

Joint Administrators' proposals

4D Pharma Plc - in Administration

4 August 2022

Deemed delivered: 8 August 2022

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://4dpharma.ia-insolv.com>. We hope this is helpful to you.

Please also note that an important legal notice about this statement of proposals is attached (Appendix 8).

Contents

1	Executive summary	1
2	Group structure	3
3	Background and events leading to the administration	4
4	Strategy and progress of the administration to date	7
5	Dividend prospects	9
6	Ending the administration	10
7	Approval of proposals	11
8	Joint Administrators' remuneration, expenses and pre-administration costs	13
9	Summary of proposals	14
Appendix 1	Statutory information	16
Appendix 2	Joint Administrators' receipts and payments account	17
Appendix 3	Joint Administrators' fees estimate	19
Appendix 4	Joint Administrators' expenses estimate	22
Appendix 5	Joint Administrators' charging and expenses policy	24
Appendix 6	Statement of Affairs, including creditor list	31
Appendix 7	Glossary	35
Appendix 8	Notice: About this statement of proposals	37

1 Executive summary

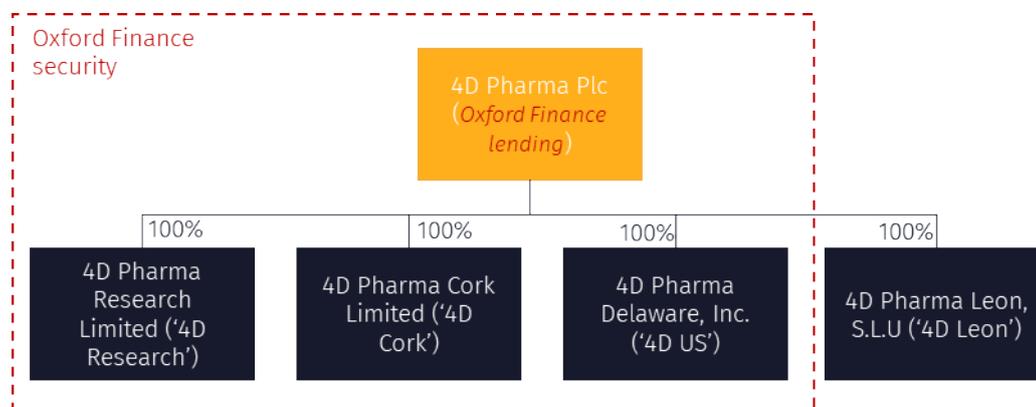
- 4D Pharma Plc (the 'Company' or '4D Plc') was incorporated on 10 January 2014 and operates as a parent company to a group of companies that share the 4D Pharma brand ('4D Group' or the 'Group'). The Company's shares are listed on AIM (albeit are now suspended) and were previously also listed on NASDAQ.
- 4D Group is a pharmaceutical group of companies developing Live Biotherapeutic Products ('LBP'), a novel class of drug derived from the human gut microbiome. The Group has a diverse pipeline of development programmes in several therapeutic areas, including gastro-intestinal, immuno-oncology, and respiratory conditions. The Group has launched several clinical trials, some of which are conducted in collaboration with key pharmaceutical industry players, such as MSD and Merck KGaA.
- To maintain its clinical trials and other research activity, the Company recently embarked on a fundraising exercise to help fuel the next stage of its growth. However, with significant uncertainty currently affecting the global capital markets, the Company was ultimately unable to progress the fundraising sufficiently quickly to deliver the required funding into the business.
- Oxford Finance had concerns over the erosion of its collateral and asserts that it did not have sufficient assurances regarding the ongoing viability of the business.
- Further to obtaining legal advice that an event of default had occurred, Oxford Finance appointed administrators under its QFC which grants enforceable security. Consequently, James Clark and David Pike were appointed as Joint Administrators on 24 June 2022 (Section 3 - Background and events leading to the administration).
- Immediately following their appointment, the Joint Administrators decided that the Company would continue to trade to ensure the safety and wellbeing of patients currently enrolled in clinical trials. Once this position was understood, the Joint Administrators examined the expected short term cash flows of the Company and its subsidiaries, as well as the potential value in these, and decided to pursue a sale of business process, the outcome of which is currently uncertain (Section 4 - Strategy and progress of the administration to date).
- Oxford Finance has the benefit of a debenture dated 29 July 2021, comprising fixed and floating charges over the Group's assets (excluding 4D Leon). We understand that the amount outstanding to Oxford Finance is approximately \$13.9 million. Subject to a successful sale of business outcome, we anticipate that Oxford Finance may recover against its indebtedness in full (Section 4 - Dividend prospects).
- Ordinary preferential claims comprise employee arrears of wages and holiday pay. Note that some further clarification is outstanding as to the interplay between French employment law and UK insolvency law, as such the exact quantum is unknown. Based on current estimates, we anticipate that ordinary preferential creditors should receive a dividend (Section 4 - Dividend prospects).
- Secondary preferential claims primarily comprise outstanding VAT, PAYE and NIC payments due to HMRC. Based on current estimates, we anticipate that secondary preferential creditors will recover their indebtedness (to the extent there is one) in full (Section 4 - Dividend prospects).

- Subject to a successful sale of business outcome, we anticipate that there will be a dividend to unsecured creditors, however, the quantum is currently unknown (Section 4 - Dividend prospects).
- We intend to seek approval of our Proposals from the general body of creditors via deemed consent (Section 7 – Approval of proposals).
- We will seek approval for our remuneration, disbursements and pre-administration costs from the relevant parties in due course, and approval is not sought at this time alongside this report (Section 8 - Joint Administrators' remuneration, expenses and pre-administration costs).
- We consider it prudent to retain all of the options available to us, as listed in Section 9, to bring the administration to a conclusion in due course (Section 6 - Ending the administration).
- This document in its entirety is our Statement of Proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



James Clark
Joint Administrator

2 Group structure



4D Pharma Plc – in Administration ('4D Plc' or the 'Company')

The Company was incorporated on 10 January 2014 and operates as a parent company to a group of companies that share the '4D Pharma' brand. The Company's shares are listed on AIM (albeit now suspended) and were previously listed on NASDAQ.

Please note that none of the Company's subsidiaries listed below entered administration and instead continue to trade under the control of their respective board of directors.

4D Pharma Research Limited ('4D Research')

The entity was incorporated on 15 January 2008 with its principal activity being research of LBP drug candidates and conduct of clinical trials using LBPs in patients. Note that 4D Research is not subject to a insolvency procedure.

4D Pharma Cork Limited ('4D Cork')

The entity was incorporated on 6 January 2016 and focuses on bioinformatics work using 4D Pharma Plc's MicroDx platform. Note that 4D Cork is not subject to a insolvency procedure.

4D Pharma Delaware, Inc. ('4D US')

The entity was incorporated on 24 July 2020 in order to facilitate the NASDAQ listing and administer payroll for US-based employees. Note that 4D US is not subject to a insolvency procedure.

4D Pharma León, S.L.U. ('4D León')

The entity was incorporated on 30 May 2016 further to 4D Plc's acquisition of a CDMO facility in León, Spain, in order to manufacture 4D Pharma Plc's drug candidates for Phase II and III clinical trials. Note that 4D Leon is not subject to a insolvency procedure.

3 Background and events leading to the administration

3.1 Background information

4D Plc and its subsidiaries are a pharmaceutical group of companies developing LBPs, a novel class of drug derived from the human gut microbiome. The Group has a diverse pipeline of development programmes in several therapeutic areas, searching to treat a number of conditions including gastro-intestinal (IBS/IBD), immuno-oncology (pancreatic cancer, lung cancer, etc.) and respiratory (asthma) diseases. The Group has launched several clinical trials, some of which are conducted in collaboration with key pharmaceutical industry players, such as MSD and Merck KGaA.

4D Plc owns intellectual property relating to 4D Group's Phase II Blautix asset (a clinical stage drug candidate primarily aimed at treating IBS), in addition to acting as a sponsor for 4D Group's clinical trials. Furthermore, as the listed parent company within the Group, 4D Plc was responsible for raising debt and equity funding for the Group.

As at the date of the appointment, the Company employed two members of staff, both of whom are located in France. 4D Plc operated from its leasehold head office premises in Leeds, also used by some of 4D Pharma Research's employees.

3.2 Funding and financial position of the Company

Funding

The Company is publicly listed on AIM on the London Stock Exchange, and hence was able to obtain most of its funding through the issuance of ordinary shares. The Company raised £30 million in FY20 by way of two separate fundraising rounds.

Furthermore, 4D Plc secured additional funding of \$20 million from Oxford Finance on 29 July 2021, which was to be delivered in two tranches of \$12.5 million and \$7.5 million. In exchange, Oxford Finance obtained security in the form of a debenture, comprising fixed and floating charges over the Group (excluding 4D León) and its assets.

The Company had drawn the first tranche of \$12.5 million, all of which remains outstanding to Oxford Finance. At the date of our appointment, the total indebtedness was \$13.9m due to an additional \$1.4m above the capital sum relating to interest and charges.

Financial performance and position

As a pre-revenue pharmaceutical business, the Company will remain loss-making until one of its drug candidates is approved for commercial production and sale by MHRA in the UK or FDA in the US.

Group profit and loss			
£'000	FY19	FY20	FY21
Revenue	211	534	522
Research and development costs	(26,512)	(22,041)	(19,818)
Administrative expenses	(4,359)	(5,969)	(7,283)
Foreign currency gains	(1,006)	363	441
Other income	34	45	36
Operating loss before non-recurring items	(31,632)	(27,068)	(26,102)
Non-recurring items	2,659	(3,110)	(44,381)
Operating loss after non-recurring items	(28,973)	(30,178)	(70,483)

The Company's financial position is as per below:

Group balance sheet			
£'000	FY19	FY20	FY21
Fixed assets			
Property, plant and equipment	5,160	4,494	3,562
Intangible assets	13,988	14,025	13,686
Taxation receivables	188	177	199
Current assets			
Inventories	198	291	272
Trade and other receivables	1,118	3,223	2,167
Taxation receivables	6,122	4,436	7,557
Cash and cash equivalents	3,836	8,775	15,497
Total assets	30,610	35,421	42,940
Current liabilities			
Trade and other payables	(6,192)	(6,379)	(4,810)
Lease liabilities	(68)	(73)	(80)
Non-current liabilities			
Lease liabilities	(1,043)	(986)	(889)
Loans	-	-	(8,961)
Warrants and units	-	-	(4,992)
Deferred tax	(964)	(13)	(10)
Total liabilities	(8,267)	(7,451)	(19,742)
Net assets	22,343	27,970	23,198

3.3 Events leading to the administration

The Group's pipeline development requires significant ongoing capital investment. To maintain its clinical trials and other research activity, the Company recently embarked on a fundraising exercise to help fuel the next stage of its growth. However, with significant uncertainty currently affecting the global capital markets, the Company was ultimately unable to progress the fundraising sufficiently quickly to deliver the required funding into the business.

Oxford Finance had concerns over the erosion of its collateral and asserts that it did not have sufficient assurances regarding the ongoing viability of the business.

To understand how to protect its position, Oxford Finance instructed Jones Day to assist with reviewing both formal and non-formal options. Jones Day's lawyers advice was that an event of default had occurred, which allowed Oxford Finance (at its discretion) to appoint administrators under its QFC which grants enforceable security. Consequently, Oxford Finance appointed the Joint Administrators on 24 June 2022.

3.4 Pre-administration work

Interpath's involvement prior to the date of insolvency was limited to initial calls with Oxford Finance and Jones Day to review the process, procedure and consequences of placing the Company into administration. There was no formal engagement in place between Interpath Advisory, Oxford Finance and 4D Plc.

We are satisfied that the work Interpath carried out before our appointment has not resulted in any relationships which create a conflict of interest, or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.5 Appointment of Joint Administrators

Oxford Finance, being the holder of a qualifying floating charge, lodged the notice of appointment at the High Court of Justice, The Business & Property Courts of England and Wales on 24 June 2022 and we were duly appointed.

Stephenson Harwood has since carried out a review and confirmed that we were validly appointed as Joint Administrators. The Joint Administrators deemed that Stephenson Harwood were appropriate legal advisors to assist with a validity of appointment review given that:

- Stephenson Harwood have significant prior experience of advising on appointments of this nature and, as such, were well placed to provide this advice.
- Stephenson Harwood's proposed charges were deemed reasonable given the nature of the appointment and the complexity of the situation.
- The firm was conflict free, and the team was able to commence work quickly, which was required in the situation.

4 Strategy and progress of the administration to date

4.1 Strategy to date

Strategy and trading

Immediately following our appointment, we decided that the Company would continue to trade. The main rationale for continuing to trade was twofold:

- to ensure the safety and wellbeing of patients currently enrolled in clinical trials (as 4D Plc is a sponsor), while a solution is sought.
- we are preserving value in the Group by continuing to trade the subsidiaries during a sale of business process.

The Joint Administrators are exploring several strategies, including but not limited to the sale of the business as a whole, a sale of 100% shareholdings in its subsidiaries, piecemeal asset sales and a refinance. The Joint Administrators are consulting with Oxford Finance as the major creditor regarding the use of floating charge cash reserves to fund a period of trade whilst these strategies are explored.

Sale of business

As alluded to above, we commenced a sale of business process shortly after appointment. We have contacted nearly fifty large pharmaceutical businesses and smaller biotechnology companies (including other prominent players in the microbiome space).

Due to the commercial sensitivity of this sales process, we can only provide limited narrative as to the exact progress to date. Offer deadlines have been set with all interested parties and the details of indicative offers received cannot be disclosed subject to confidentiality agreement provisions.

Alongside the above sale of business activity, we continue to explore the possibility of a refinance of the Group and an exit from administration. Similarly to above, progress here is confidential and updates will be made available to creditors at the appropriate time.

Should no viable offers emerge during the sale of business process, our strategy will likely be to minimise costs to preserve the Company's main asset, floating charge cash, and realise the Company's other assets.

4.2 Asset realisations

Realisations from the date of our appointment to 28 July 2022 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

Cash at bank

Upon appointment, the Company held funds of £0.3 million and \$7.1 million. These funds have now been transferred to the Company's post-appointment bank account.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by email to 4dpharma@interpathadvisory.com.

4.3 Costs

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

Payments made from the date of our appointment to 28 July 2022 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made to date are provided below.

Critical suppliers

A total sum of £10,000 was paid in respect of clinical trial support costs in relation to medical oversight and safety of the study subjects in line with regulatory requirements.

Funding of subsidiaries

Further to consultation with Oxford Finance whose subsequent approval was received, £455,000 was paid to assist with 4D Research's trading, together with £332,000 paid for 4D Leon's trading.

Funds are extended to subsidiaries in the context of the ongoing sale of business process, in order to preserve these businesses as assets (shareholdings) of 4D Plc. The quantum is determined by way of our review of individual subsidiaries' funding requests prepared by respective directors.

Note that we, the Joint Administrators, do not instruct nor advise the directors of these respective companies as to how to apply these funds to payments.

5 Dividend prospects

5.1 Secured creditor

Oxford Finance provided a \$20 million term loan facility on 29 July 2021, split into a Term A Loan Commitment of \$12.5 million and a Term B Loan Commitment of \$7.5 million. All Group companies (excluding 4D Leon) are parties to the loan agreement. Oxford Finance holds security in the form of a debenture dated 29 July 2021, comprising fixed and floating charges over the Group (excluding 4D Leon) and its assets.

We understand that, further to 4D Plc drawing the Term A Loan Commitment only, approximately \$13.9 million is due to Oxford Finance, the additional \$1.4m above the capital sum relating to interest and charges.

Our legal advisors, Stephenson Harwood, have been instructed to carry out an independent validity of security review and confirmed its validity.

Subject to a successful sale of business outcome, we anticipate that Oxford Finance may recover against its indebtedness in full.

5.2 Ordinary preferential creditors (employees)

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially (in advance of floating charge holders and ordinary unsecured creditors) and in priority to other preferential creditors (see 5.3 below). These claims are therefore referred to as "ordinary preferential creditors".

Both Company's staff members are based in France, with their employment contracts being subject to French employment law. We have obtained advice from our instructed lawyers, Jones Day, regarding the relevant claim process. The quantum of preferential claims is dependent on the outcome of the sale of business process.

Based on current estimates, we anticipate that ordinary preferential creditors should receive a dividend and recover their indebtedness in full. Note that at the time of writing, some further clarification is outstanding as to the interplay between French employment law and UK insolvency law, as such the exact quantum is unknown.

5.3 Secondary preferential creditors (HMRC and the Financial Services Compensation Scheme)

Claims from the Financial Services Compensation Scheme ('FSCS') and HMRC, in relation to VAT, PAYE, employees' National Insurance contributions ('NIC') and Construction Industry Scheme ('CIS') deductions, rank preferentially, but secondary to the employee ordinary preferential creditors above. These claims are therefore referred to as "secondary preferential creditors".

The amount of secondary preferential claims is currently unknown, however, it is likely that no amounts will be due to HMRC due to the Company's current VAT repayment position. PAYE/NIC is not applicable as French taxes are required to be paid in respect of the Company's payroll.

Based on current estimates, we anticipate that secondary preferential creditors (HMRC) would recover their indebtedness (to the extent there is any) in full.

5.4 Unsecured creditors

Subject to a successful sale of business outcome, we anticipate that there would be a dividend to unsecured creditors, however, the quantum is currently unknown.

6 Ending the administration

6.1 Exit route from administration

We consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course.

6.2 Discharge from liability

We propose to seek approval from general body of creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

See Section 7.1 for details regarding the decision by deemed consent.

7 Approval of proposals

7.1 Deemed consent

In order to minimise costs, we intend to seek approval of our statement of proposals using deemed consent. Notice of deemed consent is attached to the covering letter.

Creditors' Committee

A Creditors' Committee will be formed if sufficient creditors are willing to act. The minimum number of Committee members is three and the maximum is five.

Function of the Creditors' Committee

The Creditors' Committee represents the interests of the creditors as a whole, rather than the interests of certain parties or individuals.

Its statutory function is to help us to discharge our responsibilities as Joint Administrators.

If a Creditors' Committee is formed it is for that body to approve, for instance:

- the basis of our remuneration
- the drawing of Category 2 expenses
- the payment of unpaid pre-administration costs

Members of the Creditors' Committee are not remunerated for their time. Other than receiving travel expenses, they receive no payment from the Company.

7.2 Decisions

We are using deemed consent to propose the following decisions:

- approval of our proposals;
- discharge of liability; and
- the formation of a Creditors' Committee.

Typically, creditors would usually be required to vote on the resolutions in Section 8 (fees), where the votes cast in relation to these resolutions will only be used if a Creditors' Committee is not formed. However, please see Section 8 regarding the Joint Administrators decision to not seek a decision on fees at this time.

7.3 Creditors' right to object to deemed consent

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors, or (c) 10 creditors, and (2) if the procedures set out below are followed.

Requests for a physical meeting must be made within five business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a physical creditors' meeting, please complete and return the physical meeting requisition form attached to the cover letter.

Creditors have the right to object to deemed consent. Please see the formal notice of the decision procedure attached to the cover letter for details of how to object to the deemed consent.

If the decision date expires without 10% in value of creditors objecting to the deemed consent, or us being required to convene a requisitioned physical meeting, the creditors will be treated as having approved our proposals and proposed decision with regards to discharge of liability on the decision date.

If 10% or more in value of creditors do object to the deemed consent we will use a decision procedure to seek approval of our proposals and discharge of liability.

8 Joint Administrators' remuneration, expenses and pre-administration costs

8.1 Approval of the basis of remuneration and expenses

At this time, we are not seeking approval from the Company's creditors in relation to the basis on which our remuneration will be drawn or the payment of Category 2 expenses (as defined in Statement of Insolvency Practice 9).

Given that the outcome of the sale of business process remains uncertain, the Joint Administrators are not seeking approval of the above matters at this time, and will instead revert to the relevant parties in due course.

Agreement to the basis of our remuneration and the drawing of Category 2 expenses is subject to specific approval. It is not part of our proposals.

An initial fee estimate can be found in Appendix 3.

Time costs

From the date of our appointment to 28 July 2022, we have incurred time costs of £580,488. These represent 876.65 hours at an average rate of £662.12 per hour.

Expenses

We have incurred expenses of £77 during the period. None of these have yet been paid.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Interpath for the period from our appointment to 28 July 2022. We have also attached our charging and expenses recovery policy.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.4:

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
Interpath fees	-	15,197.50	15,197.50
Interpath expenses	-	-	-
Jones Day fees	-	29,850.00	29,850.00
Total	-	45,047.50	45,047.50

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

9 Summary of proposals

It is currently uncertain whether rescuing the Company in accordance with Paragraph 3(1)(a) is achievable, given the uncertainty of the ongoing sale of business process.

Therefore, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b). Note that, should the circumstances of the case change and a sale of business appears feasible, our primary objective will be in line with Paragraph 3(1)(a).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the secured and preferential creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, James Clark and David Pike, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the

proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, James Clark and David Pike, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We are not seeking approval of our basis of remuneration, payment of Category 2 expenses or payment of pre-administration costs at this time. We will seek approval of these matters from the relevant parties in due course.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Appendix 1 Statutory information

Company information

Company and Trading name	4D Pharma Plc
Date of incorporation	10 January 2014
Company registration number	08840579
Trading address	9 Bond Court, Leeds, LS1 2JZ
Previous registered office	9 Bond Court, Leeds, LS1 2JZ
Present registered office	Interpath Ltd, 4th Floor, Tailors Corner, Thirsk Row, Leeds, LS1 4DP
Company Directors	Edgardo Barrachini (no shares held) Axel Gaston Glasmacher (30,000 W shares held) Alexander Donald Macrae (no shares held) Paul Victor Maier (no shares held) Duncan Joseph Peyton (8,813,600 W shares held, 666,666 Y shares held) Katrin Rupalla (no shares held) Alexander James Stevenson (666,666 Y shares held)
Company Secretary	Duncan Joseph Peyton

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, The Business & Property Courts of England and Wales, IPS case setup is incomplete - the Court No. is missing of IPS case setup is incomplete - the Court Year is missing
Appointor	QFC
Date of appointment	24 June 2022
Joint Administrators	James Clark and David Pike
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	23 June 2022
Prescribed Part	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5.4).
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £3,233,000. The Prescribed Part is capped at the statutory maximum of £800,000.
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
Application of EU Regulations	EU Regulations apply and these proceedings will be the COMI Proceedings as defined in Article 3 of the EU Regulations.

Appendix 2

Joint Administrators' receipts and payments account

4D Pharma Plc - in Administration		
Trading accounts		
Statement of Affairs (£)	From 24/06/2022 To 28/07/2022 (£)	From 24/06/2022 To 28/07/2022 (£)
TRADING EXPENSES		
PLC Critical Suppliers	(10,450.00)	(10,450.00)
Research Funding Requirements	(150,000.00)	(150,000.00)
	(160,450.00)	(160,450.00)
Trading surplus/(deficit)	(160,450.00)	(160,450.00)

4D Pharma Plc - in Administration		
Abstract of receipts & payments		
Statement of affairs (£)	From 24/06/2022 To 28/07/2022 (£)	From 24/06/2022 To 28/07/2022 (£)
ASSET REALISATIONS		
Cash at bank	261,052.59	261,052.59
	261,052.59	261,052.59
OTHER REALISATIONS		
Trading surplus/(deficit)	(160,450.00)	(160,450.00)
	(160,450.00)	(160,450.00)
COST OF REALISATIONS		
Statutory advertising	(86.00)	(86.00)
Bank charges	(30.00)	(30.00)
	(116.00)	(116.00)
	100,486.59	100,486.59
REPRESENTED BY		
Floating ch. VAT rec'able		107.20
Floating charge current		100,379.39
		100,486.59

4D Pharma Plc - USD - in Administration

Trading accounts

Statement of Affairs (\$)	From 24/06/2022 To 28/07/2022 (\$)	From 24/06/2022 To 28/07/2022 (\$)
TRADING EXPENSES		
Funding Requirements - Leon	(402,000.00)	(402,000.00)
Funding requirement - Research	(368,000.00)	(368,000.00)
	(770,000.00)	(770,000.00)
Trading surplus/(deficit)	(770,000.00)	(770,000.00)

4D Pharma Plc - USD - in Administration

Abstract of receipts & payments

Statement of affairs (\$)	From 24/06/2022 To 28/07/2022 (\$)	From 24/06/2022 To 28/07/2022 (\$)
ASSET REALISATIONS		
Cash at bank	7,118,197.57	7,118,197.57
	7,118,197.57	7,118,197.57
OTHER REALISATIONS		
Trading surplus/(deficit)	(770,000.00)	(770,000.00)
	(770,000.00)	(770,000.00)
COST OF REALISATIONS		
Bank charges	(86.17)	(86.17)
	(86.17)	(86.17)
	6,348,111.40	6,348,111.40
REPRESENTED BY		
Floating charge current - USD		6,348,111.40
		6,348,111.40

:

Appendix 3

Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Narrative	Total estimated hours	Total estimated costs (£)	Estimated average hourly rate (£)
Administration & Planning				
Administration & Planning				
Statutory and compliance	Note 1	369	237,333	644
Cashiering	Note 2	57	35,378	626
Tax	Note 3	98	60,795	620
Bankrupt/Director/Member	Note 4	50	27,600	552
General	Note 5	127	72,255	570
Trading				
Trading	Note 6	247	145,975	590
Asset realisations				
Realisation of Assets	Note 7	573	369,248	645
Creditors				
Employees	Note 8	53	36,050	687
Creditors and claims	Note 9	211	123,275	586
Committees	Note 10	-	-	-
Investigations				
Directors	Note 11	98	58,585	601
Investigations	Note 12	26	14,223	558
Total		1,906	1,180,717	620

Note 1 – Statutory and compliance

We will be required to comply with our statutory obligations. Time will be spent reviewing Health & Safety matters; providing initial statutory notification of our appointment to the Registrar of Companies, creditors and other stakeholders; updating and maintaining the strategy for the administration, including preparing checklists and reviews; and providing updates to Oxford Finance.

Note 2 – Cashiering

New bank accounts have been opened and will be maintained in the administration. Receipts and payments will be authorised and processed, which we will reconcile to internal systems. Payroll has been processed for salary payments to retained employees.

Note 3 – Tax

The Company will be required to complete VAT returns. Interpath tax specialists will also complete corporation tax returns, as well as any other tax obligations. We will also utilise

tax specialists to analyse the VAT and tax position of the sale of business and other asset disposals. We have notified HMRC of our appointment and will liaise with HMRC on all other tax matters during the administration, including seeking tax clearance prior to exit from administration.

Note 4 – Bankrupt/Director/Member

Time will include notifying and corresponding with the Company's shareholders and directors.

Note 5 – General

Time will include general time spent on administration matters, including handling Company books and records, reviewing time costs and producing reports which are compliant with Statement of Insolvency Practice 9.

Note 6 – Trading

While the Company itself does not supply goods or provide services, it continues to trade for the benefit of the wider Group, while the sale of business is explored.

Note 7 – Asset realisation

Estimated time costs to run a sale of business process and realise the Company's assets either via a sale of business as a whole, a sale of 100% shareholdings in subsidiaries or piecemeal asset sales.

We will spend time seeking valuations and liaising with advisors in order to achieve asset sales.

Note 8 – Employees

Time will be spent dealing with statutory employment-related matters and employee queries from French-based staff. Continued consultation has been carried out with the retained members of staff, in line with French employment law advice obtained from Jones Day.

Note 9 – Creditors and claims

Time will be spent communicating with creditors, which will include notifying creditors of our appointment and responding to general enquiries. Time will also be spent preparing updates on the progress of the administration, including drafting and circulating our proposals and progress reports.

Further time will be spent reviewing claims received in the administration should realisations permit a distribution within the administration.

Note 10 – Committees

We are not anticipating a creditors' committee being formed, however, further time will be added should a creditors' committee be formed.

Note 11 – Directors

Time will be spent liaising with the Directors regarding the Statement of Affairs and Directors' questionnaires and reviewing questionnaires submitted by Directors in line with our statutory duties. A return on the conduct of the Directors will be drafted and submitted confidentially to the Insolvency Service.

Note 12 – Investigations

We will review pre-administration transactions, and the performance and position of the Company prior to insolvency.

Appendix 4

Joint Administrators' expenses estimate

Summary of expenses from appointment					
Expense (£)	Narrative	Initial estimates (£)	Paid to date (£)	Future costs (£)	Total (£)
Trading Expenses					
Critical payments	Note 1	210,347	10,000	200,347	210,347
Patents	Note 2	169,000	450	168,550	169,000
Transfers to subsidiaries for critical payments	Note 3	2,465,000	920,000	1,545,000	2,465,000
Computer and IT costs	Note 4	135,252	-	135,252	135,252
Rent	Note 5	37,505	-	37,505	37,505
Rates	Note 5	12,647	-	12,647	12,647
Service charge	Note 5	6,484	-	6,484	6,484
IP Consultant	Note 6	56,700	-	56,700	56,700
Cost of realisations				-	
Legal advisors' Pre-administration costs	Note 7	29,850	-	29,850	29,850
Legal fees & disbursements	Note 7	500,000	-	500,000	500,000
Wages and salaries	Note 8	30,175	15,088	15,088	30,175
Agent's fee	Note 9	10,000	-	10,000	10,000
Other costs of realisation	Note 10	100,000	-	100,000	100,000
Bank Charges	Note 10	2,000	116.17	1,884	2,000
Storage Costs	Note 10	5,000	-	5,000	5,000
Statutory Advertisement	Note 10	336	86	250	336
Redirection of mail	Note 10	321	-	321	321
Insurance	Note 10	31,641	-	31,641	31,641
Total		3,802,258	945,740	2,856,518	3,802,258

Trading expenses

Note 1 – critical payments

The Company has reduced its operations to a minimum; however, it continues to incur costs such as clinical trial essential care.

Note 2 – Patents

Estimated cost to maintain the Company's intellectual property assets during a trading period.

Note 3 – Transfers to subsidiaries for critical payments

The Company's subsidiaries have historically been funded by the Company. To provide a runway for a sales process, which we have assumed to be 3 months, subsidiary critical payments continue to be funded by the Company.

Note 4 – Computer and IT costs

Estimated IT support costs while we explore a sales process.

Note 5 – Rent

Estimated rent, rates, and service charge for the Company's leasehold property while we explore a sales process.

Note 6 – IP Consultant

Estimate costs of taking advice from an external intellectual property consultant during the sales process.

Cost of realisations

Note 7 – Legal fees

Estimated legal costs and disbursements to be incurred throughout the administration:

- Jones Day for offering legal advice throughout the course of the administration including in relation to potential sale options; and,
- Other legal costs which may be payable to another independent firm of solicitors to review the validity of security and any other matters.

Note 8 – Wages and salaries

The Company continues to incur salary costs while a sales process is being explored.

Note 9 – Agent's fee

Estimated costs for assistance with a sale.

Note 10 – Other costs of realisation

Other estimated costs of carrying out the statutory requirements of an administration.

Appendix 5 Joint Administrators' charging and expenses policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of in-house Interpath Advisory tax, VAT and employee specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Tom Morton on 0161 529 9019.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring	
Grade	From 28 May 2022 £/hr
Partner	985
Director	910
Senior Manager	810
Manager	650
Senior Administrator	475
Administrator	350
Support	165

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of expenses

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder’s remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner’s car – 60p per mile.

For all of the above car types, when carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following expenses during the period 24 June 2022 to 28 July 2022.

SIP 9 - Expenses					
Expenses	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Mileage		NIL	62.55		62.55
Travel		14.00	NIL		14.00
Total		14.00	62.55		76.55

We have the authority to pay Category 1 expenses without the need for any prior approval from the creditors of the Company.

Category 2 expenses are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 24 June 2022 to 28 July 2022

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; ■ posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ meeting with management to review and update strategy and monitor progress; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of Oxford Finance regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts; ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ preparing payroll payments for retained staff, dealing with salary-related queries and confirming payments with the employee's banks; ■ reviewing and processing employee expense requests; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company; ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Company's pre-appointment corporation tax and VAT position; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ working initially on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment; ■ responding to enquiries from shareholders regarding the administration.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ locating relevant Company books and records.
Trading	<ul style="list-style-type: none"> ■ attending to supplier queries and correspondence; ■ raising, approving and monitoring purchase orders and setting up control systems for trading; ■ negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support; ■ ensuring ongoing provision of emergency and other essential services to site.
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets; ■ liaising with agents regarding the sale of assets;

	<ul style="list-style-type: none"> ■ reviewing the inter-company debtor position between the Company and other group companies.
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases; ■ communicating with landlords regarding rent, property occupation and other issues; ■ performing land registry searches.
Sale of business	<ul style="list-style-type: none"> ■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers; ■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements; ■ collating relevant information and advertising the business for sale; ■ dealing with queries from interested parties and managing the information flow to potential purchasers; ■ managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties; ■ carrying out sale negotiations with interested parties.
Health and safety	<ul style="list-style-type: none"> ■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ assessing the level of insurance premiums.
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment; ■ dealing with statutory employment related matters, including statutory notices to employees; ■ holding employee briefing meetings to update employees on progress in the administration and our strategy; ■ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns.
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Company's pension schemes; ■ calculating employee pension contributions and review of pre-appointment unpaid contributions; ■ ensuring compliance with our duties to issue statutory notices; ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our proposals; ■ creating and updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records.
Investigations/ Directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the administration; ■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies; ■ arranging for the redirection of the Company's mail; ■ reviewing the questionnaires submitted by the Directors of the Company.

Time costs

Pre-Administration costs (24/06/2022 to 23/06/2022)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Advising Directors	1.0	0.25	-	-	1.25	1,147.50	918.00
Appointment Documents	2.0	3.50	1.50	-	7.00	5,517.50	788.21
Pre-Administration Checks	1.00	6.75	4.00	3.60	15.35	8,532.50	555.86
Total	4.00	10.50	5.50	3.60	23.60	15,197.50	673.38

SIP 9 –Time costs analysis (24/06/2022 to 28/07/2022)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
General correspondence	7.00	2,680.00	382.86
Notification of appointment	11.60	4,185.00	360.78
Statutory reports	24.00	11,705.00	487.71
Cashiering			
Fund management	0.50	175.00	350.00
General (Cashiering)	15.40	7,737.50	502.44
General			
Books and records	5.95	2,474.50	415.88
Fees and WIP	5.00	2,335.00	467.00
Statutory and compliance			
Appointment and related formalities	21.75	14,157.00	650.90
Appointment documents	9.45	5,429.50	574.55
Bonding & Cover Schedule	1.75	1,045.00	597.14
Budgets & Estimated outcome statements	7.25	6,222.50	858.28
Checklist & reviews	8.35	2,922.50	350.00
Reports to debenture holders	37.25	32,317.50	867.58
Statutory advertising	1.05	405.00	385.71
Strategy documents	43.00	32,837.00	763.65
Tax			
Initial reviews - CT and VAT	6.75	2,801.50	415.04

SIP 9 –Time costs analysis (24/06/2022 to 28/07/2022)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Post appointment corporation tax	13.80	6,920.00	501.45
Post appointment VAT	4.55	2,712.50	596.15
Creditors			
Committees			
Meetings	7.80	2,730.00	350.00
Reports	3.25	1,417.50	436.15
Creditors and claims			
General correspondence	2.95	1,657.50	561.86
ROT Claims	0.50	175.00	350.00
Secured creditors	1.00	350.00	350.00
Statutory reports	1.00	810.00	810.00
Employees			
Correspondence	16.00	10,799.00	674.94
Pensions reviews	0.70	245.00	350.00
Investigation			
Directors			
Correspondence with directors	2.60	922.50	354.81
Directors' questionnaire / checklist	6.00	2,375.00	395.83
Statement of affairs	5.30	2,085.00	393.40
Realisation of assets			
Asset Realisation			
Cash and investments	140.00	108,430.50	774.50
Freehold property	1.20	420.00	350.00
Health & safety	2.00	1,160.00	580.00
Insurance	2.90	1,545.00	532.76
Intellectual Property	6.50	5,542.50	852.69
Leasehold property	2.70	982.50	363.89
Pre-Administration Sale of business - preparation	1.75	612.50	350.00
Pre-appointment tax & VAT refunds	0.75	607.50	810.00
Sale of business	285.65	171,341.50	599.83
Trading			
Cash & profit projections & strategy	44.00	43,340.00	985.00
Employee Matters / PAYE	38.65	20,432.50	528.65
Negotiations with landlords	0.50	175.00	350.00
Negotiations with suppliers / landlords	1.75	612.50	350.00
Purchases and trading costs	15.80	8,175.00	517.41

SIP 9 –Time costs analysis (24/06/2022 to 28/07/2022)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Trading Management	61.00	54,442.50	892.50
Total in period	876.65	580,488.00	662.12
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	876.65	580,488.00	
Carry forward time (appointment date to SIP 9 period end date)	876.65	580,488.00	

Appendix 6 Statement of Affairs, including creditor list

This is the Statement of Affairs for the Company as at the date of our appointment.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

Rule 3.30

Statement of Affairs

Name of company 4D Pharma Plc.	Company number 08840579
In the High Court of Justice, The Business & Property Courts of England & Wales <small>(full name of court)</small>	Court case number CR2022001914

Statement as to the affairs of (a)
4D Pharma Plc., 9 Bond Court, Leeds, LS1 2JZ

(a) Insert name and address of registered office of the company

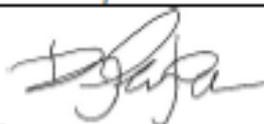
on the (b) 24 June 2022 the date that the company entered administration.

(b) Insert date of appointment

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 24 June 2022, the date that the company entered administration.

Full name Duncan Peyton

Signed 

Dated 24-Jun-22

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Patents and Trademarks for Blautix and Thetanix	0	0
Investment in shares to 4D Cork	3,812,223	0
Property Lease	429,127	0
Total assets subject to fixed charge	4,241,350	0
Less: Amount(s) due to fixed charge holder(s)	-3,812,223	0
Shortfall/surplus to fixed charge holder(s) c/d	429,127	0
Assets subject to floating charge:		
Computer Equipment	134,212	100,000
Fixtures and Fittings	5,148	0
Leasehold Improvements	8,326	0
Software	3,953	0
Investment in shares and Loans to 4D Leon	7,758,690	0
Investment in shares and Loans to 4D Research	88,368,642	0
Investment in Loans to 4D Cork	3,032,925	1
Investment in shares ad Loans to 4D Delaware	348,140	0
R&D Tax credits	625,844	0
VAT	300,935	300,935
Cash	6,153,370	6,153,370
Total assets subject to floating charge	106,738,185	6,554,306
Uncharged assets:		
Total uncharged assets	0	0
Estimated total assets available for preferential creditors	107,167,312	6,554,306

Signature



Date 24/06/22

A1 - Summary of Liabilities

	£	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)	107,167,312	6,554,306
Liabilities		
Ordinary preferential creditors:		
Ordinary preferential (employee) creditors (No.)	-60,945	-60,945
Other preferential creditors	0	0
	<u>-60,945</u>	<u>-60,945</u>
Estimated total assets available for secondary preferential creditors	107,106,367	6,489,361
Secondary preferential creditors (HMRC)	-3,962	-3,962
Estimated deficiency/surplus as regards preferential creditors	107,102,405	6,489,399
Less uncharged assets	0	0
Net property	107,102,405	6,489,399
Estimated prescribed part of net property where applicable (to carry forward)	-800,000	-800,000
Estimated total assets available for floating charge holders	106,302,405	5,689,399
Debts secured by floating charges	0	0
Estimated deficiency/surplus of assets after floating charges	106,302,405	5,689,399
Estimated prescribed part of net property where applicable (brought down)	800,000	800,000
Uncharged assets	0	0
Total assets available to unsecured creditors	107,102,405	6,489,399
Unsecured (trade) (non-preferential) creditors	0	-15,054,162
Unsecured (employee) creditors (No.)	-60,945	-60,945
Unsecured (pre-paid consumer) creditors (No.)	0	0
Estimated deficiency/surplus as regards unsecured creditors	107,041,460	-8,625,709
Shortfall to fixed charge holders (brought down)	0	0
Shortfall to preferential creditors (brought down)	0	0
Shortfall to floating charge holders (brought down)	0	0
Estimated deficiency/surplus as regards creditors	107,041,460	-8,625,709
Issued and called up capital	-180,337,577	-450,844
Estimated total deficiency/surplus as regards members		-9,076,353



Signature

Date 24/06/22

Appendix 7 Glossary

4D Cork	4D Pharma Cork Limited
4D Leon	4D Pharma León, S.L.U.
4D Group / the Group	The Company together with: 4D Pharma Research Limited 4D Pharma Cork Limited 4D Pharma León, S.L.U. 4D Pharma Delaware, Inc.
4D Research	4D Pharma Research Limited
4D US	4D Pharma Delaware, Inc.
Bank / Oxford Finance	Oxford Finance Luxembourg S.À R.L
CDMO	Contract development and manufacturing organisation
Company / 4D Plc	4D Pharma Plc – in Administration
Group	The Company together with; Holdings Subsidiary
IBS	Irritable bowel syndrome
Joint Administrators/we/our/us	James Clark and David Pike

Interpath/Interpath Advisory	Interpath Ltd
KPMG	KPMG LLP
LBP	Live biotherapeutic product
MSD	Merck Sharp & Dohme B.V.
Secured creditor	Oxford Finance Luxembourg S.À R.L
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 8 Notice: About this statement of proposals

This statement of proposals ('Proposals') has been prepared by James Clark and David Pike, the Joint Administrators of 4D Pharma Plc – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

James Richard Clark and David John Pike are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – www.interpathadvisory.com/privacy-insolvency.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

www.interpathadvisory.com

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