**£'000**	**£'000**
Non-current assets	5,144	1	10,759	9,638
Current assets (excl. cash)	4,264	36	4,385	5,227
Cash	1,219	165	2,276	13,368
Total Assets	**10,627**	**202**	**17,420**	**28,233**
Equity attributable to owners	3,350	(1,656)	10,685	17,333
Non-current liabilities	1,205	-	2,233	20
Current liabilities	6,072	1,858	4,502	10,880
Total equity and liabilities	**10,627**	**202**	**17,420**	**28,233**

Outlook

The recent merger with hVIVO reflects our goal to leverage a broader service offering to an enlarged and combined customer base, while driving restructuring and integration of core support functions into our headquarters in London. The recent placings of £5.3m (before expenses) in January 2020 and £12.6m (before expenses) in May 2020 allows us to complete this transition in the first half of 2020 and we are confident that we will see the positive impact of these changes in the second half of 2020. In addition, we will invest to develop a world-first challenge study model to address Covid-19 while expanding our laboratory service offerings to develop antibody testing services to accurately identify an individual's antibody status.

Traditionally, the testing of vaccines and antivirals had been somewhat of a Cinderella industry, however, following the advent of the Covid-19 pandemic it is clear that for the months and years ahead the development of new and novel vaccines and also the testing of such vaccines and antivirals will be one of the fastest growing areas of the pharmaceutical industry. In recent decades, governments and pharma companies around the world completely under-invested in new vaccines and the onset of Covid-19 caught them significantly off-guard and as such there is a huge capital investment program underway around the world to roll out an extensive range of Covid-19 and importantly non Covid-19 vaccines to ensure that the world is not caught unprepared in future pandemics.

We have substantially reduced overheads and right-sized the management team including combining the CEO and other senior roles in both Venn and hVIVO. We have also brought forward some long-serving and excellent line managers and heads of departments, flattening the organisation structure and giving them more autonomy and responsibility to successfully run their own areas and this is proving very effective both for the company but also most importantly for the individual managers as well. In turn, this has completely transformed the culture of the enlarged business to one of vastly more open communication, sharing of knowledge and a much faster decision-making process.

I am very excited for the year ahead and I am confident that we have created a soon to be profitable, fast-growing business which is creating value for all our stakeholders.

Cathal Friel - Executive Chairman

23 June 2020

Open Orphan Plc

The Board

Cathal Friel, Chairman (aged 55)
Cathal Friel has 30 plus years of corporate experience and is the Managing Director and founder of Raglan Capital. Cathal was a Cofounder and Director of Amryt Pharma plc, a leading European Orphan Drug Company listed on the London and Dublin Stock Exchanges. He is also Director and one of the founders of Open Orphan, was previously Executive Chairman and co-founder of Fastnet Oil & Gas plc and was one of the founding directors of Merrion Stockbrokers. Cathal has an MBA from the University of Ulster.

Prof. Brendan Buckley, Non-Executive Director (aged 70)
Professor Brendan Buckley is a medical graduate of University College Cork and a doctoral graduate in Biochemistry of Oxford University. Brendan has over 30 years' experience in clinical research. He is one of the founders of Open Orphan as well as being Adjunct Professor at University College Dublin. He was the Chief Medical Officer of ICON plc until 2017. In 2009, Brendan co-founded Firecrest Clinical Ltd, a company which focussed on improving the performance of clinical trial sites. Brendan was a Director of the Health Products Regulatory Authority of Ireland between 2004 and 2011. He was also a member of the EMA's Committee for Orphan Medicinal Products (COMP) from 2000-2003 and the EMA's Scientific Advisory Committee on Diabetes and Metabolism until 2011.

Michael Meade, Non-Executive Director (aged 59)
Michael Meade holds a degree in Law from Trinity College, Dublin. He qualified as a Chartered Accountant in Ireland with KMG Reynolds McCarren prior to working with Arthur Andersen in London. He has spent the last 30 years working in investment banking in London with respectively HSBC Investment Bank, UBS Investment Bank and Numis Securities where he spent the last thirteen years. During his career he has specialised in advising small and mid-cap quoted companies with a particular focus on those in the healthcare sector. His experience extends across all forms of capital raising, mergers and acquisitions, and general strategy.

Dr. Mark Warne, Non-Executive Director (aged 45)
Dr Mark Warne was appointed to the hVIVO Board as a Non-Executive Director in April 2016. Mark previously spent almost 10 years at IP Group Plc, an intellectual property commercialisation company, where he led the Healthcare team. He managed a portfolio of £330m of net assets in 2016/2017 and represented IP Group on the boards of both listed and private companies. In 2018, concurrent with the integration of Touchstone Innovations into IP Group, Mark became a Partner in the Life Sciences division. He joined IP Group from pre-clinical drug discovery CRO, Exelgen, where he was Managing Director. Mark spent eight years at Exelgen (formerly Tripos Discovery Research) where he also held positions in licensing and strategic affairs, project management and research. He has a PhD in Computational Chemistry, an MSc in Colloid Science and a BSc in Chemistry, all from the University of Bristol. Mark is a Chartered Chemist and member of the Royal Society of Chemistry. Mark was appointed Chief Executive Officer of DeepMatter Group plc in July 2018, having joined DeepMatter as a Non-Executive Director in September 2015 and also served as its Executive Chairman between April 2017 and July 2018. He also serves as a non-executive director on the board of Ixico plc.

Leo Toole, Chief Financial Officer (aged 47)
Leo Toole brings over 20 years' experience in senior finance roles in Pharmaceuticals, Medical Technology and FMCG sectors. Through positions in multinational companies across Europe and in the venture capital space in the UK and Ireland, he has extensive experience in building finance teams, corporate development, equity and debt financing, public markets, and mergers and acquisitions. Leo is a Business graduate of Trinity College Dublin, Ireland and HEC Liège, Belgium. He also holds an MBA with Distinction from INSEAD in France and Singapore.

Strategic Report
For the year ended 31 December 2019

Review of the business

A comprehensive review of the year is given in the Chairman's Statement on page 2.

Principal risks and uncertainties
The Directors continually identify, monitor and manage the risks and uncertainties of the Group. Risk is inherent in all businesses. Set out below are certain risk factors which could have an impact on the Group's long-term performance and mitigating factors adopted to alleviate these risks. This list does not purport to be an exhaustive summary of the risks affecting the Group.

Management and employees
The Group's future success will be dependent on key employees and their on-going relationships with customers. It is believed that the Group is of a size that the departure of no one individual represents a significant risk to the Group. The Group also encourages customer contacts to be maintained by more than one individual. Key employees are incentivised through a mixture of sales commission and profit related bonuses. Main Board Directors are incentivised as detailed in the Directors' Remuneration Report.

Political risk
The Group's strategy of establishing itself across European countries could potentially have an effect if there is any political instability in those countries.

Regulatory risk
There can be no guarantee that any of the Group's services will be able to obtain or maintain the necessary regulatory approvals in any or all of the territories in respect of which applications for such approvals are made. Where regulatory approvals are obtained, there can be no guarantee that the conditions attached to such approvals will not be considered too onerous by the Group or its partners in order to be able to market their products effectively. The Group seeks to reduce this risk by focusing on products with low risk profiles, by seeking advice from regulatory advisers, through consultations with regulatory approval bodies and by working with experienced distribution partners.

Competition risk
The Group's current and future potential competitors include, amongst others, major multinational pharmaceutical and healthcare companies with substantially greater resources than those of the Group. There can be no assurance that competitors will not succeed in developing systems and products that are more effective or economic than any of those developed by the Group, with its partners, or which would render the partners' products obsolete or otherwise non-competitive. The Group seeks to reduce this risk by ensuring that a professional and better standard service is provided to its partners for registering their products, maintaining confidentiality agreements and selecting leading businesses in their respective fields as partners capable of addressing significant competition, should it arise.

Effect of foreign currency
The Group in general does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency. In most cases substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by overseas costs. In respect of the translation of foreign currency assets, where these are significant, the Group endeavours to match the amount of foreign currency assets by funding overseas operations through financing denominated in the local currency.

Covid-19 outbreak

Events in relation to the COVID-19 outbreak are evolving rapidly and the Group is closely monitoring the situation as it develops. Our primary focus remains the safety of our employees and the Group has implemented government policies in relation the outbreak, including travel restrictions for staff which potentially impacts the delivery of studies, as well as conducting business development and marketing activities. These risks are mitigated using technology that allows staff to work from home effectively. The pandemic could result in the cancellation or delay of client contracts. Given the rapidly evolving nature of the pandemic, financial risk mitigation plans are in place, including utilising government support measures in the countries as necessary.

Financial risk management
The Group has instigated certain financial risk management policies and procedures which are set out in note 3 to the financial statements.

Future outlook
The Chairman's Statement on page 2 gives information on the future outlook of the Group.

Key Performance Indicators (KPIs)
The key performance indicators currently used by the Group are revenue, adjusted EBITDA (before exceptional items) and cash resources. (See page 2). The Company also uses non-financial key performance indicators such as measuring customer experience, new business win rates and staff utilisation.

Review of strategy and business model
The Board of Directors judge the Group's financial performance by reference to the internal budget which it establishes at the beginning of each financial year.

As noted in the Chairman's Statement, the enlarged offering of early clinical development services, clinical trial delivery expertise and virology related challenge studies, with a particular focus on rare and emerging diseases, is a strong platform to deliver substantial and sustainable returns to shareholders. Our 24-bed quarantine facilities in the UK are best in class for vaccine and virus-related development and put us at the forefront of emerging virus risk management stemming from the Covid-19 pandemic event which is ongoing at the time of writing. The Company is also focussed on expanding service revenues by actively selling laboratory services to third party pharma companies having previously used its virology laboratory principally to service its internal clinical activities. In addition, the Company continues to develop a ground-breaking Genomic Health Data platform which can avail of hVIVOs' large database of anonymised patient data.

The Directors carry out their activities to promote long-term success of the Group for the benefit of the Company's shareholders, employees, suppliers and other stakeholders. They engage with shareholders, employees, suppliers and other stakeholders to reflect their insights and views when making decisions on strategy; delivering operational effectiveness; making plans; driving initiatives; and committing to deliver outcomes that enhance social value. The culture and values promoted by the Directors creates a focus across the Group on observing and maintaining the highest standards of business conduct whilst promoting the long-term success of the Company.

Environment
The Directors consider that the nature of the Group's activities is not inherently detrimental to the environment.

Employees
The Group places value on the involvement of its employees and they are regularly briefed on the Group's activities. The Group closely monitors staff attrition rates which it seeks to maintain at current low levels and aims to structure staff compensation levels at competitive rates in order to attract and retain high calibre personnel.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the specific aptitudes of the applicant involved. It is the policy of the Group that the training, career development and promotion of disabled persons, as far as possible, be identical with that of other employees.

Social, community, and human rights
The Board recognises that the Group has a duty to be a good corporate citizen and to respect the laws, and where appropriate the customs and culture of the territories in which it operates. It contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

The Strategic Report was approved by the Board on 23 June 2020 and signed on its behalf by:

Cathal Friel
Executive Chairman

Report of the Directors
For the year ended 31 December 2019

The Directors have pleasure in submitting this report together with the audited financial statements of Open Orphan Plc for the year ended 31 December 2019.

Directors
The Directors who held office during the year and as at the date of signing the financial statements were as follows:

Prof. Brendan Buckley
Cathal Friel
Anthony Richardson (Resigned 31st July 2019)
Michael Ryan (Resigned 17th January 2020)
Christian Milla (Resigned 17th January 2020)
Maurice Treacy (Appointed 28th June 2019 and Resigned 17th January 2020)
David Kelly (Appointed 1st August 2019 and Resigned 17th January 2020)
Trevor Philips (Appointed 17th January 2020 and resigned 4th May 2020)
Michael Meade (Appointed 17th January 2020)
Mark Warne (Appointed 17th January 2020)
Leo Toole (Appointed 27th February 2020)

Principal activities
The principal activity of the Group continued to be that of a Clinical Research Organisation (CRO) providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations.

Dividends
There were no dividends paid or proposed by the Company in either year.

Going concern
The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance that the Group should be able to operate within the level of its current funding arrangements. For more detail refer to Note 2.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of preparation for its consolidated financial statements.

Creditors' payment policy
It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individual negotiated contracts) and for payment to be made in accordance with these terms provided the supplier has complied with its obligations. The average number of day's credit taken by the Group as at 31 December 2019 was 48 days (2018 - 81 days).

Directors' interests
The interests of those Directors serving at 31 December 2019 and as at the date of signing of these financial statements, all of which are beneficial, in the share capital of the Company Open Orphan plc (formerly Venn Life Sciences Holdings plc) were as follows:

	On 31 December 2019 Ordinary Shares of 0.1p each	On 1 January 2019 Ordinary Shares of 0.1p each
Cathal Friel*	41,046,981	-
Brendan Buckley	7,845,860	-
Michael Ryan	5,383	5,383

*Held via Raglan Road Capital Ltd, Horizon Medical Technologies Ltd and/or through a family member

At 27 June 2019, prior to the reverse takeover of Venn Life Sciences Holdings PLC, Brendan Buckley held 21,090 shares in Open Orphan DAC and Raglan Capital Limited, a company of which Cathal Friel is a director, held 57,468 shares in Open Orphan DAC. Cathal Friel also had control over 40,000 additional shares though ownership of a family member.

Substantial shareholdings

As at 31 May 2020, the following interests of 3% or more in the issued Ordinary Share capital had been notified to the Company:

Shareholder	Number of Shares	Percentage of issued share capital
THE BANK OF NEW YORK /NOMINEES/ LIMITED	54,195,388	9.13%
NORTRUST NOMINEES LIMITED	38,618,608	6.51%
HARGREAVES LANSDOWN /NOMINEES/ LIMITED	23,911,713	4.03%
RAGLAN ROAD CAPITAL LIMITED	21,536,124	3.63%
BARCLAYS DIRECT INVESTING NOMINEES LIMITED	20,210,983	3.41%
HARGREAVES LANSDOWN /NOMINEES/ LIMITED	18,213,947	3.07%

Events after the end of the reporting period
The following events have taken place since the year end:

(a) Completed a merger to acquire the entire issued and to be issued share capital of hVIVO plc for an aggregate consideration of approximately GBP£13 million in equity on 17th January 2020
(b) Re-admission of the Enlarged Share Capital following the merger of Open Orphan plc and hVIVO plc to trading on AIM and Euronext Growth on 17th January 2020
(c) Executed a placing on 31st January 2020 raising GBP £5.3 million (before expenses)
(d) Cathal Friel, CEO, became Executive Chairman; Brendan Buckley, Chairman, became Non-Executive director and Trevor Philips, CEO of hVIVO Plc became CEO of Open Orphan Plc Group and was appointed to the board on 17th January 2020. Christian Milla, Michael Ryan and David Kelly resigned from the board on 17th January 2020. Michael Meade and Mark Warne were appointed to the board on the same date. Leo Toole was appointed Chief Financial Officer on 13th February and subsequently appointed to the board on 27th February 2020.
(e) Trevor Philips resigned as a Director on 4th May 2020
(f) Executed a placing on 22 May 2020 raising GBP£12.6 million (before expenses)

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Company and of the profit or loss of the Company and 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 applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website (www.openorphan.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' liability insurance

The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as Director of the Company and of any Company in the Group. Those indemnities are qualifying third party indemnity provisions for the purposes of Section 234 of the Companies Act 2006 and have been in force during the whole of the financial year and up to the date of approval of the financial statements.

Auditors

Jeffreys Henry LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Disclosure of information to the Auditors

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the group and Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make him aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Annual General Meeting

The resolutions to be proposed at the forthcoming Annual General Meeting are set out in the formal notice of the meeting.

Recommendation

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and it is unanimously recommended that shareholders support these proposals as the Board intends to do in respect of their own holdings.

The Directors' report was approved by the Board on 23 June 2020 and signed on its behalf by.

Cathal Friel
Executive Chairman

Open Orphan Plc

Corporate Governance Statement
For the year ended 31 December 2019

Compliance
The Directors recognise the value of the principles of the UK Corporate Governance Code (the Code). Although, as an AIM company, compliance with the UK Corporate Governance Code is not required, the directors acknowledge that compliance with a recognised code is mandatory under the AIM rules. In this respect, the directors have targeted to be compliant with the Code to the greatest extent possible, given the size and nature of the Group.

The following statement describes how the Group seeks to address the principles underlying the Code where practicable and appropriate for a company of this size.

Board composition and responsibility
The Board currently comprises an executive Chairman, an executive Director and three non-executive Directors. The Board notes that the Combined Code guidance recommends that at least half the Board should comprise independent non-executive Directors. The Board has determined that Michael Meade and Mark Warne are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement. The Board is satisfied with the balance between executive and non-executive Directors which allows it to exercise objectivity in decision making and proper control of the Group's business. The Board considers this composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between executives and non-executives.

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointment and are subject to re-election at least every three years. Non-executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under section 168 of the Companies Act 2006. The Board does not automatically re-nominate non-executive Directors for election by shareholders. The terms of appointment of the non-executive Directors can be obtained by request to the Company Secretary.

The Board's primary objective is to focus on adding value to the assets of the Group by identifying and assessing business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions. The Executive Chairman is responsible for the overall strategy of the Group and oversees its implementation through the Senior Management Team (COO, CFO, Head of HR and other Senior Leaders), which is accountable for the operational performance of the Group.

Board meetings

18 Board meetings were held during the year. The Directors' attendance record (in their respective roles) during 2019 is as follows:

Cathal Friel (Chief Executive Officer)	18
Maurice Treacy (Executive officer -Appointed 28 June 2019)	14 (of a possible 14 since appointment)
Christian Milla (Chief Operating Officer)	14
Michael Ryan (Non-Executive Director)	13
Prof. Brendan Buckley (Non-Executive Chairman)	12
Anthony Richardson (former CEO -resigned 31 July 2019)	8 (of a possible 8 up to resignation)
David Kelly (Appointed 1 August 2019)	7 (of a possible 10 since appointment)

Audit and Risk Committee
This comprises Michael Meade as Chairman and Mark Warne and Brendan Buckley as the other members of the committee. The principal duties of the committee are to review the half-yearly and annual financial statements before their submission to the Board and to consider any matters raised by the auditors. The Committee also reviews the independence and objectivity of the auditors. The terms of reference of the Committee reflect current best practice, including authority to:

- Recommend the appointment, re-appointment and removal of the external auditors;
- Ensure the objectivity and independence of the auditors including occasions when non-audit services are provided; and
- Ensure appropriate 'whistle-blowing' arrangements are in place.

The Chairman may seek information from any employee of the Group and obtain external professional advice at the expense of the Company if considered necessary. Due to the relatively low number of personnel employed within the Group, the nature of the business and the current control and review systems in place, the Board has decided not to establish a separate internal audit department.

Remuneration Committee
The Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director is involved in deciding his own remuneration.

This committee comprises Brendan Buckley as Chairman with Michael Meade and Mark Warne as the other members of the committee. The committee considers the employment and performance of individual executive Directors and determine their terms of service and remuneration. It also has authority to grant options under the Company's Executive Share Option Scheme. The Committee intends to meet at least twice a year.

Board appointments
The Nomination Committee comprises Michael Meade as chairman with Mark Warne as the other member of the committee. It identifies and nominates for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee intends to meet at least twice a year.

Internal control
The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial reporting and the safeguarding of assets.

The Group, in administering its business has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and business objectives. The control system includes clear lines of accountability and covers all areas of the organisation. The Board operates procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels and the identification of the major business risks.

Internal financial reporting
The Directors are responsible for establishing and maintaining the Group's system of internal reporting and as such have put in place a framework of controls to ensure that the on-going financial performance is measured in a timely and correct manner and that risks are identified as early as is practicably possible. There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both the budget and the previous year. They are reviewed and approved by the Board, and revised forecasts are prepared on a regular basis.

Relations with shareholders
The Company reports to shareholders twice a year. The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 days before the meeting. Each substantially separate issue is the subject of a separate resolution and all shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Chairman of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their work. The Chairman advises the meeting of the details of proxy votes cast on each of the individual resolutions after they have been voted on in the meeting.

The Chairman and the non-executive Directors intend to maintain a good and continuing understanding of the objectives and views of the shareholders.

Corporate social responsibility
The Board recognises that it has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

Open Orphan Plc

Report of the Remuneration Committee
For the year ended 31 December 2019

Statement of compliance

This report sets out the Group policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

Policy on Executive Directors' remuneration

Remuneration packages are designed to motivate and retain executive Directors to ensure the continued development of the Company and to reward them for enhancing value to shareholders. The main elements of the remuneration package for executive Directors are basic salary or fees, performance related bonuses, benefits and share option incentives.

Directors' remuneration

The remuneration of the Directors serving for the year ended 31 December 2019 is shown below and in note 9:

	2019 €'000	2018 €'000
Non-Executive Directors		
Michael Ryan	14	-
David Kelly (Appointed 1 Aug 2019)	11	-
Daniel Fitzpatrick	-	6
John Given	-	153
Brendan Buckley	45	38
	70	**197**
Executive Directors		
Cathal Friel	113	-
Dairine Dempsey	-	224
Christian Milla (1)	117	-
Maurice Treacy (2)	85	-
	315	**224**
Total fees and emoluments	**385**	**421**

(1) Includes a €15,000 employer pension contribution
(2) €25,000 of remuneration paid via invoice.

Directors' share options and warrants

As at 31 December 2019 the following options had been granted:

Director	Date Granted	No. of Ordinary Shares under option
Christian Milla	14/09/2017	770,000
Mike Ryan	14/09/2017	200,000
Maurice Treacy	28/06/2019	7,716,964

The 2017 stock options vest at an exercise price of 13p in equal thirds once the share price has reached 25p, 35p and 45p for 20 consecutive days.

50% of the 2019 stock options vested at an exercise price of 5.6p on 28 June 2019 and 50% vested at an exercise price of 5.6p on 28 December 2019 subject to conditions.

In addition 657,285 warrants are legally held by Cathal Friel CMF Pension Fund. These warrants were granted on 11/12/2018 and expire on 10/12/2023 and have an exercise price of 0.1/2.2 p.

Independent auditor's report to the members of Open Orphan Plc

Opinion

We have audited the financial statements of Open Orphan Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the director's 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 entity's ability to continue to adopt the going concern basis of accounting included a detailed review of cashflow forecasts.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments and intangibles– Group and Company The Group had intangible assets of €3,380,000 (2018: €Nil) at 31 December 2019. Of this, €3,140,000 relates to capitalised goodwill on the reverse takeover in 2019 and €240,000 relates to capitalised trade secrets. There has been no impairment in the period. The Company had investments of €9,634,000 (2018: €Nil) at 31 December 2019 relating exclusively to the investments in subsidiary undertakings. The directors have confirmed all intangibles, including additions were correctly recognised, calculated and being held at cost less impairment. No impairments have been made in the year.	Our audit procedures: - we have tested items which were not capitalised as additions to intellectual property and checked that the conditions for capitalisation had not been met; -intangibles are tested for impairment annually so in line with policy - where an impairment test was necessary, we audited management's assumptions and sensitivities; - we considered whether management had exercised any bias in assumptions used or the outputs produced in the forecasts prepared; - we performed an analytical review to compare the profitability of components and discussed the findings with management; - the analysis work undertaken by the directors shows that the Group is expected to become cash generative. We have understood and assessed the methodology used by directors in this analysis and determined it to be reasonable.
Revenue recognition The amount of revenue recognised by the Group was €3,844,000 (2018: €Nil). The carrying value of accrued revenue within prepayments and accrued income was €1,634,000 (2018: €Nil). The directors have confirmed that all of the accrued income has been reviewed by the board in detail including each contract with all major customers and can confirm that all of these balances are considered to be fully recoverable and in accordance with IFRS15.	Our audit approach: - we checked a sample of time sheets and supporting information which were used to calculate the postings to the revenue account; - we reviewed the calculation of revenue to be accrued and tested a sample of items for the hours and rates applied from the time sheet system and agreed contract rates to the amount posted in the nominal ledger; - where appropriate we considered the remaining amount of accrued revenue which still required to be invoiced including calculations of that revenue and considered the recoverability of a sample of balances; - we considered the work performed concerning the change in accounting policy due to the adoption of IFRS 15, *Revenue from Contracts with Customers*, and considered the disclosure necessary. -review of contracts and management's judgement on the contract price and the allocation to performance obligations.
Going concern assumption The Group is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence continue trading. Due to the slim profit margins, foreign exchange risk continues to be a key risk which can affect results. The management of employee and contractor costs is also key to profitability of the Group. The key assumptions that impact the conclusions are the levels of future revenue, and the ability to control the operating costs. There are, therefore, inherent risks that the forecasts may overstate future revenue due to the timing of closure of future contracts, or understate future costs, and that the Group will not be able to operate within its cash resources and continue to operate as a going concern The going concern assumptions are dependent on the future growth of the current business.	Our audit procedures: - obtained management's forecasts and cash flow analysis, and their going concern assessment; - assessed the reliability of forecasts to date by agreeing historical actuals to budgets, and challenging the current forecasts; - tested the clerical accuracy of management's forecast; - reviewed the directors' assessment, including challenging the liquidity position; - agreeing the assumed cash flows to the business plan and walking through the business planning process and testing the central assumptions and external data; - challenged management's forecast assumptions, including reviewing the forecast revenue and corroborated the assumptions over the conversion of new contracts and the levels of costs that are forecast through observation of correspondence with potential customers to assess the likelihood of contracts being awarded; - assessing the sensitivities of the underlying assumptions; - comparing future cashflows with historical data; - considered the appropriateness of the Company's disclosures in relation to going concern in the financial statements.

	As detailed above, we note that there are inherent risks over the Group's forecasts and the potential timing of the conversion of the Group's contract pipeline. We further highlight that whilst the Directors are satisfied that there are sufficient contracts in the pipeline that we, as auditors, note that there is an inherent uncertainty that a sufficient amount of contract wins will materialise within the timing expected within the Group's cashflow forecasts. However, we note that we have seen contract wins materialise post year end in line with forecasts made. We note that the Group has historically been loss making given the level of research and development activity. The Group has a relatively fixed cost base which means that in order to continue to operate as a going concern it has to win and deliver sufficient contracts to cover its cost base and operate within the cash resources it has, which means that the outcome of a successful pipeline of work is key to the Group's going concern. Based on the audit work performed we are satisfied that although there are inherent uncertainties associated with the forecast, the Group's revenue pipeline will provide required support to the business if the contracts that are expected to be won come through within the expected timing. We note that post year end the group have successfully raised additional funding of £5.3m (before expenses) in January 2020 and £12.6m (before expenses) in May 2020 as result of share placings, which were subject to shareholder approval and certain events or conditions. We are also satisfied that all necessary disclosures have been made in the consolidated financial statements

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	€100,000	€39,000
How we determined it	Based on 2.5% of revenue.	Based on 5% of net loss
Rationale for benchmark applied	We believe that revenues are a primary measure used by shareholders in assessing the Group's performance. This is considered a standard industry benchmark.	We believe that losses are the primary measure used by the shareholders in assessing the performance of the Company. This is considered a standard industry benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between €5,000 and €84,000.
We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €5,000 as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.
The Group financial statements are a consolidation of 12 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Open Orphan Plc, Venn Life Sciences Limited, Venn Lie Sciences (NI) Limited, Venn Life Sciences (UK) Limited and Venn Life Sciences (Ireland) Limited. The first three companies were individually financially significant and accounted for 27% of the Group's revenue. We also performed specified audit procedures over goodwill and other intangible assets, as well as certain account balances and transaction classes that we regarded as material to the Group at the 12 reporting units.
The Group engagement team performed all audit procedures, with the exception of the audit of Venn Life Sciences (France) SAS, Venn Life Sciences (Germany) GmbH, Venn Life Sciences (Netherlands) B.V., Venn Life Sciences (EDS) B.V. (Netherlands) and Open Orphan DAC. These components were audited by component auditors and we reviewed and controlled the audit work undertaken in those components.

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

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.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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 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. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the shareholders of the Company on 2 October 2019 to audit the financial statements for the period ending 31 December 2019. This is the first year we are auditing the Group, however we have been engaged for the audits of the Venn Life Sciences Holdings PLC (the target of the reverse in the year) for 8 years, where our total uninterrupted period of engagement is 8 years, covering the periods ending 31 December 2011 to 31 December 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit. Further services were provided to the Group as disclosed in Note 8 of the accounts.

Our audit opinion is consistent with the additional report to the audit committee.

Use of this report

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

Sudhir Rawal (Senior Statutory Auditor)
For and on behalf of
Jeffreys Henry LLP (Statutory Auditor)
Finsgate
5-7 Cranwood Street,
London EC1V 9EE

23 June 2020

Open Orphan Plc

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	Year to 31 December 2019 €'000	18 July 2017 to 31 December 2018 €'000
Continuing operations			
Revenue, from contracts with customers	**5,35**	**3,844**	**-**
Direct Project and Administrative Costs	**6**	(9,876)	(1,611)
Other operating income	**33**	195	-
Operating (loss)		**(5,837)**	**(1,611)**
Depreciation	**6,16,37**	(337)	(-)
Amortisation	**6,17**	(378)	(-)
Exceptional items	**7**	(811)	(-)
EBITDA before exceptional items	**5/6**	**(4,311)**	**(1,611)**
Finance Expense	**12**	(399)	(45)
Share Options/Warrants Reserve charge	**32**	(120)	-
Loss on sale/impairment of Investments	**18b/18c**	(263)	-
(Loss) before income tax		**(6,619)**	**(1,656)**
Income tax credit	**13**	76	-
(Loss) for the year		**(6,543)**	**(1,656)**
(Loss) for the year is attributable to:			
Owners of the parent		**(6,543)**	**(1,656)**
Other comprehensive income			
Currency translation differences		**(44)**	**-**
Total comprehensive (loss) for the year		**(6,587)**	**(1,656)**

Earnings per share from continuing operations attributable to owners of the parent during the year	**Note**	**2019**	**2018**
Basic and diluted (loss) per ordinary share			
From continuing operations	**14**	**(3.96c)**	**(785.2c)**
For the year		**(3.96c)**	**(785.2c)**

All activities relate to continuing operations.

The notes on pages 22 to 54 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement account.

The loss for the parent Company for the year was €1,857,289 (2018 – loss of €1,656,197).

Open Orphan Plc

Consolidated and Company's Statement of Financial Position
As at 31 December 2019

	Notes	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
Assets					
Non-current assets					
Property, plant and equipment	**16**	223	1	-	1
Intangible assets	**17**	3,380	-	-	-
Investments in subsidiaries	**18a**	-	-	9,634	-
Right of Use Asset	**37**	1,541	-	-	-
Total non-current assets		**5,144**	**1**	**9,634**	**1**
Current assets					
Trade and other receivables	**21**	4,250	3	6,500	3
Income tax recoverable		14	33	-	33
Cash and cash equivalents	**22**	1,219	165	495	165
Total current assets		**5,483**	**201**	**6,995**	**201**
Total assets		**10,627**	**202**	**16,629**	**202**
Equity attributable to owners					
Share capital	**26**	372	-	372	-
Share premium account	**27**	19,041	-	19,041	-
Merger reserves	**27**	(8,060)	-	(2,635)	-
Foreign currency reserves	**27**	(102)	-	-	-
Share option reserve	**27/32**	298	-	298	-
Retained earnings		(8,199)	(1,656)	(3,513)	(1,656)
Total equity		**3,350**	**(1,656)**	**13,563**	**(1,656)**
Liabilities					
Non-current liabilities					
Trade and other payables	**23**	49	-	-	-
Lease liabilities	**37**	1,156	-	-	-
Total non-current liabilities		**1,205**	**-**	**-**	**-**
Current liabilities					
Trade and other payables	**23**	3,500	498	1,597	498
Deferred taxation	**24**	48	-	-	-
Lease liabilities	**37**	522	-	-	-
Borrowings	**25**	2,002	1,360	1,469	1,360
Total current liabilities		**6,072**	**1,858**	**3,066**	**1,858**
Total liabilities		**7,277**	**1,858**	**3,066**	**1,858**
Total equity and liabilities		**10,627**	**202**	**16,629**	**202**

The notes on pages 22 to 54 are an integral part of these financial statements.
The financial statements were approved and authorised for issue by the Board on 23 June 2020

Cathal Friel
Executive Chairman

Open Orphan Plc
Registered no: 07514939

Open Orphan Plc

Consolidated and Company's Statement of Cash Flows
For the year ended 31 December 2019

	Notes	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
Cash Flow from operating activities					
Continuing operations					
Cash used in operations	**28**	(3,251)	(1,149)	(3,240)	(1,149)
Income tax (paid)		-	-	-	-
Net cash used in operating activities		**(3,251)**	**(1,149)**	**(3,240)**	**(1,149)**
Cash flow from investing activities					
Investment in Subsidiary		42	-	42	-
Sale of Shares in Integumen PLC		605	-	-	-
Purchase of property, plant and equipment		(27)	(1)	-	(1)
Interest (paid)		(133)	(45)	(315)	(45)
Net cash used in investing activities		**487**	**(46)**	**(273)**	**(46)**
Cash flow from financing activities					
Proceeds from issuance of ordinary shares & options	**26**	5,043	-	5,043	-
Premium on conversion of Convertible Debentures to shares		321	-	321	-
Exceptional Costs		(811)	-	(811)	-
Repayment of Invoice Discounting		(25)	-	-	-
Proceeds from Issuing Convertible Debentures		-	1,360	-	1,360
Costs of June 2019 fund raising		(710)	-	(710)	-
Net cash generated by financing activities		**3,818**	1,360	3,843	1,360
Net increase in cash and cash equivalents		**1,054**	**165**	**330**	**165**
Cash and cash equivalents at beginning of year		165	-	165	-
Cash and cash equivalents at end of year	**22**	**1,219**	**165**	**495**	**165**

Open Orphan Plc

Consolidated and Company's Statement of Changes in Shareholders' Equity

Group

	Share capital €'000	Share premium €'000	Merger Reserves €'000	Share Option reserve €'000	Foreign currency reserve €'000	Retained Earnings €'000	Total €'000
At 18 July 2017	-	-	-	-	-	-	-
Changes in equity for the Period ended 31 Dec 2018							
(Loss) for the period	-	-	-	-	-	(1,656)	**(1,656)**
Total comprehensive (loss) For the period	**-**	**-**	**-**	**-**	**-**	**(1,656)**	**(1,656)**
Transactions with the owners							
Share option provision reserve	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2018	-	**-**	**-**	**-**	**-**	**(1,656)**	**(1,656)**
Changes in equity for the Year ended 31 Dec 2019							
(Loss) for the year	-	-	-	-	-	(6,543)	**(6,543)**
Currency translation differences	-	-	-	-	(58)	-	**(58)**
Total comprehensive (loss) for the year	**-**	**-**	**-**	**-**	**(58)**	**(6,543)**	**(6,601)**
Transactions with the owners							
Transfer Open Orphan PLC	371	19,025	(8,060)	178	(44)	-	**11,470**
Share option provision reserve	-	-	-	120	-	-	**120**
Shares issued	1	16	-	-	-	-	**17**
Total contributions by and distributions to owners	**372**	**19,041**	**(8,060)**	**298**	**(44)**	**-**	**11,607**
At 31 December 2019	**372**	**19,041**	**(8,060)**	**298**	**(102)**	**(8,199)**	**3,350**

Company

	Share capital €'000	Share premium €'000	Share Option reserve €'000	Merger reserve €'000	Retained earnings €'000	Total €'000
As at 18 July 2017	**-**	**-**	**-**	**-**	**-**	**-**
Changes in equity for the period ended 31 December 2018						
Total comprehensive loss for the period	-	-	-	-	(1,656)	(1,656)
At 31 December 2018	**-**	**-**	**-**	**-**	**(1,656)**	**(1,656)**
Changes in equity for the year ended 31 December 2019						
Total comprehensive gain for the year	-	-	-	-	(1,857)	(1,857)
Share option provision reserve	-	-	120	-	-	120
Transfer re Open Orphan PLC	371	19,025	178	(2,635)	-	16,939
Shares issued	1	16	-	-	-	17
Total contributions by and distributions to owners	**372**	**19,041**	**298**	**(2,635)**	**(1,857)**	**15,219**
At 31 December 2019	**372**	**19,041**	**298**	**(2,635)**	**(3,513)**	**13,563**

1. General information
Open Orphan Plc is a company incorporated in England and Wales. The Company is a public limited company, limited by shares, listed on the AIM market of the London Stock Exchange. On 18 January 2016, the company also listed on the ESM market of the Irish Stock Exchange. The address of the registered office is Queen Mary Bio Enterprises, Innovation Centre, 42 New Road, London, E1 2AX, UK.

The principal activity of the Group is that of a Clinical Research Organisation providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations. The Group has a presence in the UK, Ireland, France, Netherlands, Germany and Singapore.

The financial statements are presented in '000 Euros (except where indicated otherwise), the currency of the primary economic environment in which the Group's trading companies operate. The Group comprises Open Orphan Plc and its subsidiary companies as set out in note 18.

The registered number of the Company is 07514939.

2. Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied throughout the year, unless otherwise stated.

Basis of preparation
Open Orphan Plc (formerly Venn Life Sciences Holdings Plc) completed an IPO on the London AIM Exchange and the Dublin Euronext exchange on 28 June 2019 through a reverse acquisition of Open Orphan DAC, an Irish Company, into Venn Life Sciences Holdings Plc (Venn), a UK company. Based on the accounting standards under IFRS 3 and IFRS 10, the Group has determined that the entity with control of the combined group after the combination is Open Orphan DAC. It was therefore determined that reverse acquisition accounting is to be applied for presentation of the financial statements of the Group. This means that results reported for the period reflect those of Open Orphan DAC for the full 12-month period and for Venn Life Sciences group Plc group from 01 July 2019 to year end. The Balance Sheet reported for the period and comparable periods reflect those of the combined group with share capital reflecting the position of the ultimate parent company Open Orphan Plc. Note the prior period for Open Orphan DAC was a 17-month period. The % of the enlarged share capital represented by the consideration shares issued to Open Orphan DAC on the reverse takeover was 40.1% which represented a fair value consideration of £5.7m.

For information purposes, a pro forma statement of Comprehensive Income for the period and comparable periods for Open Orphan Plc on a stand-alone basis and excluding any impact of the combination is presented in the notes to allow a normalized presentation of Comprehensive Income for the existing Group during the period. This is consistent with handling for the H1 2019 Interim results.

The consolidated financial statements of Open Orphan Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. Practice is continuing to evolve on the application and interpretations of IFRS.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.
The changes to new standards for the current period and effective from 1 January 2019 include:

IFRS 16	Leases
IAS 19	Employee Benefits (amendment)

The Group applies, for the first time, IFRS 16 Leases, that does not require restatement of previous financial statements. The nature and effect of this application is disclosed below.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of twelve months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Group adopted IFRS 16 using the simplified retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of IFRS 16 is as follows:

Impact on the statement of financial position as at 31 December 2018 and up to date of reverse takeover:

	At 31 Dec 2018 **€'000**
Assets	
Right of Use Assets	2,075
Liabilities	
Lease Liabilities	**(2,205)**
Net impact on equity at 31 December 2018	**130**
H1 2019 Loss	4
Net impact on equity at 30 June 2019	**134**

Impact on Consolidated Statement of Comprehensive Income for the year ended 31 December 2018:

	Year ended 31 December 2018 **€'000**
Depreciation expense	**533**
Rent expense (included in Administration costs)	**(635)**
Profit from operations	(102)
Finance costs	**110**
Loss for the year ending 31 December 2018	**8**

2. Summary of significant accounting policies (Cont'd)

Transition to IFRS 16 (Cont'd)

Impact on the statement of cash flows (increase/(decrease)) for the year ended 31 December 2018:

	Year ended 31 December 2018 €'000
Net cash flows from operating activities	102
Net cash flows from financing activities	(110)

Summary of new accounting policies

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the Consolidated Financial Statements of the Group.

The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

Standards issued but not yet effective
There were a number of standards and interpretations which were in issue at 31 December 2019 but were not effective at 31 December 2019 and have not been adopted for these Financial Statements. The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Group's Financial Statements. They may result in consequential changes to the accounting policies and other note disclosures. The new standards will not be early adopted by the Group and will be incorporated in the preparation of the Group Financial Statements from the effective dates noted below.

The new standards include:

IFRS 3	Business Combinations[1]
IFRS 17	Insurance Contracts[2]
IAS 1	Presentation of Financial Statements[1]
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern

The Directors have prepared the financial statements on a going concern basis. During the financial year ended 31 December 2019 the Group made a loss of Euro €6,587k and had net cash outflows from operating activities of €3,251k, however the Directors consider the use of the going concern basis to be appropriate. The Directors have prepared working capital projections which show that, along with cash balances on hand at 31 December 2019, and additional funding of £5.3m (before expenses) in January 2020 and £12.6m (before expenses) in May 2020 as result of share placings, which were subject to shareholder approval and certain events or conditions, the Group & Company will have sufficient funding to be able to continue as a going concern.

2. Summary of significant accounting policies (Cont'd)

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Subsidiaries are all entities over which the Group has the power to govern their financial and operating policies generally accompanying a shareholding of more than fifty per cent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the group's share of the profit or loss of the associate after the date of acquisition.

The group's share of post-acquisition profit or loss is recognised in the income statement.

(a) Acquisition accounting
The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

(b) Associates
Associates are all entities over which the group has significant influence but not control or joint control as defined under IAS28. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see equity method below), after initially being recognised at cost less any fair value adjustment.

Equity Method:
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Summary of significant accounting policies (Cont'd)

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in page 28.

(c) Group re-organisation

The Group re-organisation of common control transaction is scoped out under IFRS 3. The results of the Group and all of its subsidiary undertakings affected by the group re-organisation are accounted using the merger accounting method. The method of accounting for such business combination is treated to take place before the transition of IFRS. The investment is recorded at the nominal value of the shares issued, together with the fair value of any additional consideration paid.

Merged subsidiary undertakings are treated as if they had always been a member of the Group. This treatment is permitted under the exemption in IFRS 1 to not restate acquisitions before transition.

The corresponding figures for the previous period include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the Company and those issued by the company to acquire them is taken to reserves as re-organisation reserve.

(d) Reverse acquisition accounting

The acquisition of Venn Life Sciences Holdings Plc (renamed Open Orphan Plc) and its subsidiaries by Open Orphan DAC on 27 June 2019 has been accounted using the principles of reverse acquisition accounting. Although the Group financial statements have been prepared in the name of the legal parent, Open Orphan Plc, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, Open Orphan DAC. The following accounting treatment has been applied in respect of the reverse accounting:

The assets and liabilities of the legal subsidiary, Open Orphan DAC, are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without restatement of fair value. The retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Open Orphan DAC immediately before the business combination and the results of the period from 1 January 2019 to the date of the business combination are those of Open Orphan DAC. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, Open Orphan Plc (formerly Venn Life Sciences Holdings Plc), including the equity instruments issued in order to affect the business combination.

Foreign currency translation

(a) Functional and presentational currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro, which is the functional and presentational currency of the main operating entities.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within 'administrative expenses', except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentational currency as follows:

2. Summary of significant accounting policies (Cont'd)

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Any borrowing costs associated with qualifying property, plant and equipment are capitalised and depreciated at the rate applicable to that asset category.

Depreciation on assets is calculated using the straight-line method or reducing balances method to allocate their cost to its residual values over their estimated useful lives, as follows:

Fixtures and fittings	20% –25%

The assets' residual values and useful economic lives are reviewed regularly, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on the disposal of assets are determined by comparing the proceeds with the carrying amount and are recognised in administration expenses in the income statement.

Intangible assets

(a) Goodwill
Goodwill represents the excess amount of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired underlined businesses at the date of the acquisition. Goodwill on acquisitions of businesses is included in 'intangible assets'. In normal cases Goodwill has an indefinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

2. Summary of significant accounting policies (Cont'd)

(b) Trade secrets
Trade secrets, including technical know-how, operating procedures, contact network, methods and processes, acquired in a business combination are recognised at fair value at the acquisition date. Trade secrets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trade secrets over their estimated useful lives of 10 years and is charged to administrative expenses in the income statement.

c) Customer relationships
Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of 5 years and is charged to administrative expenses in the income statement.

d) Workforce
Workforce acquired in a business combination are recognised at fair value at the acquisition date. The workforce has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 5 years and is charged to administrative expenses in the income statement.

e) Intellectual property rights
Intellectual property rights relates to patents acquired by the Group. Amortisation is calculated using the straight-line method over the expected life of 10 years and is charged to administrative expenses in the income statement.

Impairment of non-financial assets

Assets that have an indefinite life such as goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset which the estimates of future cash flows have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in the prior period. A reversal of an impairment loss is recognised in the income statement immediately. If goodwill is impaired however, no reversal of the impairment is recognised in the financial statements.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

2. Summary of significant accounting policies (Cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 38 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

<u>Subsequent measurement</u>

For purposes of subsequent measurement, financial assets are classified in four categories:
• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
• Financial assets at fair value through profit or loss

However, only Financial assets at amortised cost are discussed as all the Group's financial assets are measured at amortised cost.

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost comprise of trade and other receivables and cash and cash equivalents.

<u>Derecognition</u>

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, OR

2. Summary of significant accounting policies (Cont'd)

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement
Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 25.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2. Summary of significant accounting policies (Cont'd)

Trade and other receivables
Trade receivables are initially recognised at fair value, being the original invoice amount, and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Trade receivables that are less than three months past due date are not considered impaired unless there are specific financial or commercial reasons that lead management to conclude that the customer will default. Older debts are considered to be impaired unless there is sufficient evidence to the contrary that they will be settled. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months, reduced by overdrafts to the extent that there is a right of offset against other cash balances.
For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts.

Share capital
Ordinary Shares and Deferred shares are classified as equity. Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares or options are deducted from the share premium account.

Merger reserve
The reserve represents a premium on the issue of the ordinary shares for the acquisition of subsidiary undertakings. The relief is only available to the issuing company securing at least a 90% equity holding in the acquired undertaking in pursuance of an arrangement providing for the allotment of equity shares in the issuing company on terms that the consideration for the shares allotted is to be provided by the issue to the issuing company of equity shares in the other company.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at the fair value of proceeds received, ,net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.
Borrowing costs are expensed in the consolidated Group income statement under the heading 'finance costs'. Arrangement and facility fees together with bank charges are charged to the income statement under the heading 'administrative costs'.

Current and deferred income tax
The tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income where the associated tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Summary of significant accounting policies (Cont'd)

Deferred tax is disclosed in accordance with IAS 12 and recognised using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in respect of all temporary differences except where the deferred tax liability arises from the initial recognition of goodwill in business combinations.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and tax losses, to the extent that they are regarded as recoverable. They are regarded as recoverable where, on the basis of available evidence, there will be sufficient taxable profits against which the future reversal of the underlying temporary differences can be deducted.

The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Short-term Lease payments expensed in year ended 31/12/19: €19k (2018: Nil).

2. Summary of significant accounting policies (Cont'd)

Employee benefits

Pension obligations
Group companies operate a pension scheme with defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity with the pension cost charged to the income statement as incurred.

The Group has no further obligations once the contributions have been paid.

Share-based payment
Where equity settled share options and warrants are awarded to directors and employees, the fair value of the options and warrants at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period and the corresponding entry recorded in the share-based payment reserve. 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.

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

Revenue recognition

(a) Revenue from Contracts
The group provides clinical consulting services and drug development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined in reference to the stage of completion which is measured by labour hours incurred to the period end as a percentage of the total estimated labour hours for the contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Some contracts include multiple performance obligations in the form of various service offerings. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation measured by reference to labour hours incurred to the period end as a percentage of the total estimated labour hours to achieve a particular performance obligation. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Terms and Conditions tend to vary from contract to contract and in general the payment terms tend to be between 30 and 90 days in The Netherlands and between 30 and 60 days in France and Ireland.

Some contracts include references to milestone events. Where no fee is payable until a milestone is achieved, revenue is recognised up to the value of the milestone event set to occur.

The group is applying practical expedient per IFRS 15 to not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period as the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date and recognise revenue in the amount to which the entity has a right to invoice.

2. Summary of significant accounting policies (Cont'd)

(b) Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(c) Royalty and license income
Royalty and license income are recognised on an accruals basis in accordance with the substance of the relevant agreements.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Exceptional items

These are items of an unusual or non-recurring nature incurred by the Group and include transactional costs and one-off items relating to business combinations, such as acquisition expenses.

3. Financial risk management

Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and cash flow interest rate risk), credit risk, liquidity risk, capital risk and fair value risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge risk exposures.

Risk management is carried out by the head office finance team. It evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management whilst the head office finance team provides specific policy guidance for the operating units in terms of managing foreign exchange risk, credit risk and cash and liquidity management.

a) Market risk
(i) Foreign exchange – cash flow risk

The Group's presentational currency is Euro although it operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily between Euro, USD and the GBP such that the Group's cash flows are affected by fluctuations in the rate of exchange between Euro and the aforementioned foreign currencies.
Management do not use derivative financial instruments to mitigate the impact of any residual foreign currency exposure not mitigated by the natural hedge within the business model. The Group does not speculate in foreign currencies and no operating Company is permitted to take unmatched positions in any foreign currency.

(ii) Foreign exchange – Fair value risk
Translation exposures that arise on converting the results of overseas subsidiaries are not hedged. Net assets held in foreign currencies are hedged wherever practical by matching borrowings in the same currency. The principal exchange rates used by the Group in translating overseas profits and net assets into Euro are set out in the table below.

Rate compared to Euro	**Average rate 2019**	**Average rate 2018**	**Year end rate 2019**	**Year end rate 2018**
GBP	0.88	0.88	0.85	0.90
US Dollar	1.12	1.18	1.12	1.14

3. Financial risk management (Cont'd)

As a guide to the sensitivity of the Group's results to movements in foreign currency exchange rates, a one cent movement in the GBP to Euro rate would impact annual earnings by approximately €1,000 due to natural hedging (2018 - €500).

(iii) Cash flow and fair value interest rate risk

The Group has assets in the form of cash and cash equivalents and limited interest-bearing liabilities which relate to long-term borrowing. Interest rates on cash and cash equivalents are currently zero whilst interest rates on borrowings have been fixed and therefore expose the Group to fair value interest rate risk. The Group does not speculate on future changes in interest rates.

Where overseas acquisitions are made, it is the Group's policy to arrange any borrowings required in local currency.

It is the Group's policy not to trade in derivative financial instruments. The Group does not use interest rate swaps.

(b) Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local subsidiary and operating business unit is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. It is the Group policy to obtain deposits from customers where possible, particularly overseas customers. In addition, the Group will seek confirmed letters of credit for the balances due. Credit risk is managed at the operating business unit level and monitored at the Group level to ensure adherence to Group policies. If there is no independent rating, local management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

(c) Liquidity risk

Cash flow forecasting is performed in the individual operating entities of the Group and is aggregated by Group finance. Group finance monitors cash and cash flow forecasts and it is the Group's liquidity risk management policy to maintain sufficient cash and available funding through an adequate amount of cash and cash equivalents and committed credit facilities from its bankers. Due to the dynamic nature of the underlying businesses, the head office finance team aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents available to fund the requirements of the Group.

The Group's policy in relation to the finance of its overseas operations requires that sufficient liquid funds be maintained in each of its territory subsidiaries to support short and medium-term operational plans. Where necessary, short-term funding is provided by the holding Company. In the UK, the working capital bank facility and the management of liquid funds in excess of operational needs are controlled centrally. Typically, excess funds are placed as short-term deposits, to provide a balance between interest earnings and flexibility.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Note	Less than one year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	More than 5 years €'000	Total €'000
At 31 December 2019:						
Borrowings	**25**	2,002	-	-	-	2,002
Leased Liabilities	**37**	522	385	771	-	1,678
Trade and other payables	**23**	3,500	47	2	-	3,549
At 31 December 2018:						
Borrowings	**25**	1,360	-	-	-	1,360
Trade and other payables	**23**	498	-	-	-	498

3. Financial risk management (Cont'd)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is the sum of net debt plus equity.
The Group is currently largely un-geared, having net cash at 31 December 2019. It is the stated strategy of the Group to grow both organically and through acquisition with acquisitions to be funded through a mixture of debt and equity funding.

4. Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made accounting judgements in the determination of the carrying value of certain assets and liabilities. Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes will differ from those assumptions and estimates. The following judgements have the most significant effect on the amounts recognised in the financial statements.

(a) Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill. However, in applying the reverse acquisition accounting method this has necessitated the Group to recognise the unallocated portion as deemed acquisition costs as required under IFRS 3 – Business Combinations. See also note 2 (d) regarding reverse acquisition accounting treatment for most recent transaction.

(b) Impairment of goodwill and cost of investments

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in note 17. In addition, the Group has also considered the impairment of the investments in the subsidiaries undertakings as set out in note 18.

(c) Impairment of receivables

Trade and other receivables are carried at the contractual amount due less any estimated provision for non-recovery. Provision is made based on a number of factors including the age of the receivable, previous collection experience and the financial circumstances of the counterparty.

(d) Deferred tax assets

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. See note 24.

(e) Intangible assets

The Group amortises intangible assets over their estimated useful life. The useful lives of Trade Secrets, Customer relationships, Workforce and Intellectual Property Rights have been estimated by the Group as stated in note 2. The Group tests annually whether there is any indication that Intangible assets have been impaired.

(f) Revenue recognition

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

5. Segmental reporting

Management has determined the Group's operating segments based on the monthly management reports presented to the Chief Operating Decision Maker ('CODM'). The CODM is the Executive Directors and the monthly management reports are used by the Group to make strategic decisions and allocate resources.

The principal activity of the Group is that of a Clinical Research Organisation (CRO) providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations. As the majority of the Group's contracts are large, multi-country contracts, pulling resources from many different locations, the CODM considers this one business unit.

A second business unit relates to the development of a Data platform of rare disease patients in Europe.

Currently the key operating performance measures used by the CODM are Revenue and adjusted EBITDA (before exceptional items).

The segment information provided to the Board for the reportable segments for the year ended 31 December 2019 is as follows:

	2019 CRO	**2019 Data Platform**	**2019 Total**	**2018 Total**
	€'000	**€'000**	**€'000**	**€'000**
Income statement				
External revenue and other income	**4,039**	**-**	**4,039**	**-**
EBITDA before exceptional items	**(3,549)**	**(762)**	**(4,311)**	**(1,611)**
Exceptional items	(811)	-	(811)	-
EBITDA	**(4,360)**	**(762)**	**(5,122)**	**(1,611)**
Depreciation	(336)	(1)	(337)	-
Amortisation	(378)	-	(378)	-
Operating (loss)	**(5,074)**	**(763)**	**(5,837)**	**(1,611)**
Net finance (costs)	(137)	(262)	(399)	(45)
Share Options Reserve charge	(120)	-	(120)	-
Loss on Financial Asset Investments	(263)	-	(263)	-
Retained (loss) before tax	**(5,594)**	**(1,025)**	**(6,619)**	**(1,656)**
Segment assets				
Intangibles	3,380	-	3,380	-
PPE	216	7	223	1
ROU Assets	1,541	-	1,541	-
Trade and other debtors	4,252	12	4,264	36
Cash	1,197	22	1,219	165
Total assets	**10,586**	**41**	**10,627**	**202**
Segment liabilities				
Operating liabilities	(4,877)	(398)	(5,275)	(498)
Borrowings	(1,652)	(350)	(2,002)	(1,360)
Total liabilities	**(6,529)**	**(748)**	**(7,277)**	**(1,858)**

6. Expenses – analysis by nature

	2019 €'000	2018 €'000
Employee benefit expense (note 10)	5,931	438
PPE Depreciation (note 16) and amortisation (note 17)	448	-
Depreciation related to Right of use Assets (Note 37)	267	-
Exceptional items (note 7)	811	-
Foreign exchange losses	128	-
Professional fees	516	303
Travel	212	135
Printing, postage, stationary	8	8
Subcontractors and freelancers	317	-
Other expenses	1,238	727
Total direct project and administrative costs	**9,876**	**1,611**

7. Exceptional items

Included within Administrative expenses are exceptional items as shown below:

	2019 €'000	2018 €'000
Exceptional items include:		
– Transaction costs relating to business combinations and acquisitions	811	-
Total exceptional items	**811**	**-**

8. Auditor remuneration

Services provided by the Company's auditor and its associates. During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2019 €'000	2018 €'000
Fees payable to Company's auditor for the audit of the parent Company and consolidated financial statements	30	7
Fees payable to the auditors of subsidiaries for services:		
– The audit of Company's subsidiaries pursuant to legislation paid to Company Auditor	24	-
– The audit of Company's subsidiaries pursuant to legislation paid to other Auditors	51	
– Other services	16	-
– Tax services	9	-
Total auditor's remuneration	**130**	**7**

9. Directors' emoluments

	2019 €'000	2018 €'000
Aggregate emoluments	370	376
Contribution to defined contribution pension scheme	15	45
Total directors' remuneration	**385**	**421**

See further disclosures within the Remuneration Report on page 12.

Highest paid Director	2019 €'000	2018 €'000
Total emoluments received	102	179
Defined contribution pension scheme	15	45

No share options were exercised in the year by highest paid director nor was there any shares awarded to that director in the year.

10. Employee benefit expense

	2019 €'000	2018 €'000
Wages and salaries	4,792	359
Social security costs	823	29
Pension costs	316	50
Total employee benefit expense	**5,931**	**438**

11. Average number of people employed

	2019 No	2018 No
Average number of people (including Executive Directors) employed was:		
Administration	34	5
Clinical research	100	-
Sales and marketing	9	-
Total average number of people employed	**143**	**5**

The total number of employees at 31 December 2019 was 132 (2018 - 5).

12. Finance income and costs

	2019 €'000	2018 €'000
Interest expense:		
– Interest on Lease liabilities (Note 37)	(55)	-
– Interest on other loans	(344)	(45)
Finance costs	**(399)**	**(45)**
Finance income		
– Interest income on cash and short-term deposits	-	-
Finance income	**-**	**-**
Net finance expense	**(399)**	**(45)**

13. Income tax expense

Group	2019 €'000	2018 €'000
Current tax:		
Current tax for the year	-	-
Overprovision of prior year tax charge	-	-
Total current tax (credit)	**-**	**-**
Deferred tax (note 24):		
Origination and reversal of temporary differences	(76)	-
Total deferred tax	**(76)**	**-**
Income tax (credit)	**(76)**	**-**

The tax on the Group's results before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the profits of the consolidated entities as follows:

	2019 €'000	2018 €'000
(Loss) before tax	**(6,619)**	**(1,656)**
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 19.00% (2018 – 19%)	(1,258)	(315)
Tax effects of:		
– Expenses not deductible for tax purposes	189	3
–Temporary timing differences	(76)	(312)
– Losses carried forward	1,069	-
Income tax (credit)	**(76)**	**-**

There are no tax effects on the items in the statement of comprehensive income. The effect of losses is discussed in note 24.

14. Loss per share

(a) Basic

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

	2019 €'000	2018 €'000
(Loss) from continuing operations	(6,543)	(1,656)
Total	**(6,543)**	**(1,656)**
Weighted average number of Ordinary Shares in issue	165,081,000	211,000
Earnings per share from continuing operations	(3.96c)	(785.2c)

(b) Diluted

Due to the losses in the periods the effect of the share options and warrants noted below were considered to be anti-dilutive. Details of share options are given in note 32. Details of warrants outstanding are given in note 26.

14. Loss per share (Cont'd)

	2019	2018
Potential dilutive ordinary shares:		
Weighted Options	9,131,123	-
Weighted Warrants	6,651,204	-
Total	**15,782,327**	**-**

15. Dividends

There were no dividends paid or proposed by the Company in either year.

16. Property, plant and equipment

Group

	Fixtures & fittings €'000
Cost	
At 1 January 2019	1
Transfer re Open Orphan PLC	812
Additions	37
Disposals	(11)
Exchange differences	-
At 31 December 2019	**839**
Depreciation	
At 1 January 2019	-
Transfer re Open Orphan PLC	546
Charge for the year	77
Elimination on disposal	(7)
Exchange differences	-
At 31 December 2019	**616**
Net book value	
At 31 December 2019	**223**
At 31 December 2018	**1**

The Company had no property, plant and equipment at 31/12/2019. (2018: €1,000 -removed on transfer to Open Orphan plc).

17. Intangible fixed assets

Group	Customer relationships €'000	Trade secrets €'000	Goodwill €'000	Intellectual Property Rights €'000	Workforce €'000	Total €'000
Cost						
At 1 January 2019	-	-	-	-	-	-
Transfer re Open Orphan PLC	1,654	705	1,810	360	1,468	5,997
Additions	-	-	3,140	-	-	3,140
Disposals	-	-	-	-	-	-
At 31 December 2019	**1,654**	**705**	**4,950**	**360**	**1,468**	**9,137**
Amortisation						
At 1 January 2019	-	-	-	-	-	-
Transfer re Open Orphan PLC	1,504	435	1,810	360	1,270	5,379
Charge for the year	150	30	-	-	198	378
Disposals	-	-	-	-	-	-
At 31 December 2019	**1,654**	**465**	**1,810**	**360**	**1,468**	**5,757**
Net book value						
At 31 December 2019	**-**	**240**	**3,140**	**-**	**-**	**3,380**
At 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**

Goodwill was allocated to the Group's cash-generating units (CGU's) identified according to operating segment. An operating segment-level summary of the goodwill allocation is presented below.

	2019 €'000	2018 €'000
CRO	3,140	-
Data Platforms	-	-
Total	**3,140**	**-**

Goodwill is tested for impairment at the balance sheet date. The recoverable amount of goodwill at 31 December 2019 was assessed at €3,140k (2018: Nil) on the basis of value in use. An impairment loss was not recognised as a result of this review.

The key assumptions in the calculation to assess value in use are the future revenues and the ability to generate future cash flows. The most recent financial results and forecast approved by management for the next two years were used followed by an extrapolation of expected cash flows at a constant growth rate for a further seven years. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating units.

The key assumptions used for value in use calculations in 2019 were as follows:

	%
Longer-term growth rate (from 2022 onwards)	2.5
Discount rate	15

The impairment review is prepared on the group basis rather than a single unit basis.

17. Intangible fixed assets (Cont'd)

The Directors have made significant estimates on future revenues and EBITDA growth over the next ten years based on the Group's budgeted investment in recruiting key employees and marketing the services.

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the Group. The projections and associated headroom used for the group is sensitive to the EBITDA growth assumptions that have been applied.

The Company has no intangible assets.

18a. Investments in subsidiaries

Company	**2019**	**2018**
Shares in Group undertakings	**€'000**	**€'000**
At 1 January	-	-
Transfer re Open Orphan PLC	3,272	-
Investment in Open Orphan DAC	6,362	
Disposal	-	-
At 31 December	**9,634**	**-**

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid. Following review an impairment provision of nil (2018: nil) has been made to the investment in subsidiaries.

The subsidiaries of Open Orphan Plc are as follows:

Name of Company	Note	Proportion Held	Class of Shareholding	Nature of Business
Venn Life Sciences Limited	1	100% (direct)	Ordinary	Intermediate holding company
Venn Life Sciences (Ireland) Limited	1	100% (indirect)	Ordinary	Group Service company
Venn Life Sciences B.V.	2	100% (indirect)	Ordinary	Clinical Research Organisation
Venn Life Sciences UK Limited	4	100% (indirect)	Ordinary	Clinical Research Organisation
Venn Life Sciences (NI) Limited	5	100% (direct)	Ordinary	Clinical Research Organisation
Venn Life Sciences (Germany) Gmbh	6	100% (direct)	Ordinary	Clinical Research Organisation
Venn Life Science (France) S.A.S.	3	100% (direct)	Ordinary	Data management and randomisation systems
Venn Life Sciences (EDS) B.V.	2	100% (direct)	Ordinary	Pre-clinical & early clinical Research Organisation
Kinesis Singapore Pte.	7	100% (indirect)	Ordinary	Pre-clinical & early clinical Research Organisation
Open Orphan DAC	1	100% (direct)	Ordinary	Orphan and Rare Drug services

Notes
1. Incorporated and registered in Ireland.
2. Incorporated and registered in the Netherlands.
3. Incorporated and registered in France.
4. Incorporated and registered in England and Wales
5. Incorporated and registered in Northern Ireland
6. Incorporated and registered in Germany
7. Incorporated and registered in Singapore

All the subsidiaries are included in the consolidation. The proportions of voting shares held by the parent Company do not differ from the proportion of Ordinary Shares held.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

18b. Investments - Integumen Plc

Shares in undertakings	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
At 1 January	-	-	-	-
Transfer re Open Orphan PLC	702	-	-	-
Sales Proceeds	(605)	-	-	-
Loss on disposal	(97)	-	-	-
At 31 December	**-**	**-**	**-**	**-**

Venn Life Sciences Limited's holding in Integumen PLC ordinary shares with a market value of €702k, at the date of the reverse takeover, were sold in July 2019 for €605k (net of commission).

18c. Other impairments of investments

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
At 1 January	-	-	-	-
Transfer re Open Orphan PLC	166	-	31	-
Impairment	(166)	-	(31)	-
At 31 December	**-**	**-**	**-**	**-**

A decision to impair in full some balances transferred from the Venn Group was made due to uncertainty over recoverability. These balances were held in Investments (See note 20), Trade debtors and Prepayments.

19. Financial instruments by category

(a) Assets

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
31 December				
Assets as per balance sheet				
Trade and other receivables	3,871	-	6,414	-
Cash and cash equivalents	1,219	165	495	165
Total	**5,090**	**165**	**6,909**	**165**

(b) Liabilities

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
31 December				
Liabilities as per balance sheet				
Borrowings	2,002	1,360	1,469	1,360
Lease Liabilities (Note 37)	1,678	-	-	-
Trade and other payables	2,622	498	1,597	498
Total	**6,302**	**1,858**	**3,066**	**1,858**

Liabilities in the analysis above are all categorised as 'other financial liabilities at amortised cost' for the Group and Company.

(c) Credit quality of financial assets

The Group is exposed to credit risk from its operating activities (primarily for trade receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at 31 December 2019 and 31 December 2018, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets.

Trade receivables

The credit quality of trade receivables that are neither past due date nor impaired have been assessed based on historical information about the counterparty default rate. The Group does not hold any other receivable balances with customers, whose past default has resulted in the non-recovery of the receivables balances.

Cash at bank

The credit quality of cash has been assessed by reference to external credit ratings, based on reputable credit agencies' long-term issuer ratings:

Rating	2019 €'000	2018 €'000
A – AAA	1,213	-
Sub-A rating	6	165
Total	**1,219**	**165**

The balance categorised as Sub-A rating is a deposit held with Allied Irish Banks p.l.c. (Guaranteed by Irish government as key shareholder).

20. Investments

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
Beginning of the year	**31**	**-**	**31**	**-**
Impairment	(31)	-	(31)	-
End of the year	**-**	**-**	**-**	**-**

At the year-end a provision was made against the value of the investment, which consisted of a minority shareholding in Arcis Biotechnology Holdings Limited, a privately held company operating in the biotechnology industry.

21. Trade and other receivables

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
Trade receivables	1,850	-	**-**	**-**
Less: provision for impairment of trade receivables	(-)	(-)	**(-)**	**(-)**
Trade receivables – net	1,850	-	**-**	**-**
Prepayments and accrued income (Note 35)	2,013	3	86	3
Amounts owed by subsidiary undertakings	-	-	5,899	-
Other receivables	387	-	515	-
	4,250	**3**	**6,500**	**3**

21. Trade and other receivables (Cont'd)
The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.
The carrying amounts of the Group's trade and other receivables denominated in foreign currencies were as follows:

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
UK Sterling	89	-	460	-
Euros	4,161	3	6,040	3
	4,250	**3**	**6,500**	**3**

22. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
Cash at bank and on hand	1,219	165	495	165
Cash and cash equivalents (excluding bank overdrafts)	**1,219**	**165**	**495**	**165**

The Group's cash and cash equivalents are held in non-interest-bearing accounts. The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

23. Trade and other payables

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
Trade payables	596	-	36	-
Amounts due to subsidiary undertakings	-	-	1,135	-
Social security and other taxes	661	3	-	3
Other payables *	408	24	108	24
Accrued expenses and deferred income	1,884	471	318	471
	3,549	**498**	**1,597**	**498**

*€49,000 of other payables are due after one year after year end 2019 (2018: Nil). All other balances are due within 1 year.

24. Deferred income tax

Deferred tax liabilities
Deferred tax balances were as follows:

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
Deferred tax liabilities	48	-	-	-
	48	**-**	**-**	**-**
Deferred tax liabilities were made up as follows:				
Accelerated tax depreciation	48	-	-	-
	48	**-**	**-**	**-**

24. Deferred income tax (Cont'd)

Deferred tax assets

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. There was no deferred tax asset recognised for the Company. The gross movement on the deferred income tax account is as follows:

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
At 1 January	-	-	-	-
Transfer re Open Orphan PLC	126			
Income statement movement (note 13)	(76)	-	-	-
At 31 December	**48**	**-**	**-**	**-**

25. Borrowings

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
Current – falling due within 1 year				
Loan Notes	1,469	-	1,469	-
Convertible debenture securities("CDS")	350	1,360	-	1,360
Invoice Discounting	183	-	-	-
Total borrowings	**2,002**	**1,360**	**1,469**	**1,360**

The Company and Group do not have bank borrowings. All Borrowings due within one year.

Venn Life Sciences Limited entered into an invoice discounting arrangement with Capital Flow in November 2018 to help improve cash flow for that company. At 31 December 2019 a balance of €183k (2018: €469k pre reverse acquisition) had been drawn down from Capital Flow and was secured against amounts receivable from trade debtors.

This liability of €183k is repayable to capital flow within 90 days, regardless of whether the customer has settled their invoices with the company within that time. Capital flow has registered a fixed and floating charge over the trade debtors balance in Venn Life Sciences Limited. Capital flow charged the company an arrangement fee for setting up this invoice discounting facility. On a monthly basis Capital Flow charge the company a fixed administration fee to the company for use of the facility as well as variable discount fees, trust account fees and disbursement fees depending on the level of use of the invoice discounting facility.

Loan Notes for £1m (€1,175k) were issued on 11 December 2018. The loan notes have a 2-year term. The loan notes have a 10% coupon rate. Interest is payable at six monthly intervals.

Loan Notes for £250k (€294k) were issued on 6 April 2019. The loan notes have a 13-month term. The loan notes have an 8% coupon rate. Interest is payable at six monthly intervals.

There are 2 remaining Convertible debenture securities holders and they are entitled to interest of 7% per annum on their securities. Neither of these CDS holders chose to convert their securities into Ordinary shares in Open Orphan DAC at the time of the reverse takeover of the Venn Group in June 2019. Consequently, these CDS holdings can be redeemed by the company at any time from June 2020 up to March 2022. Following reverse acquisition the holders lost their right to convert.

26. Share capital

	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
254,572,567 (2018 – 210,902) Ordinary shares of £0.001	295	-	295	-
62,833,339 (2018 – Nil) Deferred shares of £0.001	77	-	77	-
Total	**372**	**-**	**372**	**-**

Deferred shares have no rights to income, capital or voting and the Company has the right to acquire all such shares for an aggregate price of £1.
During the year the Company issued 183,177,419 shares. 182,098,111 issued @ £0.056/share, 382,102 @ £0.001/share, 697,206 @ £0.022/share.

Warrants
6,744,500 warrants existed at 31 December 2019 (2018: 6,216,666).

166,666 warrants were granted on 7 June 2011 and exercisable from the date of grant to 6 June 2021. The exercise price was €0.353 (30p) per ordinary share under warrant.

1,759,752 warrants were granted on 11 December 2018 and are exercisable from the date of grant to 10 December 2023. The exercise price is €0.001 (0.1p) per ordinary share under warrant. 3,210,940 warrants were granted on 11 December 2018 and are exercisable from the date of grant to 10 December 2023. The exercise price is €0.026 (2.2p) per ordinary share under warrant.

1,607,142 warrants were granted on 28 June 2019 and are exercisable from the date of grant to 27 June 2024. The exercise price was €0.066 (5.6p) per ordinary share under warrant.

27. Other reserves

Group and Company

Share Premium

Share premium is the difference between the nominal value of share capital and the actual cash received on fund-raising less any costs associated with the fund-raising.

Merger Reserves

This includes reverse acquisition reverse which resulted from the reverse acquisition of Venn Life Sciences Holdings Plc by Open Orphan DAC on 28 June 2019. See note 2 (d). Also includes a Group re-organisation reserve relating to previous re-organisation of the Old Venn Group.

Foreign Currency Reserve

The two subsidiaries, Venn Life Sciences NI Ltd and Venn Life Sciences UK Ltd, are denominated in GBP (£), whilst the reporting currency of the Group is Eur. Hence the Foreign Currency Reserve arises.

Share Option Reserve

A share option reserve of €178,000 was created in June 2019, prior to the reverse takeover of Venn Life Sciences Holdings PLC by OO DAC, in relation to the share options and warrants issued in June 2019. A further provision of €120,000 was made after the reverse takeover.

27. Other reserves (Cont'd)

Retained Earnings

For Group and Company, retained earnings brought forward reflect the retained earnings of OO DAC prior to the reverse takeover of Venn Life Sciences Holdings PLC by OO DAC.

Group earnings for the current year reflect the earnings of OO DAC only up to the date of the Reverse acquisition and the combined earnings of OO DAC and Venn Life Sciences Holdings PLC (now renamed Open Orphan PLC) from date of reverse acquisition to year end.

For Company earnings for the current year reflect the earnings of OO DAC only up to the date of the Reverse acquisition and the earnings of Venn Life Sciences Holdings PLC (now renamed Open Orphan PLC) – company only - from date of reverse acquisition to year end.

28. Cash used in operations

	Group	Group	Company	Company
	2019	2018	2019	2018
	€'000	€'000	€'000	€'000
Loss before income tax	(6,619)	(1,656)	(1,857)	(1,656)
Adjustments for:				
– Depreciation and amortisation (Note 6)	715	1	-	1
– Foreign currency translation of net assets	(58)	-	-	-
– Exceptional Items (Note 7)	811	-	811	-
– Net finance costs/(Income) (Note 12)	399	45	(394)	45
– Share Option Reserve (Note 32)	120	-	120	-
Changes in working capital				
– Losses/Impairments on Investments (Note 18b/18c)	263	-	73	-
– Lease Payments (Note 37)	(318)	-	-	-
– Transfer re Open Orphan PLC			(1,993)	
– (Increase)/Decrease Trade and other receivables	2,185	(36)	-	(36)
– (Decrease)/Increase Trade and other payables	(749)	497	-	497
Net cash used in operations	(3,251)	(1,149)	(3,240)	(1,149)

29. Related Party Disclosures

Directors
Directors' emoluments are set out in the Report of the Remuneration Committee Report.

Key management compensation for the year was as follows:

	2019	2018
	€'000	€'000
Aggregate emoluments	370	376
Employer contribution to pension scheme	15	45
	385	421

Key management includes the Directors only.

29. Related Party Disclosures (Cont'd)

Group

On 10 November 2016 the group signed a contract worth €2.5m with Sedana Medical AB ("Sedana Medical").
The then CEO of Sedana Medical, Michael Ryan, was also a director of Venn Life Sciences. Accordingly, Michael Ryan was a related party of Venn Life Sciences as defined in the AIM Rules and ESM Rules. As a result, the contract is treated as a "related party transaction" under the AIM Rules and the ESM Rules.

The Independent Directors, at that date, being Allan Wood, Anthony Richardson, Jonathan Hartshorn, Gracielle Schutjens, Cornelius Groen, Paul Kennedy and Mary Sheahan, who are not related parties under the AIM Rules and ESM Rules for the purpose of the contract, having consulted with Davy, the Company's NOMAD and ESM adviser, for the purpose of the AIM Rules and ESM Rules, considered the contract to be fair and reasonable insofar as the shareholders of the Company are concerned. Michael Ryan did not take part in the Board's consideration of these matters.

Executive Group Chairman, Cathal Friel, holds a share of £108,642 of the £1m loan note issued in December 2018 through his pension vehicle. Cathal Friel also holds all of the £250k loan note issued in April 2019. Loan note interest of €17k accrued in 2019.Cathal Friel is also a director of Raglan Road Capital Ltd which rents office space and provides advisory and office related services to Open Orphan DAC (2019 charge €97k; 2018 charge €707k). Balance owed by Group to Raglan Road Capital Ltd at year end 2019 was €324,204 (2018: €439,013). Additionally, €29,587 of wages was owed to Cathal Friel at year end 2019 (2018: Nil).

There were no other related party transactions during the year.

The Company

During the year the Company absorbed management charges of €384,010 (2018 - Nil) from its subsidiary undertakings. At 31 December 2019 the Company was owed €5,200,109 (2018 - Nil) by its subsidiaries.

30. Capital commitments

The Group had no capital commitments at 31 December 2019 or at 31 December 2018.

31. Discontinued Operations

There were no discontinued operations in 2019 or 2018.

32. Share options

The Group has share option plans under which it grants share options to certain Directors and senior management of the Group.

To date no share options have vested. Some share options have been forfeited as a result of the Director or employee leaving the Group before options vested.

Number of outstanding share options remaining at 31 December 2019:

Date of Grant	# Options at 01/01/2019	Options Transferred from OO PLC	# of Options Granted	# of Options Forfeited	# Options at 31/12/2019
28/01/2015	-	1,680,000	-		1,680,000
14/09/2017	-	3,560,000	-	250,000	3,310,000
28/06/2019	-	3,858,482	3,858,482		7,716,964
Total	-	9,098,482	3,858,482	250,000	12,706,964

32. Share options (Cont'd)

The weighted-average exercise price of all options outstanding at year end is 8.5p and weighted-average remaining contractual life is 3.2 years.
The pricing and vesting criteria of the share options in existence at 31 December 2019 are as follows:

In relation to the Options granted in 2015 and 2017:

Options in issue 31/12/2019	4,990,000
Exercise price (equal thirds when price hits 25p/35p/45p)	13p
Expected volatility	28%
Expected dividend	0%
Contractual life	3.5 years
Risk free rate	95%
Estimated fair value of each option	£0.00

In relation to the Options granted in 2019:

Options in issue 31/12/2019	7,716,964
Exercise price (equal thirds when price hits 25p/35p/45p)	5.6p
Expected volatility	60%
Expected dividend	0%
Contractual life	5 years
Risk free interest rate	1.84%
Estimated fair value of each option	£0.02

Charge for year was €120,000 (2018 – Nil). The share options granted in 2015 and 2017 have no value. A share option reserve (€178,000) was created before the reverse takeover in relation to the shares and warrants granted in June 2019. A further charge was made of €120,000 to year end 2019 bringing total reserve to €298,000. The Company has used the Black Scholes model to value the options at 31 December 2019. This method simulates a range of possible future share price scenarios and calculates the average of net present value of the option across those scenarios and which captures the effect of the market-based performance conditions applying to such awards. The expected volatility was calculated with refence to historic share price movements.

33. Other operating income

Other operating income represents government grants received to fund Research and Development activities.

34. Post balance sheet events

The following events have taken place since the year end:

a) Completed a merger to acquire the entire issued and to be issued share capital of hVIVO plc for an aggregate consideration of approximately GBP£13 million in equity on 17th January 2020
b) Re-admission of the Enlarged Share Capital following the merger of Open Orphan plc and hVIVO plc to trading on AIM and Euronext Growth on 17th January 2020
c) Executed a placing on 31st January 2020 raising GBP £5.3 million (before expenses)
d) Cathal Friel, CEO, became Executive Chairman; Brendan Buckley, Chairman, became Non-Executive director and Trevor Philips, CEO of hVIVO Plc became CEO of Open Orphan Plc Group and was appointed to the board on January 17th 2020. Christian Milla, Michael Ryan and David Kelly resigned from the board on 17th January 2020. Michael Meade and Mark Warne were appointed to the board on the same date. Leo Toole was appointed Chief Financial Officer on 13th February and, subsequently appointed to the board on 27th February 2020.
e) Trevor Philips resigned as a Director on 4th May 2020
f) Executed a placing on 22 May 2020 raising GBP£12.6 million (before expenses)

35. Revenue, Assets and Liabilities related to contracts with customers
The group derives revenues from external customers from the provision of Clinical consulting services and drug development services split into various service offerings across various geographical regions.

A. 2019 Revenue from contracts with customers by service offering:

Division	2019 Revenue €	2018 Revenue €
Full Service	73	-
BiosStats	258	-
RTSM (IRT)	337	-
Data Management	438	-
Med & Meth	236	-
Early Clinical	1,451	-
Non Clinical*	266	-
CMC*	791	-
QA	93	-
Misc.	96	-
Total	4,039	-

Net accrued income, related to contracts with customers

	2019 Total €'000	2018 Total €'000
Net Accrued Income brought forward	-	-
Transfer re Open Orphan PLC	1,848	-
Movement in the period: - arising from a change in the measure of progress - arising from impairment of a contract asset - arising from a change in the time frame for a performance obligation to be satisfied - a change in the time frame for a right to consideration to become	**(1,141)**	-
Net Accrued Income carried forward	**707**	-
Split:		
Accrued Income	**1,634**	
Deferred Income	**(927)**	
Net Accrued Income	**707**	

The costs incurred to obtain or fulfil a contract which has been recognised as contract assets have been determined with reference to labour hours incurred to the period end as a percentage of the total estimated labour hours to complete specified performance obligations as stipulated by the relevant contracts. Contract assets are not amortised as they are of a short- term nature. Contract assets at year end 2019 were €7,650,000 (2018: Nil) and contract liabilities were €6,531,000 (2018: Nil).

36. Pensions

The Group operates a number of defined contribution pension schemes whose assets are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group and amounted to €316,000 for the year (period ending 31 December 2018: €50,000). Contributions totalling €42,000 were payable to the fund at the year end and are included within trade and other payables (31 December 2018: €23,000).

37. Leases

Amounts recognised in the statement of financial position

	Right of use assets	Lease liabilities
	€'000	€'000
As at 1 January 2019	**-**	**-**
Transfer re Open Orphan plc	**1,808**	1,941
Depreciation expense (Note 6)	**(267)**	—
Interest expense (Note 12)	—	**55**
Payments (Note 28)	—	**(318)**
As at 31 December 2019	**1,541**	**1,678**
Current	—	**522**
Non-current	**1,541**	**1,156**

Maturity of leases

	31 December 2019
	£'000
Current - Within one year	522
Non-Current – Between one to two years	**385**
Non-Current – Between two to five years	**771**
	1,678

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

Proforma Statement of Comprehensive Income - Open Orphan Plc (on a stand-alone basis and excluding any impact of the 28 June 2019 combination with Open Orphan DAC.)

The schedule below reflects normalized Comprehensive Income for Open Orphan Plc (formerly Venn Life Sciences Holdings Plc) as if it were presented on a stand-alone basis and excluded any impact of the 28 June 2019 combination with Open Orphan DAC. Moreover, the schedule does not reflect any 2019 results for hVIVO plc.

	2019	2018
	€'000	€'000
Continuing operations		
Revenue	**9,374**	**13,920**
Direct Project and Administrative Costs	(16,323)	(16,658)
Other operating income	480	371
Operating (loss)	**(6,469)**	**(2,367)**
Depreciation	(660)	(95)
Amortisation	(756)	(840)
Exceptional items	(-)	(-)
EBITDA before exceptional items	**(5,053)**	**(1,432)**
Finance Expense/ income	(305)	10
Impairment of Financial Asset Investments	-	(421)
Impairment of Intangible Assets	-	(2,232)
Gain on sale of Financial Asset Investment	181	-
(Loss) before income tax	**(6,593)**	**(5,010)**
Income tax credit	151	235
(Loss) for the year from continuing operations	**(6,442)**	**(4,775)**
(Loss) for the year is attributable to:		
Owners of the parent	**(6,442)**	**(4,775)**
Other comprehensive income		
Currency translation differences	**(44)**	**85**
Total comprehensive (loss) for the year	**(6,486)**	**(4,690)**
Total comprehensive (loss) for the year is attributable to:		
Owners of the parent	**(6,486)**	**(4,690)**
Total comprehensive (loss) for the year attributable to owners of the parent arises from:		
Continuing operations	(6,486)	(4,690)
	(6,486)	**(4,690)**

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