OVOCA BIO

Annual Report

For the Financial Year ended 31st December 2022

Ovoca Bio
Annual Report Contents

1.

Chairman and Chief Executive Officer (CEO)'s Statement

Dear Shareholders and Colleagues,

As CEO and Chairman of Ovoca Bio plc ('Ovoca', 'Ovoca Bio', 'the Group', 'Company'), I want to begin with update on the recent developments that have significantly impacted our operations in Russia. The tragic events in Ukraine and the subsequent international sanctions imposed on the Russian economy have brought about a paradigm shift in our approach. Following the Marketing Authorization approval for Orenetide, our treatment for female hypoactive sexual desire disorder, and the necessary permissions to commence commercial sales obtained in mid-2022, we have encountered major challenges in financing activities related to manufacturing, marketing, and sales in Russia. This is due to the disruption of financial transactions between the EU and Russia, rendering us unable to proceed with licensing agreements and generate sales as intended.

Despite these difficulties, it is important to note that our global operations remain unaffected. We have a diverse and international team with a presence in Ireland, the UK, Australia, and Russia. Our subsidiaries in Russia accounted for less than 10% of our Group's cashflow in 2021, which has further decreased throughout 2022. Importantly, these subsidiaries have no affiliation or financial backing from the Russian state and are currently not subject to any international sanctions or restrictions imposed by the EU or the US. I want to assure you that neither the Board, the management team, nor any of our substantial shareholders are listed as sanctioned individuals.

Continued...

In light of these circumstances, we have made the decision to dispose certain Russian assets to a private Russian company. The transaction, completed in March 2023, involved the sale of intangible assets related to our clinical development product, Orenetide, for the cash consideration of approximately €1.05 million. As a result, we are gradually winding down our operational activities in Russia, with our Russian subsidiary transitioning to an inactive, non-operating status.

Pursuing our strategy, we have remained focused on international development of Orenetide, a novel treatment for hypoactive sexual desire disorder (HSDD) affecting many women globally. With limited treatment options available, there is a significant unmet medical need, particularly in the US and Europe, where millions of women seek medical assistance for this condition.

Our main priority remains the development of Orenetide in international markets, and we are nearing the completion of our Phase II clinical study in Australia and New Zealand. Despite the challenges posed by the COVID-19 pandemic and associated restrictions, we are delighted to announce that enrolment for the study was concluded by mid-2022, as expected, with all necessary data collected by the end of the same year. While we have encountered some delays in processing the results, we eagerly anticipate receiving the study outcomes during the summer of 2023.

I am pleased to report that our company maintains a good financial position to support our ongoing R&D activities. We will exercise caution in deploying our financial resources to ensure the continued clinical development of Orenetide.

Finally, I want to express my appreciation to our employees and partners for their resilience and dedication during this challenging period. While we face significant obstacles in Russia, we remain committed to our broader vision of advancing novel medicine for areas of high unmet need impacting women. We will continue to prioritize the development and commercialization of Orenetide in markets where we can generate substantial value for our shareholders and make a meaningful impact on quality of patients' lives.

Sincerely,
Kirill Golovanov,
CEO and Chairman, Ovoca Bio plc

Company information and overview

Introduction

Ovoca Bio is a European-based biopharmaceutical company with a focus on women's health. The Company is currently developing a novel treatment for women with hypoactive sexual desire disorder (HSDD), a condition characterized by a distressing lack or loss of sexual desire affecting an estimated ~4 million premenopausal women in the US alone, and up to 10 million premenopausal women in EU.

The Company's lead product, Orenetide, a novel synthetic peptide administered through a nasal spray, is clinically validated, with Phase II and Phase III studies conducted in Russia, demonstrated statistically significant improvement in a number of key efficacy outcomes, including an increase in female sexual desire and reduction of symptoms of distress associated with HSDD.

Ovoca's subsidiary IVIX previously received the Marketing Authorisation ("MA") for Orenetide under the trade name of "Desirix" in Russian Federation, for the treatment of hypoactive sexual desire disorder in premenopausal women. Ovoca is now seeking to develop the drug for major global markets and a Phase II dose ranging study has been completed and is awaiting results from Australia and New Zealand in anticipation of a broader clinical programme to be undertaken for approval and entry into the larger and more lucrative western markets.

Performance highlights

During the reporting period, Ovoca Bio dedicated its efforts to the ongoing clinical and regulatory development of Orenetide, achieving notable results in the following areas:

- Continuing enrolment into the Phase II dose ranging study assessing Orenetide being conducted in Australia and New Zealand. All participants were successfully recruited by July 2022 and data collection completed in December 2022. The results of the study are currently being finalised and are currently expected to be available by August 2023.Further investment in a new manufacturing process and source in Europe to support the planned development of Orenetide for global markets.
- Ovoca's subsidiary, IVIX, obtained Marketing Authorization for Orenetide in Russia under the trade name "Desirix" in late February 2022. Subsequently, all necessary permissions for commencing commercial sales were obtained in mid-2022. However, Ovoca encountered challenges in establishing a commercial partnership for sales of Orenetide in Russia due to the Russia-Ukraine conflict and subsequent international sanctions imposed on the Russian economy and financial system.
- Maintenance of a sustainable financial position.

Operational highlights

During 2022, the Ovoca management team focused on key areas for the development of Orenetide:

Australia and New Zealand Clinical trial – During 2022, we continued to progress our ongoing Phase II dose ranging study with the recruitment of participants finished in July 2022, with all required study data collection activities then completed in December. The study results are currently expected to be delivered in August 2023.

This Phase II study is being conducted in Australia and New Zealand to investigate Orenetide, a novel treatment for premenopausal women with HSDD, administered daily at a range of doses, evaluating across 13 clinical sites the effect of the drug on a lack or loss of sexual desire experienced by female participants.

This double-blind placebo-controlled study enrolled 453 participants. The objectives of the study are to evaluate the effect of three different doses of Orenetide (BP-101) versus a placebo on a number of clinically relevant and validated endpoints are being assessed between a four-week baseline period and after four weeks of daily dosing, and then again after a further eight weeks of no-treatment follow-up. All study participants are female and have a diagnosis of acquired, generalised HSDD. The drug supplied for this study has been outsourced to well-established manufacturers in Switzerland and the UK.

Ovoca has also undertaken strategic investment and collaboration with one of the leading European peptide manufacturers to develop an enhanced manufacturing process for Orenetide, aiming to improve its production. The first key objective is to deliver sufficient material to support the upcoming long-term toxicological assessments, as required by the US Food and Drug Association and regulatory authorities in Europe and, from a strategic perspective, to secure our future clinical development and commercialization plans for Orenetide internationally.

The tragic events in Ukraine and subsequent international sanctions imposed on the Russian economy and financial system, have completely changed the paradigm of the Company's operations in Russia. Russian Marketing Authorisation was granted for Orenetide in February 2022 under trade name of "Desirix", and all requisite permissions to start commercial sales were collected in mid-2022. However, following the developments arising as a result of the conflict in Ukraine, the Company found itself unable to finance any activities related to the manufacturing, marketing or sale of Orenetide in Russia due to the disruption of financial transactions between EU and Russia. This led to substantial difficulties in securing a licensing agreement with Russian commercial partners and resulted in an inability to generate sales of Desirix in Russia.

Despite the difficulties that have arisen, these events have not affected Ovoca's global operations due to our international team and the Company's presence in Ireland, UK, Australia, as well as Russia. Our subsidiaries in Russia accounted for less than 10% of the Group's cashflow in 2021, with a decreasing role throughout 2022, and have no affiliation nor receive any funding from the Russian state, and are not currently subject to EU, US or other international sanctions or restrictions. No member of the Board, management or any of the Company's substantial shareholders are on the list of sanctioned individuals.

The Company continued to manage its resources carefully throughout 2022 and management has remained vigilant to the potential impact of the ongoing conflict in Ukraine. Expenditure has increased during the year, principally due to costs associated with the Phase II study already completed in Australia and New Zealand from which results are expected to be available by August 2023. As a result, the total comprehensive loss of the Group for the full year in 2022 was €'000 5,809 / US$'000 7,073 (2021: €'000 5,134 / US$'000 7,592), which resulted in a final position of cash and liquid investments at fair value as at 31 December 2022 of €'000 3,703 / US$'000 3,953 (2021: €'000 8,548 / US$'000 9,681).

Finally, we were pleased to welcome Kristina Zakurdaeva to the Board as a new Non-Executive Director in January 2022 and the Company's management and Board governance remained stable throughout 2022.

Disposal of the investment in equity securities

Related to the recent events in Ukraine and Russia, the Group's investment in Polymetal shares saw a significant decline in fair value in February 2022, and as at 30 June 2022, the investment was valued at €'000 262/US$'000 275. In December 2022, the Company disposed of its remaining holdings of Polymetal shares as part of its strategy to cease its activities related to Russia.

Strategic developments since year end

A strategic decision to sell certain Russian assets related to its clinical development product Orenetide, namely the Russian patents for Orenetide, the results of completed scientific development of Orenetide in Russia, together with the right to own a Russian Marketing Authorization for Orenetide in Russia was taken and approved by Company Board in March 2023.

Following completion of the Disposal, Company is in the process of ceasing its operations in Russia, and will continue to focus on development of the Orenetide in the major international markets.

Our product

Orenetide (ex BP.101)

Ovoca Bio's first product, Orenetide (ex. BP-101), is an investigational drug comprising a novel synthetic peptide, that is being developed for the treatment of one of the major forms of female sexual dysfunction – hypoactive sexual desire disorder ("HSDD"), for which there is a high unmet medical need with a lack of safe and effective treatment options. HSDD is a distressing condition of lack or loss of sexual desire in women, which affects a significant number of adult females in the US and Europe.

Data from a Russian pivotal Phase III trial of Orenetide, which was announced in March 2019, showed that the drug demonstrated a strong efficacy profile in patients with HSDD. Patients reported a significant increase in the number of satisfying sexual events when compared to a placebo-controlled group, as well as a significant improvement in sexual desire and reduction of distress associated with low sexual desire. A Phase II dose ranging study currently being conducted in Australia and New Zealand study will provide data in a Western population fully compliant with the standards of the International Conference on Harmonisation that, if successful in validating the results of the Russian studies and with completion of concurrent preclinical studies, will ultimately support a clinical programme in the US and EU.

Female sexual dysfunction ("FSD") is estimated to affect a significant proportion of the female population in the US and the EU. Examples of FSD include hypoactive sexual desire disorder and female sexual arousal disorder ("FSAD"). In a research paper published by Shifren J.L. et al, nearly 10% of premenopausal women in a large US survey reported distressing low desire for sexual activity. According to the Women's International Study of Health and Sexuality (Nappi R.E. et al, 2010), the prevalence of HSDD ranged from 6–13 per cent. in Europe, and the proportion of women with low desire associated with distress was significantly higher in younger women in comparison with older women.

Intellectual property

Obtained patents:

Brazil:

- Patent No. BR1120140238880, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide";
- Patent No. BRPI1011071B1, priority year 2009, "Stimulator of Genital, Sexual and Reproductive Function".

Canada:

- Patent No. 2868820, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide";
- Patent No. 2764351, priority year 2009, "Stimulator of Genital, Sexual and Reproductive Function".

China:

- Patent No. ZL201380028491.4, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide";
- Patent No. 102481335B, priority year 2009, "Stimulator of Genital, Sexual and Reproductive Function".

European Union:

- Patent No. 2876113, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide";
- Patent No. EP2465521B1, priority year 2009, "Stimulator of Genital, Sexual and Reproductive Function";
- Patent No. 3530279, priority year 2016, "Pharmaceutical composition and method of treatment of Female Sexual Dysfunctions".

India:

- Patent No. 349465, priority year 2013, "Method for Producing a Recombinant Peptide and Resultant Peptide".

Israel:

- Patent No. 234753, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide".

Japan:

- Patent No. 6552960, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide";
- Patent No. 6858227, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide";
- Patent No. 5643816, priority year 2009, "Stimulator of Genital, Sexual and Reproductive Function";
- Patent No. 7046936, priority year 2016, "New group of peptides for treatment of Female Sexual Dysfunction";
- Patent No. 7155116, priority year 2016, "Pharmaceutical composition and method of treatment of Female Sexual Dysfunctions".

Russia:

- Patent No. 2404793, priority year 2009, "Stimulator of Genital, Sexual and Reproductive Function".

South Korea:

- Patent No. 10-2093096, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide".
- Patent No. 10-2494794, priority year 2016, "Pharmaceutical composition and method of treatment of Female Sexual Dysfunctions".
- Patent No. 10-2499473, priority year 2016, "New group of peptides for treatment of Female Sexual Dysfunction".

USA:

- Patent No. US9409947B2, priority year 2012, "Method for Producing a Recombinant Peptide and Resultant Peptide";
- Patent No. 10836794, priority year 2016, "New group of peptides for treatment of Female Sexual Dysfunction";
- Patent No. 883741, priority year 2009 "Stimulator of Genital, Sexual and Reproductive Function".

Applications of PCT titled New Group of Peptides for Treatment of Female Sexual Dysfunction, PCT/RU2017/050099 is prosecuted in the following countries:

Country	Filed*	Serial No.
Brazil	02.10.2017	BR1120200083138
Canada	02.10.2017	3041456
China	02.10.2017	201780080059.8
EU	02.10.2017	17 866053.6
India	02.10.2017	201917017293
Israel	02.10.2017	266167

Applications of PCT titled Pharmaceutical Composition and Method of Treatment of Female Sexual Dysfunctions, PCT/RU2017/050112 is prosecuted in the following countries:

Country	Filed*	Serial No.
Brazil	23.10.2017	BR112019008311
Canada	23.10.2017	3,042,013
China	23.10.2017	201780079846.0
India	23.10.2017	201917017497
Israel	23.10.2017	266163

**Dates are in DD.MM.YYYY format.*

FUTURE DEVELOPMENT OF ORENETIDE ASSET

The Company's development strategy for Orenetide in HSDD will depend on the results obtained from its Phase II dose ranging study currently ongoing in Australia and New Zealand. If successful, and subject to adequate financial resources, the Company anticipates studying Orenetide in a longer dosing regimen of six months and up to one year to meet Western regulatory requirements for approval in HSDD. To this end, non-clinical studies will first be performed on Orenetide to ensure its safety in advance of such longer-term administration.

2.

Directors & Corporate Information

Directors and corporate information

Directors

Kirill Golovanov
Interim chairman & CEO
(Executive Director)

Timothy McCutcheon
Non-Executive Director

Anastasia Levashova
Non-Executive Director

Kristina Zakurdaeva
Non-Executive Director

Registered Office

17 Pembroke Street Upper
Dublin 2
D02 AT22

Business Address

17 Pembroke Street Upper
Dublin 2
D02 AT22

Other Business Information

Dmitriy Nikitashenko
Vice President - Finance

Reneta Nickolova
Corporate Secretary

Registration number:

105274

Incorporated:

15 January 1985

Web site

www.ovocabio.com

Principal banker

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LE87 2BB

Auditors

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Chartered Accountants & Statutory Audit Firm
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Solicitors

OBH Partners
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Stockbrokers & Nominated adviser

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Registrars

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Dublin D24 AK82
Ireland

3.

Directors' Report

Directors' Report

The Directors present their annual report and audited financial statements for the financial year ended 31 December 2022 of Ovoca Bio plc ("the Company"), a company registered and domiciled in the Republic of Ireland, and its subsidiaries (collectively "the Group").

Principal Activities, Business Review and Future Developments

The Group's activity is that of a biotechnology company while the Company's primary activity is that of a holding company. The Directors have reviewed the financial position of the Group and are satisfied that the Group will continue to operate for the foreseeable future. The Directors are not expecting to make any significant changes in the nature of the business in the near future. The Directors have considered the impact COVID-19 has had and continues to have on the company, its research activity and prospective markets in target. Despite certain challenges the clinical trials continued and completed within the planned timeline and only insignificant setbacks.

A detailed business review is included in the Company information and overview.

Key Performance Indicators

At this stage of the Group's business activities the Directors think it is appropriate to limit the Key Performance Indicators (KPIs) used to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance against targets and to aid management of the business.

The Board monitors relevant KPIs, which it considers appropriate for managing the activities inherent to its operations. The KPIs for the Group are as follows:

Financial KPIs

- Shareholder return – the performance of the share price;
- Research and development costs – Pharmaceutical related research and development costs.

Non-financial KPIs

- Regulatory approval of biopharmaceutical products
- Development and commercialisation partnerships formed with third parties

Results and Dividends

The results of the Group are disclosed on page 26 of the financial statements. The directors did not recommend the payment of a dividend (2021: €NIL/US$ NIL). Meanwhile, the Company resulted to a net loss of €'000 20,717/US$'000 21,832 in 2022 (2021: net loss of €'000 5,612/US$'000 5,916).

Principal Risks and Uncertainties

The Group's operating activities are global, with primary operations in Ireland, Australia, and Russia. Accordingly, the principal risks and uncertainties are identified below. The Group seeks to minimise the effects of these risks through careful monitoring of the risks on an ongoing basis.

- Political Risk: As a consequence of activities in different parts of the world, the Group may be subject to political, economic and other uncertainties, including but not limited to terrorism, war or unrest, changes in national laws and energy policies and exposure to different legal systems. Risks related to Russia-Ukraine military conflict are outlined in a separate section below.

- Legal Risk: As a consequence of the Group business portfolio of pharmaceutical interests, the Group may have numerous legal risks, particularly in the areas of product liability, competition, and patent disputes.
- Competition Risk: The biotechnology and pharmaceutical industries are very competitive. The Group's competitors include major multinational pharmaceutical companies, biotechnology companies and research institutions. Many of its competitors have substantially greater financial, technical and other resources, such as larger research and development staff. The Group's competitors may succeed in developing, acquiring and/or licensing drug product candidates that are earlier to market, more effective and/or less costly than any product candidate which the Group is currently developing or which it may develop and this may have a material adverse impact on the Group
- Pre-clinical studies and clinical trials: Clinical trials are expensive, time consuming and difficult to design and implement and involve uncertain outcomes. Furthermore, results of earlier pre-clinical studies and clinical trials may not be predictive of results of future pre-clinical studies or clinical trials. The Group continuously monitors the outcomes and costs of ongoing clinical trials.
- The Directors have considered the impact COVID-19 has had and continues to have on the company, its research activity and prospective markets in target. Despite certain challenges the clinical trials continued and completed within the planned timeline and only insignificant setbacks.
- Regulatory risks: The regulatory approval processes of the regulatory agencies may be lengthy, time-consuming and the outcome is unpredictable.
- The tragic events in Ukraine and subsequent international sanctions imposed on the Russian economy and financial system, have completely changed paradigm of the Company's operations in Russia. In February 2022, the company has received Russian Marketing Authorisation and commercial sales authorisation for Orenetide under the trade name of "Desirix", for the treatment of hypoactive sexual desire disorder in premenopausal women. However, the Company found itself unable to finance any activities related to the manufacturing, marketing and sale of Orenetide in Russia due to the disruption of financial transactions between EU and Russia. To realise the value of the Orenetide Marketing Authorisation, the Board decided to dispose of the licence. The sale generated proceeds of €000 986/$'000 1,052.
- Despite the difficulties that have arisen, these events have not affected Ovoca's global operations with a truly international team and presence in Ireland, UK, Australia, as well as Russia. The subsidiaries in Russia accounted for less than 10% of the Group's cashflows in 2022, and their role is decreasing further with the company closing its Representative Office in Moscow in September 2022. No member of the Board, management or any of the Company's significant shareholders are on the list of sanctioned individuals.
- Supply and partner risks: The Board took action to mitigate all such risk by disposing where profitable of intellectual property and licenses necessary to reduce the exposure to the Russian market to a minimum. Per the Board's assessment, there's no material supply and partner risk in 2022.
- Balance sheet & financial risks: The management of the Group actively monitors the Group's liquidity position, financial and non-financial health, and equity levels on a regular and continuous basis both at the group and daughter companies' levels. The Group has sufficient liquidity to satisfy our obligations in the foreseeable future, at least over 2023.
- Market risks & Polymetal shares fluctuation risk: the significant fluctuations in stock market prices affect the Group's equity securities at fair value through other comprehensive income (FVOCI). The Group sought to minimise this risk and closely monitored the share price levels and stock market movements throughout the year. At the end of 2022 the Board took action to liquidate the investment in "securities held for sale" position during a period of share price recovering. Proceeds from the share sales amounted to €'000 347/$'000 366.

- Russian Interest rate risks: Currently, IVIX, has no outstanding floating rate credit line in Russia, hence any fluctuations in the Russian key interest rate will not affect the Group's cost of financing.
- Cross-border financial operations with Russian subsidiaries risks: Due to the already introduced sanctions, possible sanctions and related restrictions, during the period of its validity, it may be difficult properly finance Russian operational and commercial activities.
- Political risks of operating in Russia for the Group's subsidiaries: Ireland is stated as "unfriendly" jurisdiction by Russian government. This may result in a number of restrictions to financial and operational activity of subsidiaries of Irish-based (as well as other "unfriendly" jurisdictions-based) companies in Russia.
- Foreign Exchange Risk: Exchange rate fluctuations may affect the cost that the Group incurs with its operations. Any fluctuations of the US Dollar, Russian Rouble and Sterling Pounds against the Euro may have a significant impact on the Company's financial position and results in future. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting date are as follows:

	Financial Assets		Financial Liabilities	
	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 €'000	31/12/2021 €'000
United States Dollar	957	2,325	123	–
Russian Rouble	1,235	26	1,335	110
Sterling Pounds	1,995	5,135	–	–
Australian Dollar	581	560	1	199

The following table details the Group's sensitivity to a 10% increase and decrease in the Euro against United States Dollar and Russian Rouble. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates, it assumes that all other variables, in particular bank interest rates, remain constant and ignores the impact of forecast sales and purchases:

	United States Dollar Impact		Russian Rouble Impact	
	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 €'000	31/12/2021 €'000
Profit or loss	87	211	(9)	(8)

	Sterling Pounds Impact		Australian Dollar Impact	
	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 €'000	31/12/2021 €'000
Profit or loss	181	467	53	33

- Credit Risk: this refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining significant collateral, where appropriate, as a means of mitigating the risk of financial loss from defaulters. The table below analyses the maximum exposure of the Group's financial assets which are subject to credit risk:

	Group 31/12/2022 €'000	Group 31/12/2021 €'000	Group 31/12/2022 US$'000	Group 31/12/2021 US$'000
Other debtors (Note 21)	1,218	319	1,300	361
Cash and cash equivalents (Note 22)	3,703	6,594	3,953	7,468
Total	4,921	6,913	5,253	7,829

The Group continuously monitors defaults of customers and other counterparty, identified either individually or by the Group, and incorporates this information into its credit risk controls. In relation to the credit risk for cash and cash equivalents, the risk is considered to be negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group's management considers that all of the above financial assets are of good credit quality, as the Group's policy is to deal only with creditworthy customers.

- Liquidity Risk: is the risk that the Group will not have the sufficient funds to meet its liabilities. The Group holds its cash in currencies in which it expects to incur expenditure, including Euros, US Dollar and Russian Roubles. The Group's reporting currency is the Euro. The most meaningful information relates to the Group's current liquidity – since it is not generating any income.

  In order to maintain a high liquidity position as well as a precaution for any possible delays in Australian Tax reimbursement the Company has approached several Australian financial institutions and has a pre-approved liquidity facility for AU$'000 1,500 (€'000 1,412/US$'000 1,488) available from September 2022.

  The table below analyses the Group's financial liabilities into relevant maturity groupings based on the earliest date on which the Group can be required to pay. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 1 year equal to their carrying values, as the impact of the discounting is not significant.

Group	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Balances due within 1 year				
Trade and other payables and provisions (Note 26)	1,556	1,341	1,542	1,518

Company	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Balances due within 1 year				
Trade and other payables and provisions (Note 26)	9,179	9,281	9,799	10,511

  The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources. The Group's current cash resources (Note 22), trade and other receivables (Note 21) significantly exceed the current cash outflow requirements.

Directors, Secretary and their Interests

In accordance with Section 329 of the Companies Act 2014, the interests (all of which are beneficial) of the Directors and Secretary who held office at the date of approval of the annual report and at 31 December 2022 and their families in the share capital of the Company were:

	Ordinary shares of 12.5 cents each			Options over Ordinary shares		
Director	31/05/2021	31/12/2021	01/01/2021	31/05/2021	31/12/2021	01/01/2021
Kirill Golovanov	19,506,203	19,506,203	19,506,203	2,200,000	2,200,000	–
Timothy McCutcheon	–	–	–	200,000	200,000	–

Further details of the above share options issued to the directors are as follows:

Director	Date Granted	Number of options	Exercise Price	Vesting period
Kirill Golovanov	27 March 2020	2,200,000	£0.125	3 years
Timothy McCutcheon	27 March 2020	200,000	£0.125	3 years

Share Price

The Company's shares are primarily traded on the Euronext Growth Dublin (XESM) of the Irish Stock Exchange, and the Alternative Investment Market (AIM) of the London Stock Exchange. The Company's shares are also traded on the Frankfurt, Berlin, Munich and Stuttgart exchanges.

The market price of the Company's shares on XESM (OVXA.IR) at 31 December 2022 was €0.06 (2021: €0.17). During the financial year ended 31 December 2022, the market price of the Company's shares ranged from €0.06 to €0.16 (2021: €0.10 to €0.17).

The market price of the Company's share on AIM (OVB.LSE) at 31 December 2022 was £0.04875 (2021: £0.145). During the financial year ended 31 December 2022, the market price of the Company's shares ranged from £0.145 to £0.04875 (2021: £0.094 to £0.15).

Significant Shareholders

So far as the Directors are aware, the names of the persons other than the Directors who, directly or indirectly, are interested in 3 percent or more of the issued share capital of the Company as at 12 June 2023 are as follows:

	Ordinary shares of €1.25c each	% of issued share capital
Euroclear Nominees Limited	53,999,571	61.04
Pickco Trading Co Limited	7,928,531	8.96
Alexandr Mogutov	4,045,060	4.57

Group Undertakings

Details of the Company's subsidiary undertakings are set out in Note 18 to the financial statements.

Directors' Interest in Contracts

None of the Directors had a beneficial interest in any contract to which the Company or Group was a party during the financial year except as detailed in Note 27.

Political Donations

The Group made no political donations during the financial year (2021: €NIL/US$ NIL).

Research and Development Activities

The Group's research and development activities are discussed in the Company Information Overview section of the Annual Report. Research and development costs was recognised as administrative expenses in 2022 amounted to €'000 2,456/US$'000 2,588 (2021: €'000 3,551/US$'000 4,200) refer to Note 5. During the financial year, the Group's capitalised research and development costs amounting to €'000 22/US$'000 24 (2021: €'000 122/US$'000 146) refer to Note 16.

Going Concern

As at 31 December 2022, the Group incurred a loss of €'000 5,809/US$'000 7,073 (2021: loss of €'000 5,134/US$'000 7,592). At the same date, the Company incurred a loss of €'000 20,717/US$'000 21,832 (2021: loss of €'000 5,655/US$'000 6,687) had net current liabilities of €'000 8,198/US$'000 8,752 (2021: €'000 8,308/US$'000 9,409) and is in net liability position of €'000 4,324/US$'000 4,617 (2021: net asset position of €'000 16,389/US$'000 18,563).

The Group is currently developing Orenetide, a novel treatment for hypoactive sexual desire disorder (HSDD) and expects to receive the final results of the clinical trials which have been conducted in Australia by end of August 2023. The Group currently has no definitive alternative plans should the results of the clinical trial turns out to be unfavourable. However, the Board is willing to explore alternative investment opportunities in such circumstances. In the event of a successful outcome of clinical trial, the Group will require significant additional funding to move to the next phase of commercialisation. At reporting date, the expected refund from the R&D relief available in Australia will assist the funding requirement. If the total necessary funding is not obtained and the product is not released to the market, the Group could be significantly impacted and in addition it could suffer significant loss from impairment of Goodwill from IP.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore the entity might be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group continues to avail of the generous R&D relief available in Australia (at a rate of 43.5%) – the expected refund for 2022 is AU$'000 1,500 (translated in Note 7 to: €'000 1,412/US$'000 1,488). To ensure business continuity, the

company has also arranged access to bridging finance in Australia. The Group and Company continue to operate safely and is fully focused on ensuring R&D continuity and long-term viability, as well as explore options to protect and further develop the Group's and Company's business, adjust asset ownership structure and address the current economic challenges as they arise.

The Board reviews the Group and Company financial and strategic position regularly and considers its drug development strategy in light of the current economic and political climate. The Board undertakes such review of the business objectives quarterly or as required as well as monitoring the budgeted expenditure and revenue forecasts. The Board notes the low expenditure requirements for 2023 due to the fact that the trials have now concluded. In these circumstances the Board believes it has sufficient funding to cover the administrative and advisory fees expenditure when required. Based on the 24-month cash flow forecast prepared by the Directors, the Board is satisfied that there are sufficient levels of funding within the Group and Company to enable them to trade for the foreseeable future.

The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

Details of Executive Directors

Kirill Golovanov, Interim Chairman & CEO

Mr. Golovanov joined Ovoca as a corporate advisor in 2007 and was appointed Chief Executive Officer of Ovoca in May 2012. He has extensive experience in the development of venture businesses. Mr. Golovanov holds a Juris Doctor degree from the Moscow State Law Academy, Moscow, Russia and an MBA from Duke University's Fuqua School of Business, NC, USA.

Details of Non-Executive Directors

Timothy McCutcheon, Non-Executive Director

Mr. McCutcheon joined the Board of Ovoca as a Non-Executive Director in January 2009 and moved into the CEO position in December 2009. Prior to Ovoca, Mr. McCutcheon was a partner at DBM Capital Partners, an investment manager and corporate finance boutique specialising in the mining sector of Russia and the former Soviet Union. He also worked at several investment banks such as Bear Stearns, Aton Capital and Pioneer Investments as an award-winning metals and mining sector analyst and as an investment banker. He was one of the first analysts in Russia to write about its gold mining sector and he has advised numerous international gold mining companies on M&A, business development, and Russian business practices.

BA, cum laude, Columbia College, New York, NY. MBA, Finance, Columbia Business School. Fluent in English and Russian.

Anastasia Levashova, Non-Executive Director

Ms. Levashova has 20+ years of experience of long-term investing in Europe, Middle East and Africa and Latin America and has served on a number of company boards of directors across the UK and Russia. Currently at Blackfriars Asset Management in London, Anastasia oversees several portfolios investing in global equities and high yield securities. Prior roles include leading BNP Paribas EMEA equity sales business, managing research sales and capital transactions at Citibank, and establishing Bank of America Merrill Lynch's equity sales/trading and research teams in Russia. Anastasia holds a PhD from Moscow Lomonosov State University and a Masters from Columbia University, NYC. She does regular interviews on investments for Bloomberg and is a member of EM Power – global charity supporting disadvantaged youth in emerging countries.

Kristina Zakurdaeva, Non-Executive Director

Ms. Zakurdaeva has 10+ years of experience in the international pharma industry and biotech projects development in US, Russia and globally. Kristina now serves as CEO of Incuron, a New York-based drug development company in the oncology sector. Before Incuron, she served as Chief Medical Officer at Gero (Singapore/Russia), a drug discovery company focused on aging and aging-related diseases, where she developed clinical strategy for the company's pipeline. Prior to that Kristina worked as a Scientific Advisor at Bristol-Myers Squibb and later headed oncology and immunology R&D projects in the Skolkovo Foundation (Moscow) where she successfully launched the Cancer Center of Excellence.

Ms. Zakurdaeva is a Founder and Chair of the Board of the Foundation for Cancer Research Support (RakFond, Russia) and has authored numerous, recent, peer-reviewed publications and co-authored a scientific discovery in genetics. He holds a MD degree in internal medicine and hematology, as well as a PhD in genetics of acute leukemia.

Corporate Governance Statement

The Board of Directors ("the Board") are committed to maintaining the highest standards of corporate governance commensurate with the size, stage of development and financial status of the Group.

Board

The Board currently has four directors, comprising one Executive Director and three Non-Executive Directors. The Board met formally on 10 occasions during 2022. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgment to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry, Non-Executive Directors are not appointed for specific terms. Each Non-Executive Director comes up for re-election every three years and each new Director is subject to election at the next Annual General Meeting following the date of appointment.

The following committees deal with the specific aspects of the Group affairs:

Audit Committee: This Committee comprises two Non-Executive Directors. The external auditors have the opportunity to meet with members of the Audit Committee without executive management present at least once a year. The duties of the Committee include the review of the accounting principles, policies and practices adopted in preparing the financial statements, external compliance matters and the review of the Group's financial results.

Nominations Committee: Given the current size of the Group, a Nominations Committee is not considered necessary. The Board reserves to itself the process by which a new Director is appointed.

Remuneration Committee: This Committee comprises one Non-Executive Director and one Executive Director. This Committee determines the contract terms, remuneration and other benefits of the Executive Directors, Chairman and Non-Executive Directors. Further details of the Group's policies on remuneration, service contracts and compensation payments are given in the Remuneration Committee Report below.

Communications: The Group maintains regular contact with shareholders through publications such as the annual and half-year report and via press releases on the Group's website, www.ovocabio.com. The Directors are responsive to shareholder enquiries throughout the year. The Board regards the Annual General Meeting as a particularly important opportunity for shareholders, Directors and management to meet and exchange views.

The QCA Corporate Governance Code 2018

The QCA Code sets out 10 broad principles and requires the Company to consider how each should be applied. This Report is a summary of the position with the Company's Corporate Governance processes and practices or otherwise

"signposts" where other disclosures are made in this document or on the Company's website *www.ovocabio.com*, particularly the Company's Corporate Governance Statement: *https://ovocabio.com/investors/corporate-governance/*.

The Board address the ten principles underpinning the QCA case as follow:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning, balanced team led by the chair;
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and s;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board;
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

Internal Control

The Directors have overall responsibility for the Group's system of internal control and have delegated responsibility for the implementation of this system to executive management. This system includes financial controls that enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records. The Group's system of internal financial control provides reasonable, though not absolute assurance that assets are safeguarded, transactions authorised and recorded properly and that material errors or irregularities are either prevented or detected within a timely period. Having made appropriate enquiries, the Directors consider that the system of internal financial, operational and compliance controls and risk management operated effectively during the period covered by the financial statements and up to the date on which the financial statements were signed. The internal control system includes the following key features, which have been designed to provide internal financial control appropriate to the Group's businesses:

- budgets are prepared for approval by the Board;
- expenditure and income are compared to previously approved budgets;
- a detailed investment approval process which requires the Board's approval of all major capital projects and regular review of the physical performance and expenditure on these projects.

Remuneration Committee Report

The Group's policy on senior executive remuneration is designed to attract and retain people of the highest calibre who can bring their experienced and independent views to the policy, strategic decisions and governance of the Group. In setting remuneration levels, the Remuneration Committee takes into consideration the remuneration practices of other companies of similar size and scope. A key philosophy is that staff must be properly rewarded and motivated to perform in the best interests of the shareholders.

Accounting Records

The Directors believe that they have complied with the requirement of section 281 to 285 of the Companies Act, 2014, with regard to the keeping of accounting records by employing persons with appropriate expertise and by providing adequate resources to the financial function. The accounting records are held at the Group and Company's business address at 17 Pembroke Street Upper, Dublin 2, Ireland.

Compliance Statement

The directors of the Company acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in the Companies Act 2014 (the "2014 Act")) and, as required by section 225 of the 2014 Act, the directors confirm that:

- A compliance policy statement setting out the Company's policies with regard to complying with the relevant obligations under the 2014 Act has been prepared;
- Arrangements and structures have been put in place that they consider sufficient to secure material compliance with the Company's relevant obligations; and
- A review of the arrangements and structures has been conducted during the financial year.

Disclosure of Information to Auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Events after Reporting Period

Disposal of Russian Assets

In March 2022 the Company announced that it has agreed the disposal of certain Russian assets to Desirix LLC, a private Russian company, for a cash consideration of 84.6 million Russian roubles (approximately €986 million/US$ 1.05 million at the exchange rate by the time of announcement). Pursuant to the Disposal, Ovoca has agreed to sell certain Russian assets related to its clinical development product Orenetide, namely the Russian patents for Orenetide, the results of completed scientific development of Orenetide in Russia, together with the right to own a Russian Marketing Authorization for Orenetide in Russia.

Ovoca has completed the Disposal in March 2023. Upon completion of the Disposal, Ovoca is gradually ceasing all operational activities in Russia. Ovoca's Russian subsidiary, IVIX LLC ("IVIX"), will be transferred to an inactive, non-operating status. The proceeds from the disposal will be used for general corporate purposes.

Australia and New Zealand Clinical trial

After completing the recruitment of study participants, the Company expected to receive the study results in the H1 of 2023, but due to a delay on the contract research organisation side, the results are expected during the summer of 2023.

Taymura litigation

In 2014, the Company entered into a loan agreement with a third party. In return for a US$'000 6,300 loan, the Company (formerly Ovoca Gold plc) received an exclusive period to complete due diligence on JSC Evenkiya Fuel and Energy Company (ETEK) and LLC Taymura. The loan was secured by certain receivables of LLC Taymura, non-encumbrance of the assets for the exclusive period, and personal guarantees. In the event that acquisition terms could not be agreed, the loan was to be returned with interest to the Company. The loan subsequently went in to default for non-repayment.

After extensive legal proceeding, the Company recovered an amount of US$'000 1,000 during the financial year ended 31 December 2016 and the Company continues to try to recover the remaining amount through the courts. However, in May 2019 we became aware that an arbitration court in Russia issued a decision for the Company to repay the received US$'000 1,000.

In December 2019, Alliance LLC (a legal successor of Taymura), filed a petition to the court for changing the method of enforcing the decision under which the court granted to repay the received US$`000 1,000, should change the manner and the method of court order enforcement and provide for the seizure of the share held by the debtor, Ovoca Bio plc in the share capital of Comtrans LLC with the nominal value of 32,400,400 roubles.

A subsequent ruling made by the Court in April 2022, granted the claim of Alliance LLC and directing for the share capital of Comtrans LLC to be seized and the share representing 59,94% of the share capital of IVIX LLC (subsidiary of Silver Star Ltd.) to be seized in order to fully recover the amount recovered in 2016.

Ovoca Bio Plc rigorously contested this decision, but as noted the current volatile political situation was not in favour of Ovoca Bio Plc and a ruling was made directing Ovoca to repay the amounts recovered in 2016. In 2021, Ovoca Bio Plc had cautiously considered the latest developments in the courts and obtained extensive legal advice on the matter. In previous year, the Board believes, it is prudent to make a provision of in relation to the possible outflow of resources connected with the Alliance LLC claim.

The court decision was enforced in July 2022. In September 2022 the claim of Alliance LLC was discharged and Ovoca made the payments in cash through one of its subsidiaries for the amount of the claim that had been provided for in the prior year.

Alliance LLC appealed to the court for the recovery of interest for the use of funds, as well as reimbursement of court costs for a total amount of 12.4 Million Russian Roubles (approximately €'000 159 at the exchange rate by the time of release of this report). Ovoca contested this requirement on appeal, but the court left the decision unchanged. Ovoca Bio Plc is currently taking steps to appeal this last ruling.

Auditors

The auditors, Grant Thornton Chartered Accountants & Statutory Audit Firm, continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board on 27 June 2023 and signed on its behalf.

Timothy McCutcheon
Director

Kirill Golovanov
Director

Directors' Responsibilities Statement

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

Irish company law requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU IFRS) and have elected to prepare the Company financial statements in accordance with EU IFRS, as applied in accordance with Irish law and regulations.

The Group and Company financial statements are required by law to present fairly their financial position and performance for each financial year.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for ensuring that the Group and Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Group and Company, enable at any time the assets, liabilities, financial position and profit or loss of the Group to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Group and Company 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 corporate and financial information included on the Group and Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements and other information included in Directors' report may differ from legislation in other jurisdictions.

Approved on behalf of the Board on 27 June 2023

Timothy McCutcheon
Director

Kirill Golovanov
Director

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Independent Auditor's Report to the Members of Ovoca Bio plc

Independent Auditor's Report to the Members of Ovoca Bio plc

Opinion

We have audited the financial statements of Ovoca Bio plc (the "Company") and its subsidiaries ("the Group"), which comprise the Consolidated income statement, Consolidated statement of other comprehensive income/(loss), Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of cash flows and Company statement of cash flows for the financial year ended 31 December 2022, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, Ovoca Bio plc's financial statements:

- give a true and fair view in accordance with IFRS as adopted by European Union, of the assets, liabilities and financial position of the Group at 31 December 2022 and of the Group's financial performance and cash flows for the financial year then ended;
- gives a true and fair view, in accordance with IFRS as adopted by European Union, of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its cash flows for the financial year then ended; and
- have been properly prepared and in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standards for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Group and Company. 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.

Material uncertainty relating to going concern

In forming our opinion, which is not modified, we draw attention to the disclosures made in the Directors' report and Notes 2 and 3 in the financial statements concerning the Group's and Company's ability to continue as a going concern. As at 31 December 2022, the Group incurred a loss of €'000 5,809 / US$'000 7,073 (2021: loss of €'000 5,134 / US$'000 7,592). At the same date, the Company incurred a loss of €'000 20,717 / US$'000 21,832 (2021: loss of €'000 5,655 / US$'000 6,687) had net current liabilities of €'000 8,198 / US$'000 8,752 (2021: €'000 8,308 / US$'000 9,409) and is in net liability position of €'000 4,324 / US$'000 4,617 (2021: net asset position of €'000 16,389 / US$'000 18,563). The Group is currently developing Orenetide, a novel treatment for hypoactive sexual desire disorder (HSDD) and expects to receive the final results of the clinical trials which have been conducted in Australia by end of August 2023. The Group currently has no definitive alternative plans should the results of the clinical trial turns out to be unfavourable. However, the Board is willing to explore alternative investment opportunities in such circumstances. In the event of a successful outcome of clinical trial, the Group will require significant additional funding to move to the next phase of commercialisation. At reporting date, the expected refund from the R&D relief available in Australia will assist the funding requirement. If the total necessary funding is not obtained and the product is not released to the market, the Group could be significantly impacted and in addition it could suffer significant loss from impairment of Goodwill from IP.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore the entity might be unable to realise its assets and discharge its liabilities in the normal course of business.

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the validity of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting includes an assessment of assumptions within the management's 24-month cash flow forecast and its planned source of funding to enable them to trade for the foreseeable future, and to explore further investment opportunities if appropriate projects exist. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classifications of liabilities that might be necessary should the Company be unable to continue in existence.

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 judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of 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 therefore we do not provide a separate opinion on these matters.

In addition to the matter described in Material uncertainty related to going concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made substantive judgements for example the valuation of goodwill. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

How we tailored the audit scope

The Group has three business segments: pharmaceutical and Bio-pharmaceutical activities are primarily operated in Australia, and minimal activity in the Russian Federation, whereas the investments activities are operated from Bermuda, and administrative activities in the Republic of Ireland.

We tailored the scope of our audit taking into account the areas where the risk of misstatement was considered material to the Group. We performed an audit of the complete financial information of two components and specified audit procedures at a further three components that were determined by the Group audit team in response to specific risk factors. The components where we performed either audit or specified audit procedures accounted for 99% of the Group's total assets. Components' represent business units across the Group considered for audit scoping purposes. We performed an audit of the complete financial information of the Company.

In establishing the overall approach to our audit, we assessed the risk of material misstatement at a Group level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the control environment in place at Ovoca Bio plc.

Materiality and audit approach

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the Group and Company and their environment, the history of misstatements, the complexity of the Group and Company and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group as 1% of total assets for the financial year ended 31 December 2022. We determined materiality for the Company as 9.93% of the total assets of the Group.

We have applied the total assets benchmark as the Company and the Group primarily held assets for the purposes of investment during the financial year.

We have set Performance materiality for the Group and Company at 65% of materiality, having considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the entity and it's the control environment. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

We agreed with the board of directors that we would report to them misstatements identified during our audit above 5% of materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Significant matters identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Calculation and impairment review of Goodwill (Note 15) and Other intangible assets (Note 16)

In 2018, the Group, through its subsidiary Silver Star Limited, obtained control of IVIX LLC resulting to recognition of Goodwill. In 2022, Goodwill recognised in consolidation amounted to of €'000 4,237/US$'000 4,575 (2021: €'000 3,994/US$'000 4,575). As of yearend, the Group has other intangible assets attributable to the bio-pharmaceutical segment of the Group amounting to €'000 189/US$'000 202 (2021: €'000 1,783/US$'000 2,019). An impairment review was carried out in accordance with IAS 36.

Due to the complexity of the impairment assessment process and significant management judgment involved in making key assumptions, such as discount and long-term growth rates which are affected by expected future internal and external market conditions, as well as the significant carrying amount of the goodwill and other intangible assets, we consider this area to be a key audit matter.

Our response

- We obtained an understanding on management's processes and controls for the impairment assessment on goodwill and other intangible assets by conducting a walkthrough including a review of the design and implementation of the relevant controls including those relating to IT;
- We obtained an understanding of the work of the internal valuer engaged by the management ("specialist") and evaluated whether the specialist has the necessary competence, capabilities and objectivity for the auditor's purposes;
- We assessed the reasonableness of the discount rate used and evaluated the model in determining the value in use of the cash generating unit;

- We compared the assumptions made by the Group to externally derived data (where applicable) as well as forming our own assessment;
- We tested the integrity and mathematical accuracy of the impairment model;
- We performed sensitivity analysis to determine reasonableness of the input variables used in the impairment model; and
- We considered the adequacy of the Group's disclosures relating to Goodwill and the annual impairment review with the requirements included in the consolidated financial statements in accordance with IFRS as adopted by European Union.

It should be highlighted that the cash flow assumptions including the projected future revenue used in calculation and impairment review of Goodwill is highly dependent on the result of the ongoing clinical trial which is expected to be completed on August 2023. Target product release date assumed a satisfactory result from this trial. If the Group fails to conduct successful clinical trials, register or bring the product to target markets, or if the product does not demonstrate the expected sales volume, the market value of Goodwill may have to be revised down to zero. In the event of the successful outcome of clinical trial, the Group will require significant funding to move to the next phase. If this funding is not acquired, the value of Goodwill may have to be revised down to zero.

In view of the significance of this matter, we consider that it should be drawn to your attention. The ultimate outcome of this matter cannot presently be determined and the financial statements do not include any potential adjustment(s) that may be required arising out of alternative outcomes. The Board is closely monitoring the situation and its impact on the Group and will provide a timely update should any additional risks to the business be identified.

We have no other key audit matters to report with respect to our audit of the financial statements.

Other information

Other information comprises information included in the Annual Report, other than the financial statements and our Auditor's Report thereon, including the Chairman and Chief Executive Officer's Statement and Directors' Report. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations, which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion, the information given in the Directors' Report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors Report.

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by section 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and 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 management either intends to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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 (Ireland) 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 Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (Ireland). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Irish Stock Exchange Euronext Growth Dublin (XESM) and London Stock Exchange's Alternative Investment Market (AIM) Rules and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and Irish tax legislation. The Audit

engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management including the Board, risk and compliance and legal functions on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Group's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- challenging assumptions and judgements made by management in their significant accounting estimates, as disclosed in Note 2 of the financial statements.
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.
- The engagement partner have assessed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation.
- Involvement of experienced engagements team, which includes the engagement of internal expert, with sufficient knowledge of the industry and had the competence to challenge and test the relevant controls and assumptions relating to the valuation of Goodwill and other intangible assets.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Michael Shelley

For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Audit Firm
13 - 18 City Quay
Dublin 2

Date: 27 June 2023

Consolidated Income Statement

	Notes	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Administration expenses	5	(5,423)	(6,096)	(5,716)	(7,209)
Other (losses)/gains	7	(154)	766	(163)	906
Operating loss		(5,577)	(5,330)	(5,879)	(6,303)
Finance income	8	4	104	4	123
Finance costs	8	(39)	(21)	(41)	(25)
Loss for the financial year before tax		(5,612)	(5,247)	(5,916)	(6,205)
Income tax	13	–	–	–	–
Loss for the financial year from continuing operations		(5,612)	(5,247)	(5,916)	(6,205)
Loss for the financial year from discontinued operations	30	–	(228)	–	(268)
Loss for the financial year		(5,612)	(5,475)	(5,916)	(6,473)
Loss for the financial year attributable to:					
Owners of the parent		(5,612)	(5,475)	(5,916)	(6,473)
		(5,612)	(5,475)	(5,916)	(6,473)
Basic loss per share:					
From continuing operations (cents)	14	(€6.88)	(€6.43)	(US$7.25)	(US$7.61)
From continuing and discontinued operations (cents)	14	(€6.88)	(€6.71)	(US$7.25)	(US$7.94)
Fully diluted loss per share:					
From continuing operations (cents)	14	(€6.88)	(€6.43)	(US$7.25)	(US$7.61)
From continuing and discontinued operations (cents)	14	(€6.88)	(€6.71)	(US$7.25)	(US$7.94)

The accompanying notes on pages 38 to 75 form an integral part of these consolidated financial statements.

Consolidated Statement of other Comprehensive Loss

	Notes	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Loss for the financial year		(5,612)	(5,475)	(5,916)	(6,473)
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to profit or loss					
Fair value movement on equity securities designated at fair value through other comprehensive income (FVOCI)	25	(2,006)	(625)	(2,114)	(739)
Exchange movement on equity securities designated at FVOCI	25	124	77	277	91
Net other comprehensive loss that will not be reclassified subsequently to profit or loss		(1,882)	(548)	(1,837)	(648)
Items that will be reclassified subsequently to profit or loss					
Foreign exchange gain/(loss) arising from translating foreign operations		1,685	889	680	(471)
Net other comprehensive income/(loss) that will be reclassified subsequently to profit or loss		1,685	889	680	(471)
Other comprehensive income/(loss) for the financial year		(197)	341	(1,157)	(1,119)
Total comprehensive loss for the financial year		(5,809)	(5,134)	(7,073)	(7,592)
Total comprehensive loss attributable to:					
Owners of the parent		(5,809)	(5,134)	(7,073)	(7,592)
		(5,809)	(5,134)	(7,073)	(7,592)

The accompanying notes on pages 38 to 75 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Notes	Share capital €'000	Treasury share reserve €'000	Foreign currency translation reserve €'000	Share based payment reserve €'000	Other reserves €'000	Retained earnings €'000	Total attributable to owners of parent €'000
At 1 January 2022		11,057	(547)	3,840	42	1,478	(2,440)	13,430
Comprehensive loss:								
Loss for the financial year		–	–	–	–		(5,612)	(5,612)
Other comprehensive (loss)/income:								
Fair value movement on equity securities designated at FVOCI		–	–	–	–	(2,006)	–	(2,006)
Exchange movement on equity securities designated at FVOCI					–	124	–	124
Transfer to retained earnings as a result of sale of equity securities designated at FVOCI		–	–	–	–	1,692	(1,692)	–
Foreign exchange gain arising from translation of financial statements of a foreign operations		–	–	1,685	–	–	–	1,685
Total comprehensive income/(loss)				1,685	–	(190)	(7,304)	(5,809)
Transactions with owners of the Company								
Share based payments (Note 10, 11 & 29)		–	–	–	4	–	–	4
Total transactions with owners of the Company		–	–	–	4	–	–	4
Changes in ownership interest		–	–	–				
Disposal of a subsidiary (retained earnings written off)		–	–	–	–	–	10	10
Total changes in ownership interests		–	–	–	–	–	10	10
Balance at 31 December 2022		11,057	(547)	5,525	46	1,288	(9,734)	7,635
At 1 January 2021		11,057	(547)	2,951	30	2,026	3,035	18,552
Comprehensive loss:								
Loss for the financial year		–	–	–	–	–	(5,475)	(5,475)
Other comprehensive (loss)/income:								
Fair value movement on equity securities designated at FVOCI		–	–	–	–	(625)	–	(625)
Exchange movement on equity securities designated at FVOCI		–	–	–	–	77	–	77
Transfer to retained earnings as a result of sale of equity securities designated at FVOCI		–	–	–	–	–	–	–
Foreign exchange gain arising from translation of financial statements of a foreign operations		–	–	889	–	–	–	889
Total comprehensive (loss)/income				889	–	(548)	(5,475)	(5,134)
Transactions with owners of the Company								
Share based payments (Note 10, 11 & 29)		–	–	–	12	–	–	12
Total transactions with owners of the Company		–	–	–	12	–	–	12
Changes in ownership interest								
Purchase of additional interest in a subsidiary with NCI		–	–	–	–	–	–	–
Total changes in ownership interests		–	–	–	–	–	–	–
Balance at 31 December 2021		11,057	(547)	3,840	42	1,478	(2,440)	13,430

The accompanying notes on pages 38 to 75 form an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

	Ordinary Share capital €'000	Other reserves €'000	Share based payments reserve €'000	Retained earnings €'000	Total (attributable to owners of the parent) €'000
At 1 January 2022	11,057	1,305	42	3,985	16,389
Comprehensive loss					
Loss for the financial year	–	–	–	(20,717)	(20,717)
Total comprehensive loss	–	–	–	(20,717)	(20,717)
Transactions with owners of the Company					
Share based payments (Note 10, 11 & 29)	–	–	4	–	4
Total transactions with owners of the Company	–	–	4	–	4
At 31 December 2022	11,057	1,305	46	(16,732)	(4,324)
At 1 January 2021	11,057	1,305	30	9,640	22,032
Comprehensive loss					
Loss for the financial year	–	–	–	(5,655)	(5,655)
Total comprehensive loss	–	–	–	–	(5,655)
Transactions with owners of the Company					
Share based payments (Note 10, 11 & 29)	–	–	12	–	–
Total transactions with owners of the Company	–	–	12	–	–
At 31 December 2021	11,057	1,305	42	3,985	16,389

The accompanying notes on pages 38 to 75 form an integral part of these financial statements.

Consolidated Statement of Financial Position

	Notes	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Assets					
Non-current assets					
Goodwill	15	4,237	3,994	4,575	4,575
Other intangible assets	16	189	1,783	202	2,019
Property, plant and equipment	17	–	18	–	20
Equity securities designated at FVOCI	19	–	1,954	–	2,213
Total non-current assets		4,426	7,749	4,777	8,827
Current assets					
Inventories	20	43	94	46	106
Trade and other receivables	21	1,233	334	1,316	378
Cash and cash equivalents	22	3,703	6,594	3,953	7,468
Total current assets		4,979	7,022	5,315	7,952
Assets included in the disposal group classified as held for sale	30	–	–	–	-
Total assets		9,405	14,771	10,092	16,779
Equity and liabilities					
Equity attributable to owners of the parent					
Ordinary shares	23	11,057	11,057	15,586	15,586
Treasury share reserve	23	(547)	(547)	(607)	(607)
Other reserves	25	1,288	1,478	1,774	1,828
Foreign currency translation reserve	25	5,525	3,840	632	(46)
Share based payment reserve	25	46	42	52	48
Retained earnings/(deficit)	24	(9,734)	(2,440)	(9,236)	(1,548)
Equity attributable to owners of the parent		7,635	13,430	8,201	15,261
Total equity		7,635	13,430	8,201	15,261
Current liabilities					
Trade and other payables	26	1,388	562	1,484	636
Provisions	32	168	779	179	882
Total current liabilities		1,556	1,341	1,663	1,518
Liabilities included in the disposal group classified as held for sale	30	214	–	228	–
Total equity and liabilities		9,405	14,771	10,092	16,779

The accompanying notes on pages 38 to 75 form an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors on 27 June 2023

Timothy McCutcheon
Director

Kirill Golovanov
Director

Company Statement of Financial Position

	Notes	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Assets					
Non-current assets					
Financial assets	18	3,874	24,697	4,135	27,972
Total non-current assets		3,874	24,697	4,135	27,972
Current assets					
Trade and other receivables	21	66	30	70	34
Cash and cash equivalents	22	915	943	977	1,068
Total current assets		981	973	1,047	1,102
Total assets		4,855	25,670	5,182	29,074
Equity and Liabilities					
Equity					
Ordinary shares	23	11,057	11,057	15,586	15,586
Retained earnings	24	(16,732)	3,985	(13,036)	8,796
Other reserves	25	1,305	1,305	1,780	1,780
Share based payment reserve	25	46	42	52	48
Foreign currency translation reserve	25	–	–	(8,999)	(7,647)
Total equity		(4,324)	16,389	(4,617)	18,563
Current liabilities					
Trade and other payables	26	9,020	8,502	9,629	9,629
Provisions	32	159	779	170	882
Total current liabilities		9,179	9,281	9,799	10,511
Total equity and liabilities		4,855	25,670	5,182	29,074

The Company has taken advantage of the exemption permitted by Section 304 (1)(b) of the Companies Act 2014 not to present an income statement for the financial year. The Company's loss for the financial year was €'000 20,717 (2021: loss €'000 5,655).

The accompanying notes on pages 38 to 75 form an integral part of these financial statements.

Approved on behalf of the Board of Directors on 27 June 2023

Timothy McCutcheon
Director

Kirill Golovanov
Director

Consolidated Statement of Cash Flows

	Notes	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Cash flows from operating activities					
Continuing operations					
Loss for the financial year before tax		(5,612)	(5,475)	(5,916)	(6,473)
Adjustments for:					
Loss on disposal of investments	7 , 18 & 19	19	–	20	–
Share based payment	25	4	12	4	14
Depreciation and amortisation	16 & 17	531	84	560	99
Loss on disposal of assets	7	313	–	330	–
Dividends income from equity securities at FVOCI	8	–	(104)	–	(123)
Changes in:					
Decrease/(increase) in inventories		51	175	54	198
Decrease in trade and other receivables		(899)	77	(960)	87
Increase in trade and other payables and provision		429	855	373	965
Net cash used in operating activities		(5,164)	(4,376)	(5,535)	(5,233)
Cash flows from financing activities					
Proceeds from loan/borrowings		900	–	961	–
Net cash used in financing activities		900	–	961	–
Cash flows from investing activities					
Dividends received from equity securities at FVOCI	8	–	104	–	123
Additions to property, plant and equipment	17	–	(14)	–	(17)
Additions of research and development costs internally developed	16	(22)	(122)	(24)	(145)
Additions of patents acquired	16	(20)	(35)	(22)	(42)
Proceeds from disposal of assets		1,201	–	1,287	–
Proceeds from disposal of equity securities at FVOCI	19	347	–	366	–
Net cash generated from/(used in) investing activities		1,506	(67)	1,607	(63)
Effects of foreign exchange		(133)	291	(548)	(436)
Net increase/(decrease) in cash and cash equivalents		(2,891)	(4,152)	(3,515)	(5,732)
Cash and cash equivalents at the beginning of financial year	22	6,594	10,746	7,468	13,199
Cash and cash equivalents at the end of financial year	22	3,703	6,594	3,953	7,468
Cash and cash equivalents included in the disposal group	30	–	–	–	–
Cash and cash equivalents for continuing operation	22	3,703	6,594	3,953	7,468

The accompanying notes on pages 35 to 75 form an integral part of these consolidated financial statements.

Company Statement of Cash Flows

	Notes	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Cash flows from operating activities					
Loss for the financial year before tax	24	(20,717)	(5,655)	(21,832)	(6,687)
Adjustments for					
Share based payment reserve movement	25	4	12	4	14
Additions of impairment of investment in a subsidiary	18	20,813	3,223	23,837	3,812
Loss on financial asset written off	18	10	–	11	–
Foreign currency exchange gain		–	(476)	(1,904)	(563)
Changes in					
Increase in trade and other 'receivables		(36)	(22)	(38)	(25)
(Decrease)/increase in trade and other payables and provisions		(102)	910	(109)	1,031
Net cash used in operating activities		(28)	(2,008)	(31)	(2,418)
Effects of foreign exchange		–	476	(60)	446
Net decrease in cash and cash 'equivalents		(28)	(1,532)	(91)	(1,972)
Cash and cash equivalents at the beginning of year		943	2,475	1,068	3,040
Cash and cash equivalents at the end of year	22	915	943	977	1,068

The accompanying notes on pages 38 to 75 form an integral part of these financial statements.

5.

Notes to the Financial Statements

1 General Information

Ovoca Bio plc ("the Company") is a public limited company incorporated in Ireland on 15 January 1985. The address of its registered office and principal place of business is 17 Pembroke Street Upper Dublin 2, Ireland.

These consolidated financial statements for the financial year ended 31 December 2022 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as 'the Group'). Information on the Company's subsidiaries is provided in Note 18.

The Group's activity is that of a biotechnology company while the Company's primary activity is that of a holding company. The Directors have reviewed the financial position of the Group and are satisfied that the Group will continue to operate for the foreseeable future.

On 21 April 1987, the Company's shares were admitted to trading on the Irish Stock Exchange Euronext Growth Dublin (XESM) and on 30 June 2005 to the London Stock Exchange's Alternative Investment Market (AIM).

On 30 September 2018, the Group obtained control of IVIX LLC by acquiring 50.02% of their ordinary share capital and therefore has been consolidated into these financial statements in accordance with *IFRS 3 Business Combinations*, further information relating to the acquisition is found in Note 30 of these financial statements. On 28 June 2019 and 24 March 2020, the Group further acquired 9.92% and 40.06 interest in IVIX LLC, respectively (see Note 34).

Consequently, IVIX LLC became a wholly-owned subsidiary of the Group.

2 Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Group and Company's financial statements.

Statement of compliance

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued and approved by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU) and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The Company has availed of the exemption in Section 304(2) of the Companies Act, 2014 not to present its individual Income Statement and related notes that form part of the approved Company financial statements.

The Company has also availed of the exemption from filing its individual Income statement with the Registrar of Companies as permitted by Section 304(2)(c) of the Companies Act, 2014.

The IFRSs adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective for the financial year ended 31 December 2022.

Basis of preparation

The Group and Company financial statements are prepared on an accrual basis and under the historical cost convention except for certain financial assets measured at fair value and assets and liabilities held for sale measured at fair value less costs to sell. The accounting policies have been applied consistently by Group entities.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2022.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intra-group balances and any unrealised gains or losses or income or expenses arising from intra-group transactions are eliminated in preparing the Group financial statements.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair value, at the date of exchange, of the assets given, equity instruments issued and liabilities incurred or assumed. The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date. Acquisition-related costs are recognised in the consolidated income statement as incurred.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the acquisition-date net fair value of the acquiree's identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The non-controlling interest in the acquiree is initially measured at the Non-Controlling Interests (NCIs) fair value as determined by an independent valuation.

Functional and presentation currency

The Group and Company's financial statements are presented in Euro, which is also the Group and Company's functional currency, and rounded in Euro Thousand (€'000) unless otherwise stated. The US$ Thousand (US$'000) equivalent is shown for information purposes only. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currencies

Monetary assets and liabilities denominated in a foreign currency are translated into Euro at the exchange rate ruling at the statement of financial position date. Revenues, costs and non-monetary assets are translated at the exchange rates ruling at the dates of the transactions. Exchange differences are dealt with through the consolidated income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

On consolidation, the assets and liabilities of overseas subsidiary companies are translated into Euro at the rates of exchange prevailing at the statement of financial position date. The operating results of overseas subsidiary companies are translated into Euro at the average rates applicable during the financial year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to the income statement when the gain or loss on disposal is recognised.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

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.

Expenses

Operating expenses are recognised in income statement upon utilisation of the service or as incurred. Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

Taxation

Taxation on the profit or loss for the period comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on the basis of the liability method on temporary differences at the statement of financial position date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or where, in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, the timing and reversal of the temporary differences is subject to control by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. The carrying amounts of deferred tax assets are subject to review at each year end date and are reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

Leases

The Group applies the short-term lease recognition exemption to its short-term leases and recognised as expense on a straight-line basis over the lease term.

Operating lease rentals are charged to the income statement.

Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated income statement in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement.

Research and development costs

Expenditure on the research phase of projects to develop new pharmaceutical products is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Company intends to and has sufficient resources to complete the project
- the Company has the ability to use or sell the software
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on product development along with an appropriate portion of relevant overheads.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Research and development refund

The clinical studies Ovoca Bio Plc is conducting in Australia qualify for the generous Research and Development (R&D) relief offered by the Australian Government The credit is calculated at 43.5% of the R&D work performed in a 12 month period.

These R&D incentives in Australia are only 'refundable' in cash to the extent that the current income tax liability is insufficient to utilise the R&D incentive. Ovoca Bio Plc's Australian subsidiary is purely an R&D vehicle and as such does not have any local tax liabilities, thus the cash refund allows the company to reduce the net R&D costs year-on-year, increase its cash flows and reinvest the cash back into the business to foster growth.

The R&D refund acts as a compensation for expenditure incurred and is not associated with future costs. OVB Australia complies with all requirements attaching to R&D relief in Australia and as such the cash is recognized in the period in which it is received and is reported as other income in the Income Statement.

Patents and licences

The Group have patents acquired through business combination and have been granted for a period reflected but not more than 20 years. Licences for the use of intellectual property are granted for periods ranging between nine and ten years depending on the specific licences.

A summary of policies applied to the Group's intangible assets is, as follows:

	Goodwill	Patents and licenses	Development costs
Useful lives	Indefinite	Finite (ranging from 9 to 17 years	Finite
Amortisation method used and rates	No amortisation but subject to impairment	Amortised on a straight-line basis over the period of the patent	No amortisation yet as not yet complete but subject to impairment testing
Internally generated or acquired	Acquired	Acquired	Internally generated

Property, plant and equipment and depreciation

Property, plant & equipment are stated at cost, less accumulated depreciation and accumulated impairment, if any. No depreciation is provided on land. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, which are reviewed each financial year, as follows:

Office furniture and equipment	- 10% Straight line
Fixtures and Fittings	- 20% Straight line
Buildings	- 2% Straight line

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

Gains and losses on disposals are determined by comparing the carrying amount with the proceeds, if any, and are recognised in the consolidated income statement.

Investments in subsidiaries

Investments in subsidiaries in the Company statement of financial position are measured at cost less accumulated impairment. When necessary, the entire carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that is expected to generate cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. 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 money and the risk specific to the asset. With the exception of goodwill, all assets are subsequently reassessed for indications that an

impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Inventories

Inventories are carried at the lower of cost or net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses (debt instruments) or with no recycling of cumulative gains and losses upon derecognition (equity instruments).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administration expenses.

In the periods presented, the corporation does not have any financial assets categorised as FVTPL.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Group's and Company's cash and cash equivalents and other debtors under trade and other receivables fall into this category of financial instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group elected to classify irrevocably its equity investments which are not held for trading as equity instruments designated at fair value through OCI in accordance with IFRS 9 Financial Instruments. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its equity securities under this category. The entire portfolio was sold during the year.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments included loans measured at amortised cost, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group and Company first identifying a credit loss event. Instead the Group and Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Group and Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and

Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group and Company assess impairment of trade and other receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Group's trade and other payables and provisions fall into this category of financial instruments while the Company's trade and other payables and provisions fall into this category of financial instruments.

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 income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the company statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The Company reported its amounts owed to group undertakings net of the amounts owed by group undertakings as these balances relate to the same subsidiaries. The right to settle on net basis was approved by the Board of Directors of the Group. There are no financial assets and financial liabilities that were offset in the consolidated statement of financial position.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines when transfers are deemed to have occurred between levels in the hierarchy at the end of each reporting date.

Equity securities was designated at FVOCI are measured at Level 1. There were no transfers between Levels in 2022 and 2021.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits, including bank deposits of less than three months maturity that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity and reserves

Ordinary shares represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. Treasury shares are recognised at cost and deducted from equity.

Other reserves comprise of the fair value gains and losses including its foreign exchange movement relating to equity securities designated at FVOCI and expired share based payments.

Foreign currency translation reserve comprises translation differences arising from the translation of the financial statements of the Group's foreign entities into Euro.

Retained earnings include all current and prior period retained profits and losses. All transactions with owners of the parent are recorded separately within equity.

Share-based payments

Employees (including Directors) of the Group may be entitled to remuneration in the form of share-based payment transactions, whereby employees render service in exchange for shares or rights over shares. Details of the Group's share option scheme are set out in Note 29 of the consolidated financial statements. For any share options granted, the fair value of the option is recognised as an expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date excluding the impact of non-market conditions and spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest where vesting conditions are non-market conditions. When the options are exercised, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the income or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the income or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to directors and employees.

Provisions and contingencies

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate. No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Non-current assets and liabilities classified as held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Additional disclosures are provided in Note 31. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Events after reporting period

The Group identifies events after the end of each reporting period as those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Significant management judgment in applying accounting policies and estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates, and the effect of any change in estimates will be adjusted in the financial statements when they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under these circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. The Board reviews the Group and Company financial and strategic position regularly and considers its drug development strategy in light of the current economic and political climate. The Board undertakes such review of the business objectives quarterly or as required as well as monitoring the budgeted expenditure and revenue forecasts. The Board notes the low expenditure requirements for 2023 due to the fact that the trials have now concluded. In these circumstances the Board believes it has sufficient funding to cover the administrative and advisory fees expenditure when required. Based on the 24-month cash flow forecast prepared by the Directors, the Board is satisfied that there are sufficient levels of funding within the Group and Company to enable them to trade for the foreseeable future. Refer to Note 3 for further details.

Assets held for sale

On 4 July 2018, the Board of Directors announced its decision to dispose the exploration segment of the Group located in Russia consisting of CJSC Bulun, Magsel, LLC and Comtrans, LLC, all are wholly-owned subsidiaries of the Company, that are classified as assets held for disposal during the financial year. On 7 February 2019, the shareholders approved the plan to sell. The Board considered the subsidiaries to meet the criteria to be classified as held for sale in 2018 for the following reasons:

- CJSC Bulun, Magsel, LLC and Comtrans, LLC are available for immediate sale and can be sold to the buyer in its current condition
- The actions required to complete the sale were initiated and negotiations with potential buyers have been identified and monitored
- The Group remains committed to its plan to sell the disposal group

CJSC Bulun and Magsel, LLC have already been disposed. As of 31 December 2022, the only remaining liability under disposal Group relates to Comtrans LLC. The disposal process had encountered some difficulties and delays due to the current geo political situation. However Management is working to find alternatives to dispose of this subsidiary and have fully refocus on the bio-pharmaceutical activities. For more details on the discontinued operation, refer to Note 30.

For more details on the discontinued operation, refer to Note 31.

Determining the Group's functional currency

The determination of Group's functional currency often requires significant judgement where the primary economic environment on which it operates may not be clear. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Euro. The Euro is the currency of the primary economic environment in which the Group operates.

Determining classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the financial statements.

Capitalisation of internally developed software

Distinguishing the research and development phases of the Group's project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Utilisation of tax losses

The Directors have not deemed it appropriate to recognise deferred tax assets resulting from significant losses being carried forward from previous years on the basis that it is not certain these losses will be utilised in future periods.

Estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimating provisions and contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events (see note 33).

Estimating impairment of goodwill

Determining whether goodwill is impaired requires estimation of the value of cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. No impairment loss recognised in goodwill in 2022 (2021: €NIL/US$ NIL). Refer to Note 15 for the carrying value of goodwill.

Estimating impairment of non-financial assets

Determining whether non-financial assets are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual cash flows are less than expected, a material impairment may arise. No impairment loss recognised in other intangible assets and property, plant and equipment in 2022 (2021: €NIL/US$NIL). Refer to Note 16 and Note 17 for the carrying value of other intangible assets and property, plant and equipment.

Useful lives of depreciable assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors annually review these asset lives and adjust them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined, and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted. No change in useful lives of depreciable assets in both years. Refer to Note 17 for the carrying value of property, plant and equipment.

Estimating allowance for impairment on inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices. Management believes that the net realisable values of the Group's inventories exceed their carrying values, accordingly, no loss on the decline in value was recognised in both years. Refer to Note 20 for the carrying value of inventories.

Estimating measurement of Expected Credit Losses (ECL) allowance for trade and other receivables

In measuring the expected credit losses, the trade and other receivables have been assessed on a collective basis as they possess shared credit risk characteristics. Refer to Note 21 for the carrying value of trade and other receivables and Note 28 for details of credit risk. Impairment loss was recognised, in respect of amounts due from subsidiary undertakings, in 2022 amounting to €'000 118/US$'000 124 (2021: €'000 441/US$'000 522). Refer to Note 27 for the disclosure on related party transactions.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer to Note 28 for details.

New Standards adopted as at 1 January 2022

The Group applied for the first time certain standards, which are effective for annual periods beginning on or after 1 January 2022. The nature and the impact of each amendment is described below:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements (2018-2020 Cycle):
  - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
  - Fees in the '10 per cent' Test for Derecognition of Liabilities (Amendments to IFRS 9)
  - Lease Incentives (Amendments to IFRS 16)
  - Taxation in Fair Value Measurements (Amendments to IAS 41)

These amendments do not have a significant impact on the consolidated financial statements of the Group.

New or revised Standards or Interpretations that are not yet effective

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 17 'Insurance Contracts' (Amendments to IFRS 17 and IFRS 4)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

These amendments are not expected to have a significant impact on the consolidated financial statements of the Group in the period of initial application and therefore no disclosures have been made.

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

3 Going concern

As at 31 December 2022, the Group incurred a loss of €'000 5,809/US$'000 7,073 (2021: loss of €'000 5,134/US $'000 7,592). At the same date, the Company incurred a loss of €'000 20,717/US$'000 21,832 (2021: loss of €'000 5,655/US$'000 6,687) had net current liabilities of €'000 8,198/US$'000 8,752 (2021: €'000 8,308/US$'000 9,409) and is in net liability position of €'000 4,324/US$'000 4,617 (2021: net asset position of €'000 16,389/US$'000 18,563).

The Group is currently developing Orenetide, a novel treatment for hypoactive sexual desire disorder (HSDD) and expects to receive the final results of the clinical trials which have been conducted in Australia by end of August 2023. The Group currently has no definitive alternative plans should the results of the clinical trial turns out to be unfavourable. However, the Board is willing to explore alternative investment opportunities in such circumstances. In the event of a successful outcome of clinical trial, the Group will require significant additional funding to move to the next phase of commercialisation. At reporting date, the expected refund from the R&D relief available in Australia will assist the funding requirement. If the total necessary funding is not obtained and the product is not released to the market, the Group could be significantly impacted and in addition it could suffer significant loss from impairment of Goodwill from IP.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore the entity might be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group continues to avail of the generous R&D relief available in Australia (at a rate of 43.5%) – the expected refund for 2022 is AU$'000 1,500 (translated in Note 7 to: €'000 1,412 / US$'000 1,488). To ensure business continuity, the company has also arranged access to bridging finance in Australia. The Group and Company continue to operate safely and is fully focused on ensuring R&D continuity and long-term viability, as well as explore options to protect and further develop the Group's and Company's business, adjust asset ownership structure and address the current economic challenges as they arise.

The Board reviews the Group and Company financial and strategic position regularly and considers its drug development strategy in light of the current economic and political climate. The Board undertakes such review of the business objectives quarterly or as required as well as monitoring the budgeted expenditure and revenue forecasts. The Board notes the low expenditure requirements for 2023 due to the fact that the trials have now concluded. In these circumstances the Board believes it has sufficient funding to cover the administrative and advisory fees expenditure when required. Based on the 24-month cash flow forecast prepared by the Directors, the Board is satisfied that there are sufficient levels of funding within the Group and Company to enable them to trade for the foreseeable future.

The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

4 Segmental reporting

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker and used to allocate resources to the segments and to assess their performance

(a) Primary reporting format – business segments

At 31 December 2022, the Group had three business segments. Bio-pharmaceutical activities are carried out by OVB (Australia) Pty, while investing activities are carried out by the subsidiary, Silver Star Limited, a company located in Bermuda. The investments held were sold during the year as discussed in Note 28. Administrative activities represent group administration costs, primarily incurred in Ireland.

(b) Segment revenues and results

Segment results represent operating profit earned by each segment. This is the measure reported to the Group's Board of Directors ("Board of Directors") for the purposes of resource allocation and assessment of segment performance.

(c) Segment assets and liabilities

For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the total assets and liabilities attributable to each segment. Goodwill is allocated based on separately identifiable CGUs as further disclosed in Note 15.

The exploration segment is presented as being discontinued.

CONTINUING OPERATIONS – 31 December 2022

	Bio-pharma €'000	Investment €'000	Admin €'000	Total €'000	Bio-pharma US$'000	Investment US$'000	Admin US$'000	Total US$'000
Depreciation and amortisation	(243)	–	(288)	(531)	(256)	–	(304)	(560)
Other administration expenses	(3,481)	(234)	(1,177)	(4,892)	(3,668)	(248)	(1,240)	(5,156)
Other gains/(losses)	1,444	(1,875)	277	(154)	1,521	(1,976)	292	(163)
Operating loss	(2,280)	(2,109)	(1,188)	(5,577)	(2,403)	(2,224)	(1,252)	(5,879)
Finance costs	(22)	(1)	(16)	(39)	(23)	(2)	(16)	(41)
Finance income	4	–	–	4	4	0	0	4
Loss before tax	(2,298)	(2,110)	(1,204)	(5,612)	(2,422)	(2,226)	(1,268)	(5,916)
Income tax	–	–	–	–	–	–	–	–
Loss after tax	(2,298)	(2,110)	(1,204)	(5,612)	(2,422)	(2,226)	(1,268)	(5,916)
Segment assets	1,883	2,137	5,385	9,405	2,063	2,281	5,748	10,092
Segment liabilities	(1,336)	(123)	(97)	(1,556)	(1,427)	(131)	(105)	(1,663)
Net assets	547	2014	5,288	7,849	636	2,150	5,643	8,429

CONTINUING OPERATIONS – 31 December 2021

	Bio-pharma €'000	Investment €'000	Admin €'000	Total €'000	Bio-pharma US$'000	Investment US$'000	Admin US$'000	Total US$'000
Depreciation and amortisation	(61)	–	(23)	(84)	(72)	–	(27)	(99)
Other administration expenses	(3,850)	(220)	(1,942)	(6,012)	(4,553)	(260)	(2,297)	(7,110)
Other gains/(losses)	283	(129)	612	766	335	(153)	724	906
Operating loss	(3,628)	(349)	(1,353)	(5,330)	(4,290)	(413)	(1,599)	(6,303)
Finance costs	–	(1)	(20)	(21)	–	(2)	(24)	(26)
Finance income	–	104	–	104	–	123	–	123
Loss before tax	(3,628)	(246)	(1,373)	(5,247)	(4,290)	(292)	(1,623)	(6,205)
Income tax	–	–	–	–	–	–	–	–
Loss after tax	(3,628)	(246)	(1,373)	(5,247)	(4,290)	(292)	(1,623)	(6,205)
Segment assets	2,100	7,058	5,613	14,771	2,378	8,045	6,357	16,780
Segment liabilities	(434)	(4)	(903)	(1,341)	(492)	(5)	(1,023)	(1,520)
Net assets	1,666	7,054	4,710	13,430	1,886	8,040	5,334	15,260

At 31 December 2022, intangible assets amounting to €'000 20/US$'000 21 (2021 €'000 1,318/US$'000 1,493) were held in Russia, while the property, plant and equipment held in Russia were fully depreciated in 2022 (2021: €'000 18/US$'000 20). At 31 December 2022, intangible assets amounting to €'000 169/US$'000 181 (2021: €'000 465/US$'000 526) were held in Ireland while the property, plant and equipment held in Ireland have been fully depreciated since 2020.

5 Loss on ordinary activities before taxation

	Continuing 31/12/2022 €'000	Discontinued 31/12/2022 €'000	Continuing 31/12/2022 US$'000	Discontinued 31/12/2022 US$'000
Administration expenses				
Employee expense	(194)	–	(204)	–
Directors remuneration (Note 11)	(174)	–	(184)	–
Employment costs (Note 10)	(368)	–	(388)	–
Depreciation and amortisation (Notes 16 and 17)	(531)	–	(562)	–
Services provided by the Group's auditors (Note 6)	(150)	–	(158)	–
Operating lease rentals – property	(15)	–	(16)	–
Research and development (Note 16)	(2,456)	–	(2,588)	–
Other administration expenses	(1,903)	–	(2,004)	–
Total administration expenses	(5,423)	–	(5,716)	–

	Continuing 31/12/2021 €'000	Discontinued 31/12/2021 €'000	Continuing 31/12/2021 US$'000	Discontinued 31/12/2021 US$'000
Administration expenses				
Employee expense	(248)	–	(282)	–
Directors remuneration (Note 11)	(173)	–	(216)	–
Employment costs (Note 10)	(421)	–	(498)	–
Depreciation and amortisation (Notes 16 and 17)	(84)	–	(99)	–
Services provided by the Group's auditors (Note 6)	(198)	–	(234)	–
Operating lease rentals – property	(56)	–	(66)	–
Research and development (Note 16)	(3,551)	–	(4,200)	–
Other administration expenses	(1,786)	(45)	(2,112)	(52)
Total administration expenses	(6,096)	(45)	(7,209)	(52)

6 Services provided by the Group's auditor

	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Audit services – group audit	63	76	66	90
Audit services – statutory entities	3	3	3	4
Tax advisory services	36	48	38	57
Other services	48	71	51	83
Total auditors remuneration	150	198	158	234

All services are from continuing operations.

7 Other (losses)/gain

	Continuing 31/12/2022 €'000	Discontinued 31/12/2022 €'000	Continuing 31/12/2022 US$'000	Discontinued 31/12/2022 US$'000
Other income	1,456	–	1,534	–
Loss on sale of investments	(19)	–	(20)	–
Loss on disposal of assets	(313)	–	(330)	–
Foreign exchange loss	(1,278)	–	(1,347)	–
Total other (losses)/gain	(154)	–	(163)	–

	Continuing 31/12/2021 €'000	Discontinued 31/12/2021 €'000	Continuing 31/12/2021 US$'000	Discontinued 31/12/2021 US$'000
Loss on sale of assets	–	(183)	–	(216)
Foreign exchange gain	530	–	627	–
Other income	236		279	
Total other gains/(losses)	766	(183)	906	(216)

8 Finance income and finance costs

	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Finance income				
Dividends income from equity securities designated at FVOCI	–	104	–	123
Bank interest income	4	–	4	–
Total finance income	4	104	4	123
Finance costs				
Bank interest and charges	(39)	(21)	(41)	(25)
Total finance costs	(39)	(21)	(41)	(25)
Net finance income	(35)	83	(37)	98

9 Number of employees

The average monthly number of employees of the Group during the financial year was (excluding directors):

	31/12/2022 Number	31/12/2021 Number
Administration and operational staff	5	10

10 Employment costs

	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Staff costs (inclusive of directors) during the financial year were as follows:				
Wages and salaries	335	366	353	433
Social insurance costs	29	43	31	51
Share-based payments (Note 11 & 29)	4	12	4	14
Total employment costs	368	421	388	498

11 Directors' remuneration

	Short-term benefits			
	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Kirill Golovanov	146	130	154	154
Kristina Zakurdaeva	11	–	12	–
Leonid Skoptsov	–	13	–	15
Timothy McCutcheon	17	15	18	18
Romulo Colindres	–	15	–	18
Directors remuneration	174	173	184	205

			Share-based payments			
	2022 Number of options	2021 Number of options	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Kirill Golovanov	2,200,000	2,200,000	2	9	2	5
Kristina Zakurdaeva	–	–	–	–	–	–
Leonid Skoptsov	–	–	–	–	–	1
Timothy McCutcheon	200,000	200,000	1	1	1	1
Nikolay Myasodev	200,000	200,000	1	1	1	1
Christopher Wiltshire	–	200,000	–	1	–	1
Romulo Colindres	–	–	–	–	–	1
Directors remuneration	2,600,000	2,800,000	4	12	4	10

The share based benefits relate to the number of exercisable share options held by directors at the year end. Please refer to Note 29 for further details on share options granted, exercised, forfeited and expired in the financial year and the expense recognised.

12 Retirement benefit costs

The Group does not operate a pension scheme (2021: €NIL/US$ NIL).

13 Income tax costs

Analysis of income tax charge for the financial year	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Income tax	–	–	–	–

Factors affecting tax charge for the financial year

The tax for the financial year is higher than (2021 - higher than) the standard rate of corporation tax in Ireland of 12.5% (2021: 12.5%). The differences are explained below:

	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Loss on ordinary activities before tax	(5,612)	(5,475)	(5,916)	(6,473)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax at in Ireland of 12.5% (2021: 12.5%)	(702)	(684)	(739)	(809)
Effects of				
Ineligible costs and losses carried forward to future periods	702	684	739	809
Total income tax	–	–	–	–

Due to the history of past losses, the Group has not recognised any deferred tax asset in respect of tax losses to be carried forward and items on other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss which are approximately €'000 27,299 and €'000 745 at 31 December 2022, respectively (2021: €'000 21,687 and €'000 548).

14 Loss per share and dividends

Loss per share

Basic loss per share is calculated by dividing the loss after taxation for the financial year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share is calculated by dividing the loss after taxation for the financial year attributable to the equity holders of the parent by adjusting the weighted average number of share in issue to assume conversion of all potential ordinary shares. For the purpose of calculating diluted loss per share for both 2022 and 2021, the potentially exercisable instruments in issue would have the effect of being antidilutive and, as such, the diluted loss per share is the same as the basic loss per share for both years.

Basic and diluted loss per share	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Loss for the financial year attributable to the equity holders of the parent:				
Continuing operations	(5,612)	(5,247)	(5,916)	(6,205)
Discontinued operations	–	(228)	–	(268)
Loss for the financial year attributable to the equity holders of the parent	(5,453)	(5,475)	(5,916)	(6,473)
Weighted average number of ordinary shares (thousands)	81,564	81,564	81,564	81,564
Basic and diluted loss per share from continuing operations (cents)	(€6.88)	(€6.43)	(€7.25)	(US$7.61)
Basic and diluted loss per share from discontinued operations (cents)	–	(€0.28)	–	(US$0.33)
Basic and diluted loss per share from continuing and discontinued operations (cents)	(€6.88)	(€6.71)	(€7.25)	(US$7.94)

On 27 March 2019, the Company approved a number of share options incentive schemes for Directors and employees, the total number of share options granted was 7,100,000. Refer further to Note 29 for details on movement on share options exercised, forfeited and expired in the financial year and the expense recognised.

Dividends

The directors did not recommend the payment of a dividend (2021: € NIL/US$ NIL).

15 Goodwill

The movements in the net carrying amount of goodwill are as follows:

	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Gross carrying amount				
Balance 1 January	3,994	3,683	4,575	4,575
Net exchange difference	243	311	–	–
Balance at 31 December	4,237	3,994	4,575	4,575
Accumulated impairment	–	–	–	–
Balance at 1 January and 31 December	–	–	–	–
Carrying amount at 31 December	4,237	3,994	4,575	4,575

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value. The recoverable value is based on fair value of the Group's bio-pharmaceutical segment at year-end. A report was performed by an independent valuer not related to the Group for 2021. The assumptions have been reviewed and the 2022 valuation was performed by an internal expert of the Group.

	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Recoverable amount of bio-pharmaceutical segment	4,731	5,226	5,109	5,919
Goodwill allocated to bio-pharmaceutical segment	4,237	3,994	4,575	4,575
Excess of recoverable amount over carrying amount of goodwill	494	1,232	534	1,344

The market value of the goodwill was estimated based on the results of the income approach using the Relief from Royalty method. During the market value analysis. The cash flows backed by reasonable and acceptable assumptions that reflect the management's most accurate estimate of economic conditions prevailing throughout the product lifecycle and that can be verified by external information sources were factored. The market value analysis was carried out based on the information available as of the date of analysis. This means that the cash flows should reflect the "as-is" state of the project.

For 2021, the forecast period was determined from 2021 to 2048. It is divided into two periods: a period of market entry and increase in sales (patent validity period) and a stabilisation period, considering a further decrease in cash flows (10-year cycle after patent expiration). The need to apply a stabilisation period is explained by the uncertainty inherent in the long-term, as well as the historically recorded decrease in sales volumes and margins of original drugs after the expiration of the patent protection period and the launch of generic drugs in the market. The 2022 forecast was updated to cover from 2024 to 2051 and the relevant cash flows have been inflated to current term price.

The following assumptions were used in the cash flow projections:

Growth rates

In line with forecast period discussed above, the Group assumed that the product will start selling globally in 2030. The growth rate used is 1%-3% from 2031 to 2041, and a decrease in revenue by 10% for the periods 2042-2051 in all target countries due to the end of the patent protection and the appearance of generics in the market.

Discount rates

In 2021, the discount rate of 20% for operations in USA and 25% to 26% for cash flows for other countries reflect the cost and structure of capital, inflation and risks associated with investing in shares in the company being valued. Discount rate used for cash flows is the rate typical for companies at various stages of implementation. Discount rate used for cash flows in Russia is the rate typical for pharmaceutical companies at a late stage of research (drug registration), while, in the USA and other countries, the rate typical for companies at an intermediate stage of research. The management believes that no significant factors were noted that could materially affect the discount rates hence remains appropriate to be used for the 2022 valuation.

Cash flow assumptions

Management's key assumptions include fast initial growth (refer growth rates above), followed by stable profit margins, based on market analysis. The Group's management believes that this is the best available input for forecasting this mature market. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

It should be noted that the cash flow assumptions including the projected future revenue is highly dependent on the result of the ongoing clinical trial which is expected to be completed on August 2023. Target product release date assumed a satisfactory result from this trial. If the Group fails to conduct successful clinical trials, register or bring the product to target markets, or if the product does not demonstrate the expected sales volume, the market value of Goodwill may have to be revised down to zero. In the event of the successful outcome of clinical trial, the Group will require significant funding to move to the next phase. If this funding is not acquired, the value of Goodwill may have to be revised down to zero. Other than this, management is not currently aware of any other reasonably possible changes to key assumptions that would cause the carrying amount to exceed its recoverable amount.

16 Other intangible assets

Other intangible assets of the Group are as follows:

	Patents and licenses €'000	Capitalised development costs €'000	Total €'000	Patents and licenses US$'000	Capitalised development costs US$'000	Total US$'000
Cost						
At 1 January 2021	1,041	577	1,618	1,314	710	2,024
Additions	35	122	157	42	145	187
Exchange difference	92	51	143	(2)	(4)	(6)
At 31 December 2021	1,168	750	1,918	1,354	851	2,205
At 1 January 2022	1,168	750	1,918	1,354	851	2,205
Additions	20	22	42	22	24	46
Disposal	(1,105)	(854)	(1,959)	(1,179)	(912)	(2,091)
Exchange difference	94	82	176	50	37	87
At 31 December 2022	177	–	177	247	–	247
Amortisation						
At 1 January 2021	(24)	–	(24)	(66)	–	(66)
Amortisation	(80)	–	(80)	(94)	–	(94)
Exchange difference	(31)	–	(31)	(26)	–	(26)
At 31 December 2021	(135)	–	(135)	(186)	–	(186)
At 1 January 2022	(135)	–	(135)	(186)	–	(186)
Amortisation	(344)	(181)	(525)	(363)	(193)	(556)
Disposal	538	181	719	574	193	767
Exchange difference	(47)	–	(47)	(70)	–	(70)
At 31 December 2022	12	–	12	(45)	–	(45)
Net book value						
At 31 December 2022	189	–	189	202	–	202
At 31 December 2021	1,033	750	1,783	1,168	851	2,019

All intangible assets are attributable to the bio-pharmaceutical segment of the group.

Research and development costs of €'000 2,456/US$'000 2,588 (2021: €'000 3,551/US$'000 4,200) was recognised as administrative expenses, refer to Note 5.

Staff costs of €'000 22 US$'000 24 (2021: €'000 122/US$'000 145) were capitalised during the financial year.

Amortisation of intangible assets amounting to €'000 525/US$'000 556 was included in the administration expenses during the financial year (2021: €'000 80/US$'000 94).

In 2019, the Group entered into an agreement to acquire patent for stimulator of genital, sexual and reproductive function to support the development of the Group's development activities. Minimum contractual commitments resulting from this agreement as at 31 December 2022 are €NIL/US$NIL (2021: €NIL/US$NIL) payable during 2022. There are no other material contractual commitments at 31 December 2022 (2021: None).

The recoverable amount of the capitalised development costs is its value-in-use determined using key assumptions in Note 15.

17 Property, plant and equipment

Property, plant and equipment of the Group are as follows:

	Continuing Office furniture & equipment €'000	Discontinued Land and buildings €'000	Continuing Office furniture & equipment $'000	Discontinued Land and buildings $'000
Cost				
At 1 January 2021	93	827	115	1,016
Addition	14	–	17	–
Reversal of impairment	(22)	(881)	–	(1,042)
Effect of movements in exchange rates	(9)	54	(46)	26
At 31 December 2021	76	–	86	–
At 1 January 2022	76	–	86	–
Disposal	(27)	–	(28)	–
Effect of movements in exchange rates	2	–	(4)	–
At 31 December 2022	51	–	54	–
Depreciation				
At 1 January 2021	86	529	106	650
Charge for financial year	4	–	5	–
Disposal	(22)	(493)		(583)
Effect of movements in exchange rates	(10)	(36)	(45)	(67)
At 31 December 2021	58	–	66	–
At 1 January 2022	58	–	66	–
Charge for financial year	6	–	6	–
Disposal	14	–	(15)	–
Effect of movements in exchange rates	1	–	(3)	–
At 31 December 2022	51	–	54	–
Net book values				
At 31 December 2022	–		–	–
At 31 December 2021	18	–	20	–

In 2021, all mining equipment and land and buildings are included in the assets classified as held for sale and discontinued operations as disclosed in Note 31. In 2022, the assets have a net book value of €NIL/US$NIL.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end. The useful lives have been reviewed and deemed to be appropriate.

The disposal group was stated at fair value less costs to sell at year end, as follows:

	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Cost	–	827	–	1,016
Accumulated depreciation	–	(529)	–	(778)
Disposal, net of accumulated depreciation	–	(388)	–	(459)
Effect of movements in exchange rates	–	90	–	221
Fair value at year-end	–	–	–	–

At 31 December 2021, the land and building were disposed, hence, the fair value of the land and building amounted to €NIL/US$NIL.

Property, plant and equipment of the Company are as follows:

Company	Office furniture and equipment €'000	Office furniture and equipment US$'000
Cost		
At 1 January 2021 and 31 December 2021	50	59
Effect of movements in exchange rates	–	(6)
At 1 January 2021 and 31 December 2021	50	53
Accumulated depreciation		
At 1 January 2021	50	59
Depreciation	–	–
Effect of movements in exchange rates	–	(6)
At 31 December 2021 and 31 December 2022	50	53
Net book value		
At 31 December 2022	–	–
At 31 December 2021	–	–

18 Investments in subsidiaries – Company

	01/01/2022 €'000	Movement during the financial year €'000	31/12/2022 €'000	01/01/2022 US$'000	Movement during the financial year US$'000	31/12/2022 US$'000
Silver Star Limited	24,687	(20,813)	3,874	27,961	(23,826)	4,135
Ovoca Mining Limited	10	(10)	–	11	(11)	–
Investment in subsidiaries at cost	24,697	(20,823)	3,874	27,972	(23,837)	4,135

	01/01/2021 €'000	Movement during the financial year €'000	31/12/2021 €'000	01/01/2021 US$'000	Movement during the financial year US$'000	31/12/2021 US$'000
Silver Star Limited	27,910	(3,223)	24,687	34,281	(6,320)	27,961
Ovoca Mining Limited	10	–	10	11	–	11
Investment in subsidiaries at cost	27,920	(3,223)	24,697	34,292	(6,320)	27,972

At 31 December 2022 and 2021, the Company had the following direct and indirect subsidiary undertakings:

Name	Registered office & country of incorporation	Principal Activity	Proportion holding 2022	Proportion holding 2021
Comtrans LLC	13 A Koltcevaya street, Magadan 685000, Russian Federation	Support Company	100%	100%
Silver Star Limited	27 Reid Street, 1st Floor, Hamilton HM11, Bermuda	Investment	100%	100%
OVB (Ireland) Limited	17 Pembroke Street Upper, Dublin 2, Ireland	Support company	100%	100%
OVB (Australia) Pty	Sydney, New South Wales, 2000	Biopharmaceutical	100%	100%
IVIX LLC	Stoloviy Lane 6, office 102, Moscow, 121069, Russian Federation	Biopharmaceutical	100%	100%

All shares are directly held in subsidiaries, with the exception of IVIX LLC, which are held through Silver Star Limited, and comprise of ordinary shares held in the Company.

Movement during the financial year

During the financial year, the Company impaired its shareholding in Silver Star Limited by €'000 20,813/US$'000 23,826 (2021: €'000 3,223/US$'000 6,320) due to decrease in the enterprise value of the investment in IVIX LLC which are held by Silver Star Limited.

Write-off of Ovoca Mining Ltd.

As at 31 December 2022, the Group disposed of its 100% equity interest amounting to €'000 10/US'000 11 in its dormant subsidiary Ovoca Mining Ltd. The subsidiary was part of the group of mining companies dormant since the previous years. The disposal was in line with the subsidiary's inactivity and lack of probability to be sold as its balances are also €NIL/US$NIL.

19 Equity securities designated at FVOCI

Investments in equity securities at FVOCI are as follows:

Quoted securities	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Polymetal International plc	–	1,954	–	2,213

At 1 January 2018, the Group designated the investments shown above as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for long-term strategic purposes. Polymetal International plc (Polymetal) is listed on the London stock exchange. The asset managed fund represents investments in quoted investments in US listed entities.

As at 31 December 2021, the investment in Polymetal represents the holding of 125,000 shares. In 2022, all 125,000 shares were sold for €'000 347/US$'000 366. As result of the sale, the Group realised a total loss of €'000 1,692/US$'000 1,783, including a loss on sale of €'000 9/US$'000 9, and the remaining which had already been included in OCI. This loss had been transferred to retained earnings (see Note 24).

In 2022, the Group did not receive any dividends (2021: €'000 104/US$'000 123) from these equity securities (see Note 8).

The above quoted securities are denominated in Sterling.

A reasonably possible change of 5% in market value at the reporting date would have increased (decreased) equity by the amounts shown below, as movement in the fair value are measured through OCI, there is no increase or decrease within profit or loss. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Equity €'000 5% increase	Equity €'000 5% decrease	Equity US$'000 5% increase	Equity US$'000 5% decrease
31 December 2022				
Polymetal International plc	–	–	–	–
31 December 2021				
Polymetal International plc	98	(98)	111	(111)

20 Inventories

	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Finished goods	43	94	46	106
	43	94	46	106

The Group has not recognised an inventory write down during the financial year (2021: €NIL/US$NIL).

In the opinion of the directors the replacement cost of the stock did not differ significantly from the figure shown (2021: €NIL/US$NIL). Inventory recognised as expense during the financial year amounted to €'000 51/US$'000 60 (2021: €'000 175/US$'000 224).

21 Trade and other receivables

	Group				Company			
	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Tax refundable	15	15	16	17	15	15	16	17
Other debtors	1,218	319	1,300	361	51	15	54	17
	1,233	334	1,316	378	66	30	70	34

All amounts are short term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

22 Cash and cash equivalents

	Group				Company			
	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Cash at bank	3,605	6,484	3,847	7,343	915	943	977	1,068
Short term deposits	98	110	106	125	–	–	–	–
	3,703	6,594	3,953	7,468	915	943	977	1,068
Cash classified as held for resale (Note 31)		–		–	–	–	–	–
	3,703	6,594	3,953	7,468	915	943	977	1,068

Cash and cash equivalents are held by the Group on a short-term basis with all having an original maturity of three months or less.

The carrying amount approximates their fair value. Short-term deposits are obtained at prevailing market rate conditions.

23 Share capital

Group and company	2022 €	2021 €	2022 US$	2021 US$
Authorised equity				
120,000,000 Ordinary shares of 12.5 cent each	15,000,000	15,000,000	21,000,000	21,000,000
	15,000,000	15,000,000	21,000,000	21,000,000

	Number of ordinary shares	Share capital €'000	Share capital US$'000
Group and company			
Issued, called up and fully paid			
At 1 January 2021 and 31 December 2021	88,458,806	11,057	15,586
At 1 January 2022 and 31 December 2022	88,458,806	11,057	15,586

Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group.

On 28 April 2015, Ovoca Bio plc purchased 5,800,000 ordinary shares of nominal value €0.125 each of the issued share capital of the Company at a price of GBP 6.8p. Ovoca Bio plc intends to hold these shares as treasury stock.

As at 31 December 2022 and 2021, the Company has a total of 81,563,806 Ordinary Shares in issue excluding treasury shares of 6,895,000 which have a cumulative cost of €'000 547/US$'000 607. The purchase was made pursuant to the authority granted by shareholders at an Extraordinary General Meeting of the Company held on 17 October 2014. To date, Ovoca has acquired 7.8% (2021: 7.8%) of its own share capital under this approved share buyback programme.

24 Retained earnings

	Group				Company			
	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Net (deficit)/surplus at 1 January	(2,440)	3,035	(1,548)	4,925	3,985	9,640	8,796	15,483
Transfers to retained earnings	(1,692)	–	(1,783)	–	–	–	–	–
Written-off from dormant subsidiary	10	–	11	–	–	–	–	–
Share of loss for the financial year	(5,612)	(5,475)	(5,916)	(6,473)	(20,717)	(5,655)	(21,832)	(6,687)
Net (deficit)/surplus at 31 December	(9,734)	(2,440)	(9,236)	(1,548)	(16,732)	3,985	(13,036)	8,796

Retained earnings is made up of accumulated profits and losses, and transfers from other comprehensive income.

During 2022, Ovoca Mining Ltd.'s retained earnings balance was written off due to inactivity of the company for several years (refer to Note 18).

In accordance with the provisions of the Companies Act 2014, Section 304(2), the Company has not presented an income statement. A loss for the financial year of €'000 20,717/US$'000 21,832 (2021: loss of €'000 5,655/US$'000 6,687) has been recognised in the income statement of the Company. Included in this amount is an impairment provision and write-off on investment in subsidiaries of €'000 20,813/US$'000 23,826 (2021: €'000 3,223/US$'000 6,320) and €'000 10/US$'000 11 (2021: €NIL/US$NIL), respectively, per Note 18.

25 Other reserves

Details and movements in other reserves of the Group are as follows:

	Other reserves €'000	Foreign currency translation reserve €'000	Share based payment reserve €'000	Total €'000	Other reserves US$000	Foreign currency translation reserve US$000	Share based payment reserve US$000	Total US$000
At 1 January 2022	1,478	3,840	42	5,360	1,828	(46)	48	1,830
Other comprehensive income/(loss):								
Fair value movement on equity securities designated at FVOCI	(2,006)	–	–	(2.006)	(2,114)	–	–	(2,114)
Exchange movement on equity securities designated at FVOCI	124	–	–	124	277	–	–	277
Foreign exchange gain arising from translation of financial statements of a foreign operations	–	1,685	–	1,685	–	678	–	678
Transfer to retained earnings as a result of sale of equity securities designated at FVOCI	1,692	–	–	1,692	1,783	–	–	1,783
Transactions with owners of the Company								
Share based payments	–	–	4	4	–	–	4	4
Balance at 31 December 2022	1,288	5,525	46	6,859	1,774	632	52	2,458
At 1 January 2021	2,026	2,951	30	5,007	2,476	425	34	2,935
Other comprehensive income/(loss):								
Fair value movement on equity securities designated at FVOCI	(625)	–	–	(625)	(739)	–	–	(739)
Exchange movement on equity securities designated at FVOCI	77	–	–	77	91	–	–	91
Foreign exchange gain arising from translation of financial statements of a foreign operations	–	889	–	889	–	(471)	–	(471)
Transfer to retained earnings as a result of sale of equity securities designated at FVOCI	–	–	–	–	–	–	–	–
Transactions with owners of the Company								
Share based payments	–	–	12	12	–	–	14	14
Balance at 31 December 2021	1,478	3,840	42	5,360	1,828	(46)	48	1,830

Details and movements of other reserves of the Company are as follows:

	Other reserves €'000	Share based payment reserve €'000	Total €'000	Other reserves US$000	Foreign currency translation reserve US$000	Share based payment reserve US$000	Total US$000
At 1 January 2022	1,305	42	1,347	1,780	(7,647)	48	(5,819)
Other comprehensive income:							
Exchange movement on translation from functional currency	–	–	–	–	(1,352)	–	(1,352)
Transactions with owners of the Company							
Share based payments	–	4	4	–	–	4	4
Balance at 31 December 2022	1,305	46	1,351	1,780	(8,999)	52	(7,167)

	Other reserves €'000	Share based payment reserve €'000	Total €'000	Other reserves US$000	Foreign currency translation reserve US$000	Share based payment reserve US$000	Total US$000
At 1 January 2021	1,305	30	1,335	1,780	(5,823)	34	(4,009)
Other comprehensive income:							
Exchange movement on translation from functional currency	–	–	–	–	(1,824)	–	(1,824)
Transactions with owners of the Company							
Share based payments	–	12	12	–	–	14	14
Balance at 31 December 2021	1,305	42	1,347	1,780	(7,647)	48	(5,819)

26 Trade and other payables

	Group				Company			
	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Trade payables	1,173	381	1,253	431	34	22	36	25
Amounts owed to group undertakings (Note 27)	–	–	–	–	8,924	8,416	9,526	9,532
Provisions (Note 33)	168	779	179	882	159	779	170	882
Other taxes	113	–	121	–	–	–	–	–
Accruals	102	181	110	205	62	64	67	72
	1,556	1,341	1,663	1,518	9,179	9,281	9,799	10,511
Liabilities classified as held for resale (Note 31)	214	–	228	–	–	–	–	–
	1,770	1,341	1,891	1,518	9,179	9,281	9,799	10,511

All amounts are short term and non-interest bearing. The net carrying value of trade payables is considered a reasonable approximation of fair value.

27 Related party transactions

Details of subsidiary undertakings are shown in Note 18.

In accordance with International Accounting Standard 24 - Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed.

Key management personnel are the Board of Directors of the Group and the Chief executive officer of IVIX LLC.

Details of the remuneration of Directors are disclosed in Note 11.

Group

Transaction and balances with the key management personnel in IVIX LLC:

	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Salaries and wages, including capitalised cost	94	66	101	78
Unpaid salaries and wages	–	1	–	1

Transaction and balances with Hemastasyx Limited, a company controlled by key management personnel of the Group:

	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Consultancy fees	7	156	8	184

Transaction and balances with Lev Global Limited, a company controlled by key management personnel of the Group:

	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Consultancy fees	40	–	43	–

Company

Included in amounts owed to group undertaking are shown below:

	Company			
	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Silver Star Limited	(8,924)	(8,416)	(9,526)	(9,532)
Amounts owed to group undertakings	(8,924)	(8,416)	(9,526)	(9,532)

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

At 31 December 2022, the Company had receivable of €'000 4,132/US$'000 4,411 (2021: €'000 4,161/US$'000 4,713) from its subsidiaries offset with payable of €'000 13,056/US$'000 13,937 (2021: €'000 12,577/US$'000 14,245) to its same subsidiaries. Total provision in respect of amounts due from subsidiary undertakings in 2022 amounted to €'000 118/US$'000 124 (2021: €'000 441/US$'000 522).

Refer to Note 28 for further details under credit risk section.

28 Financial instruments

The Group and the Company monitors relevant aspects of financial instrument risk on an ongoing basis. Financial instrument risks primarily relate to market risk such as foreign exchange risk and price risk, credit risk and liquidity risk. The following table shows the carrying amount of financial assets and financial liabilities in each category as follows:

	Group				Company			
	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Financial assets not measured at fair value								
Investments (Note 18)	–	–	–	–	3,874	24,697	4,135	27,972
Cash and cash equivalents (Note 22)	3,703	6,594	3,953	7,468	915	943	977	1,068
Other debtors (Note 21)	1,218	319	1,300	361	51	15	54	17
	4,921	6,913	5,253	7,829	4,840	25,655	5,166	29,057
Financial assets measured at fair value								
Equity securities designated at FVOCI (Note 19)	–	1,954	–	2,213	–	–	–	–
	–	1,954	–	2,213	–	–	–	–
Financial liabilities not measured at fair value								
Trade and other payables (Note 26)	1,443	1,341	1,542	1,518	9,179	9,281	9,799	10,511
	1,443	1,341	1,542	1,518	9,179	9,281	9,799	10,511

Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group has no established policy in managing foreign exchange rate risk. Any favourable or unfavourable movements of foreign currency exchange rates are absorbed by the Group. Exchange rate fluctuations may affect the cost that the Group incurs with its operations. Any fluctuations of the US Dollar, Russian Rouble and Sterling Pounds against the Euro may have a significant impact on the Group's financial position and results in future. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting date are as follows:

	Financial Assets		Financial Liabilities	
	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 €'000	31/12/2021 €'000
United States Dollar	957	2,325	123	–
Russian Rouble	1,235	26	1,335	110
Sterling Pounds	1,995	5,135	–	–
Australian Dollar	581	560	1	199

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting date are as follows:

	Financial Assets		Financial Liabilities	
	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 €'000	31/12/2021 €'000
United States Dollar	807	527	–	–
Sterling Pounds	6	10	–	–
Russian Rouble	–	–	159	–

The following table details the Group and Company's sensitivity to a 10% increase and decrease in the Euro against United States Dollar, Russian Roubles and Sterling Pounds. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates, it assumes that all other variables, in particular bank interest rates, remain constant and ignores the impact of forecast sales and purchases:

	United States Dollar Impact		Russian Roubles Impact	
	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 €'000	31/12/2021 €'000
Group profit or loss	87	211	(9)	(8)
Company profit or loss	73	48	(14)	–

	Sterling Pounds Impact		Australian Dollar	
	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 €'000	31/12/2021 €'000
Group profit or loss	181	467	53	33
Company profit or loss	1	–	–	–

Credit Risk

This refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining significant collateral, where appropriate, as a means of mitigating the risk of financial loss from defaulters. The table below analyses the maximum exposure of the Group's financial assets which are subject to credit risk:

	Group				Company			
	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Other debtors (Note 21)	1,218	319	1,300	361	51	15	54	17
Cash and cash equivalents (Note 22)	3,703	6,594	3,953	7,468	915	943	977	1,068
Total	4,921	6,913	5,253	7,829	966	958	1,031	1,085

The Group and the Company continuously monitors other counterparties, identified either individually, by the Company or by the Group, and incorporates this information into its credit risk controls. In relation to the credit risk for cash and cash equivalents, the risk is considered to be negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group's and Company's management considers that all of the above financial assets are of good credit quality, as the Group's and Company's policy is to deal only with creditworthy counterparties.

Liquidity Risk

This refers to the risk that the Group will not have the sufficient funds to meet its liabilities. The Group holds its cash in currencies in which it expects to incur expenditure, including Euros, US Dollar and Russian Roubles. The Group's reporting currency is the Euro. The most meaningful information relates to the Group's current liquidity since it is not generating any income from its operations. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the earliest date on which the Group can be required to pay. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 1 year equal to their carrying values, as the impact of the discounting is not significant.

	Group			
Balances due within 1 year	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Trade and other payables and provisions (Note 26)	1,443	1,341	1,542	1,518

	Company			
Balances due within 1 year	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Trade and other payables and provisions (Note 26)	9,179	9,281	9,799	10,511

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources. The Group's current cash resources (Note 22) includes balances with a Russian bank which is unrestricted and will be used to settle existing liabilities and administrative expenses in Russia, and trade and other receivables (Note 21) significantly exceed the current cash outflow requirements.

Market Risk – price risk

Factors beyond the control of the Group may affect the marketability of its securities. Prices are subject to fluctuation and are affected by factors beyond the control of the Group. The effect of these factors on the Group's operations cannot be accurately predicted. The Group seek to minimise this risk by closely monitoring stock market movements on an ongoing basis.

Fair value hierarchy and measurement

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring and non-recurring basis:

	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Equity securities at FVOCI at Level 1 (Note 19)	–	1,954	–	2,213
Property, plant and equipment included in the disposal group classified as held for sale at Level 2 (Note 31)	–	–	–	–

The fair value of the property, plant and equipment included in the disposal group classified as held for sale is estimated based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors at each reporting date.

In 31 December 2021, the fair value was determined using the sales price quotation further discussed in Note 31, and the land and building were disposed.

All equity investments have been sold during the year.

There were no transfers between Levels in 2022 and 2021.

Capital management

The Group considers total equity as capital. Its primary objective in capital management is to maintain a strong credit rating in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Company may issue new shares or other financial instruments in relation to ensure the liquidity and the necessary level of the working capital. The amounts managed as capital by the Group for the reporting periods are as summarised as follows:

	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Total Equity – Group	7,635	13,340	8,201	15,261
Total Equity – Company	(4,324)	16,389	(4,617)	18,563

29 Share-based payments - Group and Company

Under the share option scheme employees of the Group can receive conditional awards of share options depending on their performance, seniority and length of service. All options issued to date vest once granted. IFRS 2 requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The valuation model used by the Company in years where options are granted or vesting is the Bi-nominal model. Fair value is determined under the equity settled share based remuneration schemes operated by the Group.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years. The market vesting condition was factored into the valuation of the phantom options by applying an appropriate discount to the fair value of equivalent share appreciation rights without the specified vesting conditions. The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

In 2022, the expense recognised for employee services received during the financial year arising from equity settled share based payment transactions amounting to €'000 4/US$'000 4 (2021: €'000 12/US$'000 14) is included in employee expenses. See Note 5 and 11 for more details. In 2022, 700,000 (2021: 400,000) options granted were forfeited due to resignation of grantees.

	2022		2021	
	Number of options	Weighted average exercise price (€cent per share)	Number of options	Weighted average exercise price (€cent per share)
Outstanding at 1 January	3,300,000	12.5	3,700,000	12.5
Forfeited	(700,000)	–	(400,000)	–
Expired during the financial year	–	–	–	–
Outstanding at 31 December	2,600,000	12.5	3,300,000	12.5
Of which:				
Exercisable at 31 December	2,600,000	12.5	–	–

30 Disposal group classified as held for sale and discontinued operations

On 7 February 2020, the shareholders approved the plan to sell its subsidiary, CJSC Bulun, Magsel LLC and Comtrans LLC, which are all involved in the exploration of mining in the Russian Federation. The disposal is consistent with the Group's long-term policy to refocus its activities as a bio-pharmaceutical company since 2018 .

Consequently, assets and liabilities allocated the exploration segment of the Group were classified as a disposal group. Revenues and expenses, gains and losses relating to the discontinuation of this segment have been eliminated from profit or loss from the Group's continuing activities and are shown as a single line item on the face of the consolidated income statement. The combined results of the discontinued operations included in the loss for the financial period are set out below.

	31/12/2022 €'000	31/12/2021 €'000	31/12/2022 US$'000	31/12/2021 US$'000
Administration expenses (Note 5)	-	(45)	-	(52)
Other gains/(losses) (Note 7)	-	(183)	-	(216)
Operating loss	-	(228)	-	(268)
Finance costs	-	-	-	-
Finance income	-	-	-	-
Loss before tax	-	(228)	-	(268)
Income tax	-	-	-	-
Loss after tax for the financial year from discontinued operations	-	(228)	-	(268)

	Group			
	2022 €'000	2021 €'000	2022 US$'000	2021 US$'000
Assets classified as held for resale:				
Non-current assets:				
Property, plant and equipment (Note 17)	–	–	–	–
Current assets:				
Inventories (Note 20)	–	–	–	–
Trade and other receivables (Note 21)	–	–	–	–
Cash and cash equivalents (Note 22)	–	–	–	–
Assets classified as held for resale	–	–	–	–
Liabilities classified as held for resale:				
Current liabilities:	214	–	228	–
Liabilities classified as held for resale	–	–	–	–

Disposal of Bulun LLC

On 15 March 2021, the Group disposed of its 100% equity interest in its subsidiary Bulun LLC. The subsidiary was part of the group of mining companies classified as held for sale in the prior year. The disposal was in line with the company's strategy to refocus its activities into the bio-pharmaceutical sector. The disposal resulted in a no gain, no loss transaction as the proceeds received from the purchaser were equal to the costs associated with the disposal, payable by Bulun LLC.

Disposal of Magsel LLC

On 02 February 2021, Magsel LLC disposed of the land and buildings. The land and buildings were included in Assets held for sale and discontinued operations. Subsequently on 27 September 2021, the Group disposed of its 100% equity interest in its subsidiary Magsel LLC. The subsidiary was part of the group of mining companies classified as held for sale in the prior year. The disposal was in line with the company's strategy to refocus its activities into the bio-pharmaceutical sector. The disposal resulted in a loss amounting to €'000 183 (US$'000 216).

As of 31 December 2022, the only remaining liability under disposal Group relates to Comtrans LLC. The disposal process had encountered some difficulties and delays due to the current geo political situation. However Management is working to find alternatives to dispose of this subsidiary and have fully refocus on the bio-pharmaceutical activities.

31 Subsequent events

Disposal of Russian Assets

In March 2022 the Company announced that it has agreed the disposal of certain Russian assets to Desirix LLC, a private Russian company, for a cash consideration of 84.6 million Russian roubles (approximately €1.05 million at the exchange rate by the time of announcement). Pursuant to the Disposal, Ovoca has agreed to sell certain Russian assets related to its clinical development product Orenetide, namely the Russian patents for Orenetide, the results of completed scientific development of Orenetide in Russia, together with the right to own a Russian Marketing Authorization for Orenetide in Russia.

Ovoca has completed the Disposal in March 2023. Upon completion of the Disposal, Ovoca is gradually ceasing all operational activities in Russia. Ovoca's Russian subsidiary, IVIX LLC ("IVIX"), will be transferred to an inactive, non-operating status. The proceeds from the Disposal will be used for general corporate purposes.

Australia and New Zealand Clinical trial

After completing the recruitment of study participants, the Company expected to receive the study results in the H1 of 2023, but due to a delay on the contract research organisation side, the results are expected during the summer of 2023.

Taymura litigation

Please refer to Note 33 for the updates subsequent to year-end regarding the Company's court proceedings.

32 Provision for legal costs

In 2014, the Company entered into a loan agreement with a third party. In return for a US$'000 6,300 loan, the Company (formerly Ovoca Gold plc) received an exclusive period to complete due diligence on JSC Evenkiya Fuel and Energy Company (ETEK) and LLC Taymura. The loan was secured by certain receivables of LLC Taymura, non-encumbrance of the assets for the exclusive period, and personal guarantees. In the event that acquisition terms could not be agreed, the loan was to be returned with interest to the Company. The loan subsequently went in to default for non-repayment.

After extensive legal proceeding, the Company recovered an amount of US$'000 1,000 during the financial year ended 31 December 2016 and the Company continues to try to recover the remaining amount through the courts. However, in May 2019 we became aware that an arbitration court in Russia issued a decision for the Company to repay the received US$'000 1,000.

In December 2019, Alliance LLC (a legal successor of Taymura), filed a petition to the court for changing the method of enforcing the decision under which the court granted to repay the received US$` 000 1,000, should change the manner and the method of court order enforcement and provide for the seizure of the share held by the debtor, Ovoca Bio plc in the share capital of Comtrans LLC with the nominal value of 32 400 400 roubles.

A subsequent ruling made by the Court in April 2022, granted the claim of Alliance LLC and directing for the share capital of Comtrans LLC to be seized and the share representing 59,94% of the share capital of IVIX LLC (subsidiary of Silver Star Ltd.) to be seized in order to fully recover the amount recovered in 2016.

Ovoca Bio Plc rigorously contested this decision, but as noted the current volatile political situation was not in favour of Ovoca Bio Plc and a ruling was made directing Ovoca to repay the amounts recovered in 2016. In 2021, Ovoca Bio Plc had cautiously considered the latest developments in the courts and obtained extensive legal advice on the matter. In

previous year, the Board believes, it is prudent to make a provision of in relation to the possible outflow of resources connected with the Alliance LLC claim. See Note 26.

The court decision was enforced in July 2022. In 11 August 2022, the claim of Alliance LLC was partially discharged while the remainder was made in 14 September 2022 and Ovoca made the payments in cash through one of its subsidiaries for the amount of the claim that had been provided for in the prior year (Note 26).

Alliance LLC appealed to the court for the recovery of interest for the use of funds, as well as reimbursement of court costs for a total amount of 12.4 M roubles (approximately €'000 159 at the exchange rate by the time of release of this report). Ovoca contested this requirement on appeal, but the court left the decision unchanged. Ovoca Bio Plc is currently taking steps to appeal this last ruling.

33 Non-controlling interest

On 28 June 2019, the Group, through its wholly-owned subsidiary, Silver Star Ltd., acquired additional interest equivalent to 9.92% from IVIX LLC for a cash consideration paid amounting to €'000 1,809/US$'000 2,040.

On 24 March 2020, the Company's subsidiary, Silver Star Ltd., acquired the remaining shareholding interest in IVIX LLC for a total cash consideration of €'000 4,091/US$'000 4,416. Consequently, IVIX LLC became a wholly-owned subsidiary of the Group.

34 Approval of the financial statements

These financial statements were approved by the Board of Directors 27 June 2023.

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