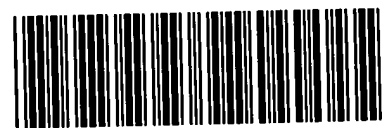


# **Liminal BioSciences Holdings Limited**

**Annual Report and Financial Statements**  
31 December 2022

Registered No: 09913788

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## Corporate Information

### Directors

B Pritchard

P Sartore

S Best

### Secretary

M Iskra

### Auditor

BDO LLP

Citypoint

65 Haymarket Terrace

Edinburgh

EH12 5HD

### Bankers

HSBC UK Bank Plc

63-64 St Andrew's Street

Cambridge

Cambridgeshire

CB2 3BZ

### Registered Office

Unit 1, Iconix Park

London Road, Sawston

Cambridge, CB22 3EG

## Strategic Report

The Directors present their strategic report for the year ended 31 December 2022.

### Principal activities and review of the business

Liminal BioSciences Holdings Limited ("LBHL" or "the Company") principal activity during the year was the 100% holding of the investment in its subsidiary, Liminal BioSciences Limited ("LBL").

The Company's key performance indicator during the year was as follows:

In 2022, the Company made additional investments in its subsidiary amounting to \$17,970,678. Due to LBL's discontinuation of, fezagepras; as well as the early stages of development of its pipeline, management chose to impair this investment, and assessed its carrying value to its recoverable value, which was determined to be \$nil. Therefore an impairment of \$17,970,678 on its investment in LBL was recorded

### Principal risks and uncertainties

#### Financial risk management

The Company has limited exposure to credit risk, liquidity risk, market risk and foreign exchange risk since its purpose is to hold and invest in LBL. The Company is an indirectly held, wholly owned subsidiary of Liminal BioSciences Inc. ("LBI"). Its Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed.

#### i) Credit risk:

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. The carrying amount of the financial assets represents the maximum credit exposure.

#### ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, including those owed to its other group undertakings. The Company manages its liquidity risk by continuously monitoring forecasts and actual cashflows and obtaining funds as required from the Company's parent undertaking.

#### iii) Market risk:

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's income or the value of its financial instruments.

#### iv) Foreign exchange risk:

The Company is exposed to the financial risk related to the fluctuation of foreign currencies to the Canadian Dollar (CAD). Financial instruments potentially exposing the Company to foreign exchange risk consist principally of cash and other payables.

By order of the board



B Pritchard

Director

Date

September 13, 2023

## Directors' Report

Registration No: 09913788

The directors of LBHL present their directors' report for the year ended 31 December 2022.

The financial statements have been presented in Canadian Dollars which is the functional currency of the Company. The Sterling to Canadian Dollar (\$) exchange rate at the year-end was \$1.6370.

### Results and dividends

The loss for the year ended 31 December 2022 after taxation amounted to \$17,985,175 (Loss of the year ended 31 December 2021: \$20,681,885). The directors did not declare or pay a dividend in the year, or prior period.

### Principal activity and future developments

The Company's principal activity during the year was that of a holding Company, holding 100% of LBL, whose purpose is to advance the development of small molecules therapeutics towards their eventual commercialisation in the territories of interest except Canada. LBL is presently involved in pre-clinical and clinical research activities.

No change to the Company's activity is expected during the coming year.

### Going concern

LBHL's ultimate parent company, Liminal BioSciences Inc ("LBI") is a development-stage biopharmaceutical company focused on discovering and developing novel and distinctive small molecule therapeutics that modulate G protein-coupled receptor pathways (GPCRs). The Company is designing proprietary novel small molecule therapeutic candidates with the intent of developing best/first in class therapeutics for the treatment of metabolic, inflammatory and fibrotic diseases with significant unmet medical needs, using its integrated drug discovery platform, medicinal chemistry expertise and deep understanding of the GPCR biology. Liminal BioSciences has active business operations in Canada and the United Kingdom. The ultimate parent company's head office is located in Laval, Québec, Canada.

These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (Accounting Standards and applicable law), including Financial Reporting Standard 101 "Reduced Disclosure Framework" and on the basis of the going concern assumption which assumes that the company will continue in operation for the foreseeable future and accordingly, will be able to realise its assets and discharge its liabilities in the normal course of operations.

The Company made a loss of \$17,985,175 for the year ended 31 December 2022 compared to loss \$20,681,885 for the year ended 31 December 2021. The Company had net current liabilities of \$21,255 (net current liabilities of \$66,327 at 31 December 2021).

The Company supports its operations from the issue of shares and financial support obtained from its parent undertaking. The balance due to entities owned by the ultimate parent undertaking, LBI, as well as to parent undertaking itself, at 31 December 2022, is \$2,757 and is classified as current as there is no contractual maturity.

The Company is dependent upon LBI to continue to provide funding in order to continue as a going concern. LBI has disclosed the following within its 2022 Annual Report on Form 20-F:

"With Liminal's discontinuation of the development of its small molecule product candidate, fezagepras, in July 2022, Liminal's main activities relate to the development of small molecule product candidates. The Company's cash runway is dependent on the research programs currently underway, the pace of their progression and their outcome, as well as those planned to be undertaken in the short term. As such, there is always a degree of uncertainty in regard to the outcome or cost of those programs. The cash runway is also dependent on decisions the Company makes in terms of managing its capital, including raising capital through the issuance of debt or equity, and the Company's ability to conclude

## Directors' Report (continued)

### Going concern (continued)

such financing transactions at an acceptable cost. The need to complete financing transactions in the future is likely to continue until the Company can generate sufficient product revenues to finance its cash requirements. Management may revert to a variety of sources for financing future cash needs including public or private equity offerings, debt financings, strategic collaborations, alliances and licensing arrangements, grant funding, selling non-core assets or other sources.

Despite the Company's efforts to obtain the necessary funding and improve profitability of its operations, there can be no assurance of its success in doing so, especially with respect to its access to further funding on acceptable terms, if at all.

The Company currently expects that its existing resources will be sufficient to fund its planned operations and expenditures into the first quarter of Fiscal 2024.

These circumstances indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. If the Company is unable to secure additional capital, it may be required to curtail its research and development initiatives and take additional measures to reduce costs in order to conserve its cash in amounts sufficient to sustain operations and meet its obligations. These measures could cause significant delays in the Company's preclinical, clinical and regulatory efforts, which are critical to the realization of its business plan. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material."

Given the Company's reliance on the support of LBI to continue as a going concern, the above matters indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Although LBI believes it will be able to obtain the necessary funding as in the past, there can be no assurance of its access to further financing.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

### Impact of COVID-19

The preparation of these financial statements have not been affected by COVID-19. Operationally, we implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on our employees and our business. While we are not experiencing financial impacts at this time, given the periods of global economic slowdown, the overall disruption of global healthcare systems and the other ongoing risks and uncertainties associated with the pandemic, any adverse effects on our business, financial condition, results of operations and growth prospects could be material. We continue to monitor any impacts now the pandemic is over.

## Directors' Report (continued)

### Financial Instruments

The Company finances its activities with funding provided by its parent undertaking.

### Directors

The directors who served the Company during the year ended 31 December 2022 were as follows:

B Pritchard

P Sartore

S Best.

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Directors' qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

### Events after the reporting date

No events applicable.

### Auditor

BDO have indicated their willingness to continue in office and a resolution will be put to the members at the Annual General Meeting.

### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board and signed on its behalf



B Pritchard

Director

Date

September 13, 2023

## Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether appropriate Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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



**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LIMINAL BIOSCIENCES HOLDINGS LIMITED**

**Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Liminal BioSciences Holdings Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

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

**Material uncertainty related to going concern**

We draw attention to Note 2 to the financial statements which indicates that in order to continue as a going concern, the Company is reliant on the financial support of its ultimate parent company, Liminal BioSciences Inc, which itself needs to raise additional funds. As stated in Note 2, these events or conditions along with other matters set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LIMINAL BIOSCIENCES HOLDINGS  
(continued)**

**Other information**

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

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

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Director's report.

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

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

**Responsibilities of Directors**

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

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LIMINAL BIOSCIENCES HOLDINGS  
(continued)**

**Responsibilities of Directors (continued)**

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

The procedures that we designed and executed included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk were then tested substantively;
- reading minutes of meetings of those charged with governance; reviewing correspondence from legal advisors to identify indications of non-compliance with laws and regulations;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice);
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2022;
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements; and
- evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities; such as the authorization of expenditure.

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LIMINAL BIOSCIENCES HOLDINGS  
(continued)**

**Extent to which the audit was capable of detecting irregularities, including fraud (continued)**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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

DocuSigned by:

*Martin Gill*

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Martin J Gill (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
Edinburgh, UK

Date: 14 September 2023

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

# Statement of Comprehensive Income

for the year ended 31 December 2022

		Year ended 31 December 2022	Year ended 31 December 2021
		\$	\$
Administrative expenses		(14,497)	(51,163)
<b>Operating loss</b>	3	(14,497)	(51,163)
Impairment loss	6	(17,970,678)	(20,630,722)
<b>Loss on ordinary activities before taxation</b>		(17,985,175)	(20,681,885)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial period</b>		(17,985,175)	(20,681,885)
Other comprehensive income		-	-
<b>Total comprehensive loss</b>		(17,985,175)	(20,681,885)

The above results are derived from continuing operations.

## Statement of Financial Position

At 31 December 2022

		As at 31 December 2022	As at 31 December 2021
	Notes	\$	\$
<b>Fixed assets</b>			
Investments	6	-	-
<b>Current assets</b>			
Cash at bank and in hand		-	3,137
		-	3,137
<b>Creditors: amounts falling due within one year</b>	8	(21,255)	(69,464)
<b>Net current (liabilities)</b>		(21,255)	(66,327)
<b>Total assets less current liabilities, being net liabilities</b>		(21,255)	(66,327)
<b>Capital and reserves</b>			
Called up share capital	9	247,211,026	229,180,780
Retained losses		(247,232,282)	(229,247,107)
<b>Shareholder's deficit</b>		(21,256)	(66,327)

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

Approved and signed on behalf of the board



B Pritchard

Director

September 13, 2023

# Statement of Changes in Equity

for the year ended 31 December 2022

	Called-up share capital \$	Retained losses \$	Total equity \$
At 1 January 2021	214,180,780	(208,565,222)	5,615,558
Issuance of shares	15,000,000	-	15,000,000
Loss for the period	-	(20,681,885)	(20,681,885)
Total comprehensive loss for the year	-	(20,681,885)	(20,681,885)
At 31 December 2021	229,180,780	(229,247,107)	(66,327)

	Called-up share capital \$	Retained losses \$	Total equity \$
At 1 January 2022	229,180,780	(229,247,107)	(66,327)
Issuance of shares	18,030,246	-	18,030,246
Loss for the period	-	(17,985,175)	(17,985,175)
Total comprehensive loss for the year	-	(17,985,175)	(17,985,175)
At 31 December 2022	247,211,026	(247,232,282)	(21,256)

## Notes to the financial statements

At 31 December 2022

### 1. Authorisation of financial statements and statement of compliance with FRS 101

Liminal BioSciences Holdings Limited (the "Company" or "LBHL") is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the director's report/strategic report.

The financial statements of Liminal BioSciences Holdings Limited for the year ended 31 December 2022 were authorised for issue by the board of directors and the balance sheet was signed on the board's behalf by Mr B Pritchard.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards.

The Company has not prepared consolidated financial statements as all subsidiaries are included within the consolidated financial statements of the ultimate parent Company, LBI. The results of the Company are also included in the consolidated financial statements of LBI which are available on [www.sedar.com](http://www.sedar.com) or [www.sec.gov/edgar](http://www.sec.gov/edgar).

The Company's financial statements are presented in Canadian Dollars which is the Company's functional currency. The Company is considered to be an extension of its ultimate parent undertaking (by virtue of its activities) whose functional currency is the Canadian Dollar.

The principal accounting policies adopted by the Company are set out in note 2.

### 2. Accounting policies

#### *Basis of preparation*

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (b) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (c) the requirements of IAS 7 Statement of Cash Flows; and
- (d) the requirements of IFRS 7 Financial Instruments: Disclosures

#### *Going concern*

LBHL's ultimate parent company, Liminal BioSciences Inc ("LBI") is a development-stage biopharmaceutical company focused on discovering and developing novel and distinctive small molecule therapeutics that modulate G protein-coupled receptor pathways (GPCRs). The Company is designing proprietary novel small molecule therapeutic candidates with the intent of developing best/first in class therapeutics for the treatment of metabolic, inflammatory and fibrotic diseases with significant unmet medical needs, using our integrated drug discovery platform, medicinal chemistry expertise and deep understanding of the GPCR biology. Liminal BioSciences has active business operations in Canada and the United Kingdom. The ultimate parent company's head office is located in Laval, Québec, Canada.

These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (Accounting Standards and applicable law), including Financial Reporting Standard 101 "Reduced Disclosure Framework" and on the basis of the going concern assumption which assumes that the company will continue in operation for the foreseeable future and accordingly, will be able to realise its assets and discharge its liabilities in the normal course of operations.



## Notes to the financial statements

At 31 December 2022

### 2. Accounting policies (continued)

#### Going concern (continued)

The Company made a loss of \$17,985,175 for the year ended 31 December 2022 compared to loss \$20,681,885 for the year ended 31 December 2021. The Company had net current liabilities of \$21,255 (net current liabilities of \$66,327 at 31 December 2021).

The Company supports its operations from the issue of shares and financial support obtained from its parent undertaking. The balance due to entities owned by the ultimate parent undertaking, LBI, as well as to parent undertaking itself, at 31 December 2022, is \$2,757 and is classified as current as there is no contractual maturity.

The Company is dependent upon LBI to continue to provide funding in order to continue as a going concern. LBI has disclosed the following within its 2022 Annual Report on Form 20-F:

"With Liminal's discontinuation of the development of its small molecule product candidate, fezagepras, in July 2022, Liminal's main activities relate to the development of small molecule product candidates. The Company's cash runway is dependent on the research programs currently underway, the pace of their progression and their outcome, as well as those planned to be undertaken in the short term. As such, there is always a degree of uncertainty in regard to the outcome or cost of those programs. The cash runway is also dependent on decisions the Company makes in terms of managing its capital, including raising capital through the issuance of debt or equity, and the Company's ability to conclude such financing transactions at an acceptable cost. The need to complete financing transactions in the future is likely to continue until the Company can generate sufficient product revenues to finance its cash requirements. Management may revert to a variety of sources for financing future cash needs including public or private equity offerings, debt financings, strategic collaborations, alliances and licensing arrangements, grant funding, selling non-core assets or other sources.

Despite the Company's efforts to obtain the necessary funding and improve profitability of its operations, there can be no assurance of its success in doing so, especially with respect to its access to further funding on acceptable terms, if at all.

The Company currently expects that its existing resources will be sufficient to fund its planned operations and expenditures into the first quarter of Fiscal 2024.

These circumstances indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. If the Company is unable to secure additional capital, it may be required to curtail its research and development initiatives and take additional measures to reduce costs in order to conserve its cash in amounts sufficient to sustain operations and meet its obligations. These measures could cause significant delays in the Company's preclinical, clinical and regulatory efforts, which are critical to the realization of its business plan. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material."

Given the Company's reliance on the support of LBI to continue as a going concern, the above matters indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Although LBI believes it will be able to obtain the necessary funding as in the past, there can be no assurance of its access to further financing.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

## Notes to the financial statements

At 31 December 2022

### 2. Accounting policies (continued)

#### **Impact of COVID-19**

The preparation of these financial statements have not been affected by COVID-19. Operationally, we implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on our employees and our business. While we are not experiencing financial impacts at this time, given the periods of global economic slowdown, the overall disruption of global healthcare systems and the other ongoing risks and uncertainties associated with the pandemic, any adverse effects on our business, financial condition, results of operations and growth prospects could be material. We continue to monitor any impacts now the pandemic is over.

#### **Judgements and key sources of estimation uncertainty**

Preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

#### **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

#### **Investment**

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

#### **Financial instruments**

##### **Financial assets**

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised

## Notes to the financial statements

At 31 December 2022

### 2. Accounting policies (continued)

#### Loans and receivables (continued)

cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

#### *Financial liabilities*

##### *Initial recognition and measurement*

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

##### *Interest bearing loans and borrowings*

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the income statement.

##### *Taxation*

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

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## Notes to the financial statements

At 31 December 2022

### 2. Accounting policies (continued)

#### Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### 3. Operating loss

Operating loss is stated after charging foreign exchange loss of \$125 (31 December 2021: \$21,025). Auditor's remuneration for the audit of the financial statements for the year ended 31 December 2022 is \$18,500 (\$18,500 for the year ended 31 December 2021). No non-audit services were provided by the auditor during the year, or in the prior period.

The Company had no employees during the year or in the prior period.

### 4. Directors' remuneration

None of the directors received any remuneration directly from the Company in either the current year or the previous period. All of the directors are employed by other group undertakings. Directors remuneration for the year (and prior period) for qualifying services however is determined to be \$nil.

# Notes to the financial statements

At 31 December 2022

## 5. Tax

### a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	Year ended 31 December 2022 \$	Year ended 31 December 2021 \$
<b>Current tax:</b>		
UK corporation tax on the loss for the period	-	-
Total current tax	-	-
<b>Deferred tax</b>	-	-
Total current and deferred tax	-	-

### b) Factors affecting the total tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year ended 31 December 2022 \$	Year ended 31 December 2021 \$
Loss on ordinary activities before tax	(17,985,175)	(20,681,885)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	(3,417,183)	(3,929,558)
Effects of:		
Movement in deferred tax not recognized	3,624	23,151
Remeasurment of deferred tax for changes in tax rates	(870)	(13,430)
Non-deductible expense	3,414,429	3,919,837
Total tax charge	-	-

The Company has no recognised deferred tax assets or liabilities.

The Company has an unrecognised deferred tax asset of \$59,584 (2021: \$55,960), relating to trading losses which has not been recognised due to uncertainty over its recoverability.

## Notes to the financial statements

At 31 December 2022

### 6. Investments

Subsidiary undertaking:

The Company holds 100% of Liminal BioSciences Limited. The principal activity of Liminal BioSciences Limited is the advancement and development of small molecules therapeutics. The country of incorporation is England & Wales.

	<i>Investment in subsidiary</i>	<i>Total</i>
	\$	\$
Cost:		
At 1 January 2022	229,134,670	229,134,670
Additions	17,970,678	17,970,678
At 31 December 2022	247,105,348	247,105,348
Impairment:		
At 1 January 2022	229,134,670	229,134,670
Charge for the year	17,970,678	17,970,678
At 31 December 2022	247,105,348	247,105,348
Net book value:		
At 31 December 2022	-	-
At 1 January 2022	-	-

In July 2022, the subsidiary decided to discontinue the development of fezagepras is based on results from the Phase 1a single ascending dose ("SAD") clinical trial, which indicated that fezagepras was significantly inferior compared to Sodium Phenylbutyrate as a nitrogen scavenger. The Phase 1a SAD clinical trial of fezagepras initiated in May 2022 was designed as a head-to-head comparison with Sodium Phenylbutyrate to provide us with further data to determine whether fezagepras was worth developing for one of the potential indications where nitrogen scavenging is beneficial. The recommendation to stop the development program for fezagepras was not based on safety concerns.

The above was considered to be an impairment indicator and an adjusting post balance sheet event. Consequently, the financial statements for the year ended 31 December 2021 included appropriate adjustments to the carrying value of the investment.

Management undertook a similar exercise at the 2022 year end and concluded that indicators of impairment still existed. Subsequently, the carrying amount of the investment was impaired to its recoverable value, which was determined to be \$nil. This resulted in the recording of an impairment in the statement of comprehensive income of \$17,970,678 (2021: 20,630,722).

## Notes to the financial statements

At 31 December 2022

### 7. Debtors: amounts falling due within one year

	2022	2021
	\$	\$
Amounts receivable from subsidiary	-	-
	-	-

### 8. Creditors: amounts falling due within one year

	As at 31 December 2022	As at 31 December 2021
	\$	\$
Accruals	18,498	22,787
Amounts owed to other group undertakings	2,757	46,677
	21,255	69,464

All creditors are non-interest bearing and normally settled on 30 day terms.

### 9. Issued share capital

		As at 31 December 2022		As at 31 December 2021
		\$		\$
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
Ordinary shares of £1 each	132,683,124	247,211,026	121,837,863	229,180,780

During the year the Company issued 10,845,261 ordinary shares for consideration of £10,845,261 (\$18,030,246).

## Notes to the financial statements

At 31 December 2022

### 10. Related party transactions

The Company is a wholly owned subsidiary of LBI., the group financial statements of which are publicly available. Accordingly, the Company has taken advantage of the exemption in FRS 101 from disclosing transactions with other wholly owned members of LBI.

### 11. Ultimate parent undertaking and controlling party

The immediate parent Company of LBHL is Liminal R&D BioSciences Inc (formerly Prometic Biosciences Inc). The smallest and largest group in which the results of the Company are consolidated is that headed by LBI, a Company incorporated in Canada. Copies of the consolidated financial statements are publicly available and can be obtained at [www.sec.gov/edgar](http://www.sec.gov/edgar), [www.sedar.com](http://www.sedar.com), [www.liminalbiosciences.com](http://www.liminalbiosciences.com) or at Liminal BioSciences Inc., 440 blvd. Armand-Frappier, Bureau 300, Laval, Quebec, Canada, H7V 4B4.

Structured Alpha LP ("SALP") has been LBI's majority and controlling shareholder since the debt restructuring on April 23, 2019 and is considered LBI's parent entity for accounting purposes. Thomvest Asset Management Ltd. is the general partner of SALP and the ultimate controlling parent, for accounting purposes, of LBI is The 2003 TIL Settlement. Prior to this date, LBI did not have a controlling parent.